HOUSE OF REPRESENTATIVES—*Monday, August 2, 1999*

The House met at 12:30 p.m. and was called to order by the Speaker pro tempore (Mr. STEARNS).

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,
August 2, 1999.

I hereby appoint the Honorable CLIFF STEARNS to act as Speaker pro tempore on this day.

J. DENNIS HASTERT,
Speaker of the House of Representatives.

MORNING HOUR DEBATES

The SPEAKER pro tempore. Pursuant to the order of the House of January 19, 1999, the Chair will now recognize Members from lists submitted by the majority and minority leaders for morning hour debates. The Chair will alternate recognition between the parties, with each party limited to 30 minutes, and each Member, except the majority leader, the minority leader, or the minority whip, limited to 5 minutes.

The Chair recognizes the gentleman from Texas (Mr. DOGGETT) for 5 minutes.

BETTER AMERICA BONDS, H.R. 2446

Mr. DOGGETT. Mr. Speaker, it has been said that the only means of conservation is innovation, and I believe that is what Vice President GORE had in mind in recommending an innovative proposal called Better America Bonds. I joined him back in January of this year over at the American Institute of Architects with a number of outstanding planners and conservationists to announce this initiative. Now, the gentleman from Missouri (Mr. GEPHARDT), the gentleman from California (Mr. MATSUI), the gentleman from Oregon (Mr. BLUMENAUER) and I, along with a number of our colleagues, have filed this legislation to establish the Better America Bonds program.

Mr. Speaker, we believe that the Federal Government should be an active partner with local communities supporting their efforts to build more livable communities as we approach the 21st century.

I believe that there is strong, broad-based support for these locally developed, ''smart growth'' or sustainable growth initiatives. The Better America Bonds program would assist State and local governments in their efforts to plan for their future growth and development.

Through the issuance of this new type of bond, one that carries a Federal tax credit as opposed to a small amount in interest payments, local governments would be enabled to make purchases to preserve green space, create or restore urban parks, or simply to clean up land or water.

I believe that the preservation of more open space, more green space in which families can enjoy life, is becoming a leading environmental issue across this country. Both property values on homes and the basic quality of life that we all expect are improved with additional open space and parks.

It really is not that hard to understand why that is so if we are coming or going from Washington, D.C. along the George Washington Parkway or the Rock Creek Parkway. Or if, as my wife and I like to do, one is enjoying bicycling along the trail that leads beside the parkway down to Mt. Vernon, one recognizes how much the beauty of the green space and the opportunity to walk and play in that green space adds to the quality of life.

Mr. Speaker, the Better America Bonds legislation has some 110 Members of this House now as cosponsors. We would provide up to almost $10 billion in bonding authority for communities across the country to buy up threatened farmland or to purchase downtown waterfront property to convert into a park perhaps, like the great hike and bike trail we have along Town Lake in my hometown of Austin, Texas. In Austin, we have a number of new projects that are under consideration, including a project along Waller Creek, and a project for an additional Town Lake park, both to preserve green space. Additional green space provided through these projects means not only more fun but more opportunity for economic development in some areas that have been neglected and not properly used in the past by the city.

My constituents back in central Texas have realized the importance of additional green space acquisition and of clean water by approving local bond initiatives through which the City of Austin has already purchased some 15,000 acres of land towards this objective. These new land purchases will protect our sensitive environment in central Texas and provide additional parks.

They have also provided a unique opportunity for some groups that have warred against each other to work together. In Austin, the Save Our Springs Alliance, the Greater Austin Chamber of Commerce and the Real Estate Council were once opposing each other over some of the environmental efforts in the community. Now they have united in what is called a ''Vast Open Spaces'' project to acquire additional land and in the process of uniting over this issue, they have come to achieve some common ground on a number of other issues toward improving the quality of life in central Texas as well. I believe that the Better America Bonds program, by supporting that kind of effort, will allow them to do an even better job, reach more parts of our community, and provide more parks and green space, not only along Town Lake but throughout central Texas.

Mr. Speaker, I think the same kind of thing can happen around the country, whether it is along the Anacostia here in Washington, the Chattahoochee in Atlanta, or along the Los Angeles River, these bonds provide the opportunity to reinvigorate downtown areas, make them more livable, and reinvigorate the economy in some of these areas.

The Better America Bonds initiative has received support from the American Institute of Architects and the National Realty Committee because they support strong neighborhood planning and this program provides the means for communities to do just that. Communities and local governments are also supporting the Better America Bonds program because these bonds are much less costly to a local government for them to use than the traditional interest bearing ones.

As Vice President GORE said earlier this year, ''Plan well, and you have a community that nurtures commerce and private life. Plan badly, and you have what many of us suffer from firsthand: Gridlock, sprawl and that uniquely modern evil of all, too little time.''

We incorporated this concept of Better America Bonds in the Democratic tax substitute. It received a substantial number of votes, and I hope that we can come together in a bipartisan effort to support Better America Bonds in the future. I believe that we must all be active participants in preserving our livable communities for our children and grandchildren. Through innovative conservation programs like Better

America Bonds, we can ensure this legacy.

OCALA, FLORIDA POLICE DEPARTMENT CRIME PREVENTION: ''WEED AND SEED''

The SPEAKER pro tempore (Mr. MICA). Under the Speaker's announced policy of January 19, 1999, the gentleman from Florida (Mr. STEARNS) is recognized during morning hour debates for 5 minutes.

Mr. STEARNS. Mr. Speaker, I would like to bring to the attention of my colleagues a report that was issued this spring of this year from the Department of Justice Office of Justice Programs called ''Weed and Seed Best Practices.'' I thought this was a very interesting report and in this report is featured an officer from my hometown of Ocala, Florida.

For many of my colleagues, the ''Weed and Seed'' program, as they know, is a community-based crime prevention program. Federal, State, and local law enforcement agencies, community support services, local businesses, and ordinary citizens get together to weed out violent crime and drug use and plant the seeds to foster new community growth and, of course, stability in that community.

The ''Weed and Seed'' program began with three pilot sites in 1991. As of today, there are over 200 pilot sites and one of those, of course, Mr. Speaker, is in my hometown of Ocala, Florida, which is in my congressional district. The article, as I mentioned earlier, is written by Ken DeVilling, a lieutenant with the Ocala Police Department, the Crime Prevention section. I would like to share what Lieutenant DeVilling's observations were and actually the eminent success of the Ocala Police Department and the surrounding community in their fight against crime.

As Lieutenant DeVilling mentioned in his article, the City of Ocala was, of course, not immune to the effects of crack cocaine and the subsequent surge of crime. Additional resources were needed and the Ocala Police Department had the foresight to recognize the newly developed ''Weed and Seed'' program as a viable solution to rising crime in my hometown. So myself, and with the help of my other colleagues in Florida and the Florida delegation, they assisted me in getting Ocala as a site designated as a ''Weed and Seed'' program.

A number of initiatives were created by the Ocala Police Department using the funds that were provided by this ''Weed and Seed'' program. One initiative was the creation of a community organization called the Community Council Against Substance Abuse which was comprised of members of the local Community Commission, the city council, school board, State attorney's office and of course other community organizations.

As a result of these organizations getting together, Ocala recorded its lowest crime rate in 1998. Furthermore, in 1997, the city's homicide rate was only one, and in the previous decades it went as high as 20 per year.

Another program that is cited in this article is called ''Problem-Oriented Policing.'' Under this program, officers identify possible areas which, quote, detract from good living conditions in the neighborhoods they patrol, end quote. These areas may be abandoned lots or houses that are abandoned or they might be areas that provide haven for drug trafficking and criminal activities.

Once they identify these areas, a form is completed by the officer and is sent through the chain of command. The identified site is then referred to the city department best able to handle the situation. Let me quote from Lieutenant DeVilling in the article when he says, ''It is not uncommon for a police officer to identify a dilapidated building which is used as a crack House. Within a short time, the building is burned to the ground by firemen to practice and improve their skills. The property is then cleared and recycled. These recycled properties are frequently used for purposes such as building a brand-new home by Habitat for Humanity.''

Other programs operated by the Ocala Police Department include drug education for young people, drug abuse resistance education, and of course dealing with the gangs through education and training.

Mr. Speaker, this morning I am pleased to be here. I commend the Ocala Police Department, the local and State officials, and all the organizations involved in this dramatic, dramatic success achieved in crime prevention. As we here in Congress attempt to find solutions to the violence that is sweeping this country and this Nation, it is comforting to know that our local law enforcement and community organizations working hard to combat this problem at its source and it is happening in my hometown of Ocala. They are succeeding.

Mr. Speaker, I will submit to enter into the RECORD Lieutenant DeVilling's article as it appears in the Department of Justice's spring 1990 report, ''Weed and Seed and Best Practices Report.'' For brevity, Mr. Speaker, I will submit only that section dealing with ''Taking it to the Streets,'' which is a small part of this article explaining how the Ocala Police Department actually reduced crime in my hometown using the ''Weed and Seed'' program.

My efforts this morning are also to recognize the fine things being done by the Ocala Police Department to reduce and eliminate crime in my hometown of Ocala, Florida.

TAKING IT TO THE STREETS

The programs and projects conducted by the Ocala Police Department, Crime Prevention Section include:

Drug Education For Youth (DEFY): This program was developed by the U.S. Navy and offered through the Department of Justice to local law enforcement organizations. The program at our level reaches out to underprivileged children and offers one-on-one mentoring for a full year. Most of the mentors are police personnel. We conduct a summer day camp and the local Army Reserve personnel attend and provide various instructional topics for the kids. We take the children on field trips to places offering educational and inspirational experiences. We also arrange for them to conduct their own community programs such as delivering fruit baskets to the elderly.

DARE (Drug Abuse Resistance Education): DARE is a well-known elementary school program which we have implemented in all of the primary schools in Ocalo with the assistance of the Marion County School Board. Our program reaches over 1000 school-children each year.

GREAT (Gang Resistance Education and Training): the GREAT program is similar in concept to DARE, but it is directed toward an older group of students and offers a different message. Street gangs are becoming a serious problem in the United States. Some cities are already overburdened with ''after the fact'' abatement programs and additional police efforts to cope with the violence, destruction, and crime created by these groups. The Ocala Police Department and the Marion County School Board, with the help of CCASA have implemented the GREAT program in all seventh grade classes in the city schools. The classes teach anti-violence, drug resistance, gang resistance, self-esteem, conflict resolution, and other important topics. This program will soon reach 1000 students each school year.

Other ongoing programs implemented through the Ocala Police Department are designed to address specific challenges in issue areas at various times. These projects may be operated for only a short time (one to two days) or for extended periods (a full year). We employ a concept of dynamic approach and response to community needs in order to provide our services in a timely manner. Programs can be implemented and discontinued as community needs indicate.

The following activities and events are only part of those conducted by Crime Prevention Section and the Ocala Police Department family as part of their regular duties:

Business Police Academy.
Citizens Police Academy.
Citizens Police Academy Alumni Association.
Bicycle Safety Rodeos.
''Cops'' Kids & Firemen Day.
Crime Prevention Week.
Neighborhood Watch.
Business Watch.
Safe Halloween.
Community Clean-up Days.
Special Olympics Picnic.
DARE and GREAT Skate Nights.
''AMI'' (Aid to the Mentally Impaired).
Police Explorers Post.
Neighborhood Cookouts.
''SAFE HOME'' Program.
Police Recruit Academy.
Scholarships.
Community Resource Center.
Crime Prevention Programs.
Security Surveys.
McGruff Program Activity.

''Crash Dummies'' Program.
''Casey'' the talking car.
Operation ''Kid ID''
Project Graduation.
Host Statewide DARE Day.
HUD Summer Programs.
Red Ribbon Campaign.
Vacation Bible School.
Health Fairs.

The future of law enforcement is already here. Crime prevention has proven to be successful and will continue to be the foundation of progressive law enforcement as we move into the 21st century.

For more information contact: Lt. Ken DeVilling, Phone (352) 629–8290, Fax (352) 629–8391.

TWO FLOODS AND YOU ARE OUT

The SPEAKER pro tempore. Under the Speaker's announced policy of January 19, 1999, the gentleman from Oregon (Mr. BLUMENAUER) is recognized during morning hour debates for 5 minutes.

Mr. BLUMENAUER. Mr. Speaker, there is a theme this morning on the floor of the House: dealing with how we can promote livable communities. Whether it is dealing with community-oriented policing, ''Weed and Seed,'' or associating the comments of the gentleman from Texas (Mr. DOGGETT) about Better America Bonds, there is a lot that the Federal Government can do to make a difference for things that people really care about, making their families safe, economically secure and healthy.

Mr. Speaker, a critical part of making the Federal Government a better partner in promoting livable communities is the work we do with basic infrastructure. Rather than spending a lot of new money, making new rules and regulations and starting new programs, one the most important contributions the Federal Government can make is using our existing resources more wisely.

Nowhere is that more clearly illustrated than what we do with water resources. Currently, the Federal Government makes it easier to spend money paving a creek to stop flooding than to restore wetlands to achieve the same goal. I have already introduced legislation that would make it easier for communities to invest in cheaper, greener approaches to flood protection. This approach does not need to cost the Federal Government an additional dime, and it gives the communities more choices as they solve their problems and increase livability.

The National Flood Insurance program poses another critical water resource management challenge. It is appropriate for the Federal Government to step in when there is a case of unforeseen natural disaster. However, if it is clear that some people make it hard on themselves by continuing to invest in unwise anti-environmental, unsustainable situations, then we have an obligation to draw the line. The Federal taxpayer should not be paying for people to live in places where God repeatedly has shown that he does not want them.

There is a home in Houston which has an appraised value of $114,000 which has received over $800,000 in flood insurance payments in 16 events in the last 10 years. Over 5,600 properties, nearly 1 in 10, have loss claims which exceed the value of the property. Forty percent of our flood insurance goes to 2 percent of the property that is repeatedly flooded.

Mr. Speaker, if the local government and private property owners are going to be foolish, they need to do it on their own dime. Indeed, it is not just our money they are wasting; these development patterns take on a life of their own. They pressure organizations like the Corps of Engineers, FEMA and state and local communities to further engineer the environment and protect ill-advised development from flooding, often succeeding in making matters worse.

Despite having spent over $40 billion since 1960, our losses adjusted for inflation are three times greater than when we started the building spree. Our disaster relief costs have increased 550 percent in the last 10 years.

It is time for us to rethink our policies and our investments. It is time to stop the waste of money, predictable loss of property, and threat to public safety. As a basic simple common sense step, it is time to reform the National Flood Insurance program.

Mr. Speaker, I am pleased to join with the gentleman from Nebraska, (Mr. BEREUTER) who has long been a champion of reforming the Flood Insurance Program to propose a simple approach to repetitive flood loss. We retool the Flood Insurance Program so that rather than continuing to rebuild a repeatedly flooded home, the program would provide homeowners with money to help them move away from flood waters or at least floodproof their homes. Those who refuse assistance must start paying the real actuarial insurance costs for the risks that they choose to take.

This policy is both humanitarian and fiscally responsible, allowing people to move out of harm's way and protecting the Federal taxpayer by making the National Flood Insurance program solvent. We need to enforce the existing rules and regulations to keep people out of harm's way. We need to spend money to prevent loss rather than repeatedly cleaning up after it is too late.

This basic solution to more livable communities will not require more money or bureaucratic regulations. As usual, a livable community is possible if the Federal Government is a thoughtful partner with citizens and their local government. I would like to urge my colleagues to join with me and the gentleman from Nebraska (Mr. BEREUTER) to reform the National Flood Insurance program and to sign on as cosponsors of our ''Two Floods and You're Out'' legislation.

WHO IS RECKLESS?

The SPEAKER pro tempore. Under the Speaker's announced policy of January 19, 1999, the gentleman from Florida (Mr. MICA) is recognized during morning hour debates for 5 minutes.

Mr. MICA. Mr. Speaker, from time to time the comments from this administration and the President of the United States lead me to the floor to comment. I think my colleagues and the American people saw the President of the United States calling the Republicans reckless. And I guess I am included in that, I am a Republican. We were called reckless for proposing a significant tax cut for the American people.

Mr. Speaker, I almost had to chuckle to hear the President of the United States call me reckless and the Republicans for offering a tax cut. It is almost hysterical when we think about it when the other side of the aisle for some 40 years had control of this body and under the Constitution of the United States we all know bills, financial bills start in the House of Representatives on the basis of a judgment made by our founding fathers. For 40 years, the recklessness of the other side nearly bankrupt this Nation.

When I came into the House of Representatives in 1992, we were facing financial disaster. This was carried through with the reckless policy of this President who instituted one of the largest tax increases in American history a few months after his election. And again when he had complete majorities in the House, the Senate, and controlled the White House.

What was reckless is 40 years of taking money out of Social Security. It is like robbing our senior citizens' pension accounts, their funds, and using it for outlandish spending. Spending really to buy votes and win elections in a giveaway program that backfired and nearly ran us into financial oblivion. That is reckless.

Reckless when they robbed every trust fund, including the Federal employee's trust funds, when they robbed the highway trust funds, which this responsible new majority has restored. Is it reckless in fact when we guarantee 63 percent and we create a lock-box to secure revenues for the future stability and security of Social Security? That is responsible.

Mr. Speaker, some people I guess just do not know the meaning of recklessness.

Then to provide health insurance, there are 43 million Americans in this Nation that do not have health insurance. What is interesting is two-thirds

to three-quarters of them are employed. Our plan for financial assistance and tax cuts and tax credits will allow millions and millions of Americans who work at minimum or low wage or small employers who are the largest employers, and most of those people who do not have health insurance are not covered but they do work, we are providing in this tax relief package a responsible package. It is reckless in my opinion not to provide those working men and women with at least a minimal chance of getting some health coverage.

So somehow we have a difficulty between determining what is reckless and what is responsible. I think what the Republicans, the majority and myself, have done is a responsible action. I think we have a history of a President and a party who has dealt in recklessness. I think the examples are clear and the financial statements speak for themselves.

TAKE A CLOSE LOOK AT TAX CUT PROPOSALS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 19, 1999, the gentleman from Massachusetts (Mr. OLVER) is recognized during morning hour debates for 5 minutes.

Mr. OLVER. Mr. Speaker, it is sort of irony that I should be following the gentleman who just spoke because I am going to be speaking about the same thing. That was not specifically planned, but I am glad that it comes out that way.

Mr. Speaker, we are told this week that the main business of the Congress is proposals which have now passed both the House and the Senate to provide for an $800 billion tax cut. Any time the Congress is thinking about tax cuts, it behooves everyone in America to hang on to their wallet, to sit up and take notice, to pay very close attention to who is being given tax breaks and why. But also how that differs from who the proponents are saying is going to get the tax breaks.

This week is no exception at all. The Republican leadership says that their tax cut is for the middle-class. For the middle-class in America, working Americans. For the middle-class. Well, that is clearly not true if we look at what has passed the House and the Senate. The House passed its bill 2 weeks ago. And starting at the wealthiest end of Americans, at Bill Gates, at the wealthiest end and come down to an annual income of $300,000 a year, that 1 percent, just over a million Americans who have incomes between $300,000 a year and Bill Gates, that richest 1 percent is on average going to get $54,000 of tax breaks. It turns out to be 45 percent of the total of all the tax reduction being proposed goes to the 1 percent of the wealthiest Americans.

If we take 6 million Americans, 5 percent starting at the top of the scale down to an income of $125,000 a year, I think it might be instructive to remember that every single Member of the Congress, every Member of the House and every Member of the Senate has income greater than $125,000 a year, that 5 percent will average $15,000 a year in tax cuts and gets 61 percent of the total reduction.

Mr. Speaker, if we start at the other end and come all the way up, all the way up from the lowest income American to people making under $125,000 a year, all 95 percent of them, all 120 million taxpayers, they will receive less than the 1 percent whose income is over $300,000 per year. It turns out that those people, who include the broad middle-class, income from $25,000 a year to $65,000 a year under the House-passed bill, would get less than half as much in total tax reduction as the 1 percent richest portion of the population.

Let me put that in slightly different terms. If we were to take 100 people that we know, one person whose income is over $300,000 a year and the rest whose income comes down from that point, and we have $100 to give out in tax reduction, 100 people and $100 in tax reduction, that one wealthiest person, that single one is going to get $45. Forty-five of the dollars that it is possible to give out under the circumstances. Ninty-five people, the 95 starting from the lowest income up to incomes that covers the broad middle-class, they are going to get a total of $39 divided among them.

If we look at it in terms of families, a family making $30,000 a year would get less than $1 a day in tax reduction. A family making $50,000 a year, two people working, second jobs whatever it happens to be but under $50,000 a year, at $50,000 a year they would get less than $2 a day in income. Yet the person who is making $1 million a year, that person would get $70,000 in that year. $200 a day in tax breaks.

The Senate-passed plan is a little bit different. The wealthiest 5 percent in the Senate plan gets almost the same amount as the 95 percent, the 120 million people whose income is less than $125,000 a year. And, again, I would urge my colleagues to remember that the portion of the population that is getting most of the tax break includes every Member of the House and the Senate of the United States. I have to ask, does anyone think that that is a fair way to distribute tax reduction in this country?

RECESS

The SPEAKER pro tempore. Pursuant to clause 12 of rule I, the Chair declares the House in recess until 2 p.m.

Accordingly (at 12 o'clock and 58 minutes p.m.), the House stood in recess until 2 p.m.

□ 1400

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. STEARNS) at 2 p.m.

PRAYER

The Chaplain, the Reverend James David Ford, D.D., offered the following prayer:

Let us pray. We are grateful, O God, that the scriptures remind us that You are always with us and that Your love and forgiveness and strength will never depart from us. Whatever our concern or whatever our adversity, You restore our souls; and You lead us in the paths of righteousness. So it is with gratitude that we know we are never alone and we are never apart from Your strong arm. Your rod and Your staff they comfort us. Surely goodness and mercy shall follow us all the days of our lives and we will dwell in Your house forever.

Amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

PLEDGE OF ALLEGIANCE

The SPEAKER pro tempore. Will the gentleman from Ohio (Mr. CHABOT) come forward and lead the House in the Pledge of Allegiance.

Mr. CHABOT 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 PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Sherman Williams, one of his secretaries.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Lundregan, one of its clerks, announced that the Senate had passed without amendment concurrent resolutions of the House of the following titles:

H. Con. Res. 107. Concurrent resolution expressing the sense of Congress rejecting the conclusions of a recent article published in the Psychological Bulletin, a journal of the American Psychological Association, that suggests that sexual relationships between adults and children might be positive for children.

H. Con. Res. 168. 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.

The message also announced that the Senate had passed with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 2488. An act to provide for reconciliation pursuant to sections 105 and 211 of the concurrent resolution on the budget for fiscal year 2000.

The message also announced that the Senate insists upon its amendment to the bill (H.R. 2488) ''An Act to provide for reconciliation pursuant to sections 105 and 211 of the concurrent resolution on the budget for fiscal year 2000,'' and requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. ROTH, Mr. LOTT, and Mr. MOYNIHAN, 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. 1467. An act to extend the funding levels for aviation programs for 60 days.

S. 1468. An act to authorize the minting and issuance of Capitol Visitor Center Commemorative coins, and for other purposes.

The message also announced that pursuant to Public Law 100–458, the Chair, on behalf of the Majority Leader, appoints the Senator from Virginia (Mr. WARNER) to the Board of Trustees of the John C. Stennis Center for Public Service Training and Development, for a term ending October 11, 2004.

COMMUNICATION FROM HON. RICHARD A. GEPHARDT, DEMOCRATIC LEADER

The Speaker pro tempore laid before the House the following communication from RICHARD A. GEPHARDT, Democratic Leader:

HOUSE OF REPRESENTATIVES,
OFFICE OF THE DEMOCRATIC LEADER,
Washington, DC, July 30, 1999.

Hon. J. DENNIS HASTERT,
Speaker of the House,
House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: Pursuant to Section 591(a)(2) of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1999 (112 STAT. 2681–210), I hereby appoint to the National Commission on Terrorism:

Ms. Juliette N. Kayyem of Cambridge, Massachusetts.

Yours Very Truly,
RICHARD A. GEPHARDT.

THE REAL COST OF TAXING MINING INTERESTS

(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, today I rise to address the claim of some of my colleagues that gold mines get a free ride because they do not pay their fair share of Federal royalties. Well, when considering a Federal tax increase on the mining industry, we must always remind my tax and spend colleagues to take into account the adverse effect of such a tax increase on state and local tax revenues as well.

There is a direct correlation between increasing mining royalties or taxes and the reduction in mining activities. The unintended consequence is that State and local governments suffer great tax losses by these resulting decreases in mining activities. Federal royalties are deductible from the income base on which many of these State taxes are levied. This results in an even less tax dollar amount for State and local governments. Even a recent economic analysis shows that an 8 percent gross royalty would cost State and local governments hundreds of millions in tax revenues every year.

Mr. Speaker, it becomes very clear that when a Federal royalty is not in the best economic interests of this country or the mining industry, we should avoid it.

Abraham Lincoln had the great foresight when he said, ''Tell the miners for me that I shall promote their interests to the utmost of my ability, because their prosperity is the prosperity of the Nation, and we shall prove in a very few short years that we are indeed the treasury of the world.''

NORTH KOREA ACCUSED OF DRUG DEALING

(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, needing cash to run their government, the government of North Korea has been accused of selling heroin and cocaine. I am not kidding you. Reports say that North Korean agents were arrested by international police possessing 80 pounds of cocaine and $100 million worth of methamphetamines that was sponsored for sale officially by their government.

Now, if that is not enough to trigger your overdose, on or about the same time, the White House announced they are asking Congress for another $55 million in foreign aid for North Korea.

Unbelievable. North Korea is selling dope, and Uncle Sam is fronting the buy money. Beam me up, Mr. Speaker. So help me.

I yield back further the fact that North Korea is building missiles that are being aimed in the future at America.

DEFINING A TARGETED TAX CUT

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

Mr. CHABOT. Mr. Speaker, when I hear some of my liberal friends on the other side of the aisle, not the gentleman who just spoke, I might add, talk about targeted tax cuts, I know exactly what they mean. It means you will not be getting one.

Republicans, I should add, also are putting forth a targeted tax cut, but there is a very big difference. If you are a taxpayer, you get one.

That is right, our targeted tax cuts target all taxpayers, a concept that really sticks in the craw of many of my liberal friends on the other side of the aisle.

Many politicians in Washington have a hard time coming to grips with the fact that the budget surplus, a tax overpayment, really, does not belong to them. That money, every penny of it, belongs to the taxpayers.

Washington is taking more than it needs out of the pockets of those who work all over this country and pay their taxes.

The bottom line is the American people are overtaxed, and the real issue is, who should decide how the money gets spent: The bureaucrats up here in Washington, or the taxpayers all over this country.

I will cast my lot with the people of this Nation. Let us cut the taxes on the American people, and let us do it now.

REPORT ON REVISED DEFERRAL OF BUDGET AUTHORITY—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 106–109)

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Appropriations and ordered to be printed:

To the Congress of the United States:

In accordance with the Congressional Budget and Impoundment Control Act of 1974, I herewith report one revised deferral of budget authority, now totaling $173 million.

The deferral affects programs of the Department of State.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *August 2, 1999.*

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to the provisions of clause 8 of rule XX, the Chair announces that he will postpone further proceedings today on each motion to suspend the rules on which a recorded vote or the yeas and nays are ordered or on which the vote is objected to under clause 6 of rule XX.

Such rollcall votes, if postponed, will be taken later today.

AMENDING FEDERAL RESERVE ACT TO BROADEN RANGE OF DISCOUNT WINDOW LOANS WHICH MAY BE USED AS COLLATERAL FOR FEDERAL RESERVE NOTES

Mr. LEACH. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1094) to amend the Federal Reserve Act to broaden the range of discount window loans which may be used as collateral for Federal reserve notes, as amended.

The Clerk read as follows:

H.R. 1094

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the third sentence of the second undesignated paragraph of section 16 of the Federal Reserve Act (12 U.S.C. 412) is amended by striking ''acceptances acquired under the provisions of section 13 of this Act'' and inserting ''acceptances acquired under section 10A, 10B, 13, or 13A of this Act''.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Iowa (Mr. LEACH) and the gentleman from New York (Mr. LAFALCE) each will control 20 minutes.

The Chair recognizes the gentleman from Iowa (Mr. LEACH).

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

Mr. Speaker, I rise in support of H.R. 1094, a bill to broaden the range of discount window loans which may be used as collateral for Federal Reserve notes.

I would like to point out at the outset this is not a new approach for this House. Virtually the same proposal was incorporated into the bankruptcy reform bill, H.R. 833, which passed this body on May 5, but which has not yet cleared the other body.

The bill enjoys the strong support of the Federal Reserve, as reflected in correspondence with Federal Reserve Chairman Alan Greenspan to the last Congress, and again in testimony by the member of the Federal's Board of Governors, Edward Kelly, at a hearing held by the committee in April.

The bill also enjoins strong bipartisan support on the Committee on Banking and Financial Services. The original sponsors of the bill include the ranking minority member of the full committee, the gentleman from New York (Mr. LAFALCE), as well as the Chairman of the Subcommittee on Domestic and Monetary Policy, the gentleman from Alabama (Mr. BACHUS), the ranking member, the gentlewoman from California (Ms. WATERS), and I understand it has the support of my good friend, the gentleman from Minnesota (Mr. VENTO).

Mr. Speaker, I would like to take a brief moment to explain the need for the bill and the issue of timing. Section 16 of the Federal Reserve Act requires the Federal Reserve to collateralize Federal Reserve notes when they are issued. The list of eligible collateral includes, at present, Treasury and Federal agency securities, gold certificates, special drawing rights certificates, and foreign currencies. In addition, the legally eligible backing for currency includes discount window loans made under Section 13 of the Federal Reserve Act.

Over the years, Congress has added a new section to the law to permit lending by the Federal Reserve to depository institutions under provisions other than section 13 and against a broader range of collateral. However, section 16 has not been similarly amended to accommodate these new sections, thus limiting the types of loans the Federal can use to back currency. For example, certain discount window loans made by the Federal under 10B of the Act and secured by mortgages on one-to-four family residences cannot be used to back currency.

The bill before us today, H.R. 1094, simply seeks to update the currency collateral provisions in section 16 to reflect the broader range of collateral accepted for discounted window loans under section 10A, section 10B and section 13A of the Federal Reserve Act.

Finally, I would like to point out the reason for bringing this measure to the floor today as a stand-alone proposal is one of timing. According to the Federal Reserve Board, the existing limits on currency collateral are becoming a potential problem because of the increased use of retail sweep accounts over the past 5 years and the corresponding decline in reserve balances that can be used as excess collateral for currency. The small margin of available currency collateral could pose a potential problem should there be a substantial increase in the demand for discount window loans due to temporary, or unusual, circumstances, such as might occur around the year 2000 date change.

Mr. Speaker, as I explained earlier, this is not a new proposal, but given the issues of timing and the need to ensure that our bank agencies have all the necessary tools at their disposal to smooth the transition to the year 2000, I believe it is important for this body to act separately on this bill. I appreciate the great courtesies extended by the minority in this regard.

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

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

Mr. Speaker, I join the gentleman from Iowa (Chairman LEACH) of the Committee on Banking and Financial Services in supporting this much needed measure. It will ensure that the public has available any and all cash it might demand near the end of the year as the country's computer systems make their changeover to the new millennium. Although we expect few if any problems with our Nation's banks at that time, this is a prudent move to help relieve any doubt that the public will have access to hard currency.

H.R. 1094 provides for a technical change in the Federal Reserve Act to facilitate the Federal Reserve's ability to distribute as much as $50 billion in currency during this period, if needed. Under current law, every unit of currency issued by the Federal Reserve must be collateralized by certain assets held by the Federal Reserve. The assets on the current list have always been adequate to collateralize currency in circulation. However, should there be a surge in currency demand at the end of 1999 and the beginning of the year 2000, the current list could be inadequate.

The list, therefore, needs to be expanded to include other assets which the Federal Reserve already owns but which, largely due to historical oversight, are not now included.

Chairman Greenspan in a letter to me dated July 30, 1998, suggested language comparable to that contained in H.R. 1094. Federal Reserve Governor Edward Kelly in testimony before the Committee on Banking and financial services on April 13 of this year specifically endorsed H.R. 1094.

Mr. Speaker, I fully support H.R. 1094 and wish to express my appreciation to the chairman of our committee for the bipartisan attitude which has been able in all circumstances to approach Y2K problems. I also wish to thank especially the ranking minority member of the financial institutions subcommittee, the gentleman from Minnesota (Mr. VENTO), for his great work on this legislation. This legislation is merely the latest example of that general tremendous bipartisan spirit.

Mr. Speaker, I yield such time as he may consume to the gentleman from Minnesota (Mr. VENTO).

Mr. VENTO. Mr. Speaker, I thank the gentleman ranking Banking Member LAFALCE for yielding me time, as well as the gentleman from Iowa (Chairman LEACH) for his comments.

Mr. Speaker, I concur in their statements. I think this is an appropriate bill to forestall any emerging problems with regard to the issuance of Federal Reserve Board paper, the one dollar bills and larger bills that some of us have an opportunity to spend.

Two things have happened. One is, obviously as has been pointed out by the chairman and ranking member, the types of credit paper available have changed and evolved and we have not kept up with them with regard to the provisions of law to be used as collateral to back up the Federal Reserve Board notes the dollar bills.

The other, as pointed out by our staff and research folks, is in fact the Fed, like most accounts, are subject to

sweep accounts. Some of the credit paper that they otherwise have is not deposited there long enough to use, so it cannot be used to offset the dollars placed into circulation. As our good counsel, Mr. Peterson, pointed out in the research papers of the gentleman from New York (Mr. LAFALCE), if in fact we issue treasuries, which the Fed could do, they could buy treasuries at the end of the year and that might cause a spike in the market with the demand for currency expected regarding the Y2K phenomena.

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So in order to preserve orderly markets, to respond to Y2K problems and other events that may occur of an unusual nature in the history of monetary policy, it is prudent to, in fact, have these alternative and new instruments to offset and use as collateral.

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

Mr. LEACH. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. STEARNS). The question is on the motion offered by the gentleman from Iowa (Mr. LEACH) that the House suspend the rules and pass the bill, H.R. 1094, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. LEACH. 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 just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

EXPRESSING THE SENSE OF THE HOUSE WITH REGARD TO SHUTTLE MISSION STS–93, COMMANDED BY COLONEL EILEEN COLLINS, FIRST FEMALE SPACE SHUTTLE COMMANDER

Mr. SENSENBRENNER. Mr. Speaker, I move to suspend the rules and agree to the resolution (H. Res. 267) 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.

The Clerk read as follows:

H. RES. 267

Whereas Shuttle Mission STS–93 successfully deployed the Chandra X-Ray Observatory;

Whereas the Chandra X-Ray Observatory will provide scientists from around the world with a better understanding of the structure and evolution of the universe;

Whereas Shuttle Mission STS–93 is the first mission in the history of the United States space program to be commanded by a woman;

Whereas women continue to be underrepresented in the science, engineering, and technology fields;

Whereas the selection of Colonel Eileen Collins as the first female space shuttle commander has raised the level of awareness and appreciation of women's contributions in the advancement of science; and

Whereas Colonel Eileen Collins' accomplishments in the United States space program have made her a role model for women pursuing an education and career in scientific fields: Now, therefore, be it

Resolved, That the House of Representatives—

(1) congratulates the crew of Shuttle Mission STS–93 and honors Colonel Eileen Collins on being the first female commander of a United States space shuttle;

(2) recognizes the important contribution Colonel Eileen Collins has made to the United States space program and to the advancement of women in science; and

(3) invites Colonel Eileen Collins and the crew of STS–93 to the United States Capitol to be honored and recognized by the House of Representatives for their achievements.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Wisconsin (Mr. SENSENBRENNER) and the gentlewoman from California (Ms. LOFGREN) each will control 20 minutes.

The Chair recognizes the gentleman from Wisconsin (Mr. SENSENBRENNER).

GENERAL LEAVE

Mr. SENSENBRENNER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H. Res. 267.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

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

Mr. Speaker, last Tuesday evening, Space Shuttle Columbia touched down at the Kennedy Space Center in Cape Canaveral, Florida. The crew of Space Shuttle Columbia completed an important mission. A few short hours after launch, shuttle mission STS–93 successfully deployed the Chandra X-ray Observatory. With the launch of Chandra, we begin to explore the universe in new and exciting ways.

Chandra will allow us to examine the hot, turbulent regions in space with images nearly 25 times sharper than previous X-ray pictures. The scientific promises that Chandra holds are far reaching and will have a significant impact on our understanding of how our universe operates.

Yet beyond the scientific accomplishments of the recent shuttle mission, we rise today to celebrate a new turning point in history. STS–93 is the first-ever shuttle mission commanded by a woman, U.S. Air Force Colonel Eileen Collins. Colonel Collins has downplayed her role as the first female space shuttle commander. In her mind, she is just another astronaut, not unlike her male predecessors, who has worked hard and has been bestowed the great honor of commanding a U.S. space shuttle into space.

In reality, Colonel Collins has emerged as a role model for all young women who aspire to one day follow in her footsteps or to pursue careers in other scientific fields. However, Mr. Speaker, a young girl watching the recent nightly news coverage of Colonel Collins' flight will not be able to command her own space shuttle flight unless she acquires the science and math skills necessary to succeed as an astronaut in the U.S. space program.

Sadly, many young girls, and boys for that matter, are not receiving a quality education even in the most basic math and science courses. The release last year of the Third International Mathematics and Science (TIM) study revealed that American high school seniors, even our Nation's best students in advanced classes, are among the world's least prepared.

We must expect more from our Nation's students with respect to math and science. Curricula for all elementary and secondary years need to be developed in a manner that conveys the excitement of science and math so that students are prepared to follow in the footsteps of Colonel Collins and her crew if they choose to do so.

Mr. Speaker, I would like to thank the gentlewoman from Maryland (Mrs. MORELLA), the chairwoman of the Subcommittee on Technology, and the gentlewoman from Texas (Ms. Eddie Bernice Johnson), the ranking member of the Subcommittee on Basic Research, for introducing H. Res. 267 for our consideration today.

I congratulate Colonel Eileen Collins and the crew of Shuttle Mission STS–93 and urge my colleagues to support H. Res. 267.

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

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

Mr. Speaker, I want to speak in support of the resolution to honor the accomplishments of Colonel Eileen Collins, NASA astronaut.

As my colleagues know, she recently commanded the successful STS–93 shuttle mission. As such she was the first female shuttle commander in the history of the United States Space Program. She completed the mission with distinction, and she and the rest of the crew are to be congratulated.

By all accounts she has handled all of her assignments at NASA and in the Air Force with distinction, and she represents the best in service to our Nation.

In addition, Colonel Collins is a valuable role model for young women. She

shows them that the sky is not the limit if they study hard, work hard, and are willing to dream. Colonel Collins shows that determination can lead one to get ahead.

She began her academic career at Corning Community College where she got a degree in mathematics and science. She went to get her bachelor's degree in mathematics and economics from Syracuse in 1978, a master's of science degree in operations research from Stanford University in 1986, and a master's of arts degree in space systems management from Webster University in 1989.

Colonel Collins had nothing given to her, but Colonel Collins worked hard and made a future for herself in the space program and as a role model for girls all over the country. She is just the person to help inspire more young Americans to seek benefits of a math and science education.

Mr. Speaker, I am pleased that Congress is planning to honor her with this resolution. Unfortunately, however, I believe that it risks being a hollow honor. On the one hand we will vote today to honor Colonel Collins for her accomplishments at NASA. On the other hand later this week, the majority is preparing to bring to the floor an appropriations bill that will cut NASA's budget by a billion dollars compared to fiscal year 1999.

It is a bill that cuts the President's request for human space flight by a quarter of a billion dollars. The request for space science research is also cut by a quarter of a billion dollars. The request for Earth science research is cut by more than a quarter of a billion dollars. And the request for NASA's infrastructure budget for facilities, personnel, and so forth, is cut by almost a quarter of a billion dollars.

I think that the majority is making a grave mistake. NASA has done a great job in streamlining its programs and delivering good value for the taxpayers' investment. We should be supporting NASA's efforts, not slashing its budgets while voting an 800 billion tax cut.

I hope that we can restore the funding for NASA when the VA–HUD bill reaches the floor.

Ms. LOFGREN. Mr. Speaker, I yield back the balance of my time.

Mr. SENSENBRENNER. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, I share the concern of the gentlewoman from California (Ms. LOFGREN) about the activities of the Committee on Appropriations relative to the NASA budget. And it was my hope that at least some of these funds can be added to the Committee on Appropriations mark between now and the time the VA-HUD bill comes to the floor.

Let me state, however, that passage of the VA-HUD bill is necessary even at the lower amount if we are to avoid having a government shutdown of NASA as well as HUD and VA departments at the end of September. That I think is the worst of all possible alternatives.

So we have to work together in a bipartisan basis to attempt to get a VA-HUD bill out of this House and over to the other body for its consideration as we continue working on giving NASA an appropriate appropriation.

I would like to point out to the gentlewoman from California, however, that the mark that came out of the Committee on Appropriations for fiscal year 2000 is $700 million higher than the outyear budget that was submitted in January of 1996 by the Clinton administration. In other words, the Clinton administration's projections for the NASA budget for fiscal year 2000 was $700 million lower than the Committee on Appropriations mark which has been so roundly criticized.

So I think that we ought to quit playing games with numbers, I hate to use these numbers to counter the numbers of the gentlewoman from California, and get on to the business of making sure that NASA has the funds to do its job.

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

Mrs. MORELLA. Mr. Speaker, two weeks ago we celebrated the 30th anniversary of a tremendous moment in our history. Who can forget that first message from the surface of another world spoken on the morning of July 20th thirty years ago: "Houston, Tranquility Base here. The Eagle has landed." These words, spoken by Neil Armstrong, marked the beginning of a new age for humanity.

Through hard work and determination born of a national pride and international rivalry, the world saw one of our own safely journey from the Earth to the Moon. Just a short seven hours after that initial transmission from the Lunar Module, Neil Armstrong descended the ladder to the cratered surface. As he ventured away from the vehicle that brought him to that place, he again uttered words which will always be engraved in our national pride: "That's one small step for [a] man, one giant leap for mankind." With that simple statement, the world changed. No harder a challenge has ever been issued, and no greater dream has ever been accomplished.

As a testament of the possibilities that dreams present to us, I rise today to offer a resolution honoring another American hero. After two frustrating, but necessary delays, STS–93 finally launched early in the morning on July 23, and last Tuesday, the Space Shuttle *Columbia* landed safely at the Kennedy Space Center after the successful completion of its mission. On its 26th voyage to earth's orbit, *Columbia* launched the Chandra X–Ray Observatory. This marvel of technology will travel one third of the way to the moon and from that vantage point promises to unlock many secrets of the origins of the universe and the formation of galaxies, stars, and planets.

As promising and exciting as this latest enterprise of exploration is to scientists and students everywhere, there is still a greater significance to this mission.

The Commander of this mission, U.S. Air Force Colonel Eileen Marie Collins was born in 1956, just one year before the space race began with the Soviet launch of Sputnik 1. She grew up in the tense climate of the cold war, fully aware that, as demonstrated by Sputnik, the Soviet Union could launch a missile with enough force to threaten her home. No doubt she shared the apprehension that would spark the Space Race and see the United States play catch-up to the apparent dominance of the world's other Superpower.

She just turned twelve when *Apollo 8* made its 10 historic orbits of the moon on Christmas Day 1968, and I have no doubt she was among the millions who watched Neil Armstrong, Michael Collins, and Buzz Aldrin make their voyage in *Apollo 11* in the summer of 1969.

She dreamed of being a test pilot and an astronaut, but it didn't come easy for her. Though women were early pioneers of flight, in the 1930s fewer opportunities were open to women. It wasn't until the mid-1970s that women became eligible for positions as military aviators, the traditional route to the astronaut program.

Collins was working her way through community college during this time and earned a scholarship to Syracuse. She studied mathematics and economics, going on to later earn a Master of Science degree in operations research from Stanford University and a Master of Arts in space systems management from Webster University. In 1979, the same year Skylab fell out of Earth's orbit, she completed her pilot training for the Air Force.

She became a flight instructor, and in 1983, when Sally Ride became the first American woman in space, she was a C–141 commander and instructor. As a test pilot, she eventually logged over 5,000 hours in 30 different aircraft.

She was selected as an astronaut in 1990 and became the first woman pilot of the Space Shuttle aboard the *Discovery* on STS–63 in February of 1995. Going into this past mission, she had already logged over 419 hours of time in space.

With her latest mission, however, she embarked on an adventure that marks another moment in history. She became the first woman commander of a mission to space.

As Chair of the Subcommittee on Technology, I introduced the legislation that created the Commission on Women and Minorities in Science, Engineering and Technology working to reverse the underrepresentation of these groups in the sciences through better education and encouragement at all levels of learning. Through my work on the Science Committee, I have had the pleasure of meeting Col. Collins. I was impressed by her "down to earth" personality and sense of self in such an historical context. Commenting on the low number of women astronauts, she said, "If you don't have large numbers of women apply, it will be hard to select large numbers of women."

Mr. Speaker, this resolution we debate today seeks not to compare this milestone to the triumph of 30 years ago, but to recognize wider possibilities. This latest mission is a signal to little girls who dream; space is there for

them too. And the next time humankind endeavors to take another giant leap, it could well be a woman to make it.

Mrs. FOWLER, Mr. Speaker, I rise today in support of House Resolution 267, honoring Colonel Eileen Collins, our first female shuttle commander, and her crew on Shuttle Mission STS–93.

While each new exploration into space remains a marvel of scientific ingenuity and the creative spirit, this mission is a truly special one. As we mark the 30th Anniversary of the greatest triumph of the American space program—mankind's first footsteps on the moon—we can see how far we have come. This latest shuttle mission deployed the most sophisticated X-ray observatory ever built and will give us even greater opportunities to observe areas of the universe about which we still know very little, such as the remnants of exploded stars.

Still more special, however, is that this 118 hour and 50 minute mission was the first commanded by a woman. Colonel Collins has four degrees in science and mathematics and spent three years teaching mathematics at the U.S. Air Force Academy, making her something of an anomaly in a society where so few of our young girls go on to science and mathematics course work in their secondary and post-secondary education. While much progress has been made over the past few years, there is still a disparity in the number of girls who go on to take advanced mathematics and science classes in high school and college. Similarly, women are less likely to pursue a science or mathematics degree in college or related career.

This disparity is not caused by lack of achievement, as earlier science and math proficiency gaps between young boys and girls have narrowed and virtually disappeared. According to a recent National Science Foundation study on women's entry into science and engineering fields, one possible reason is the lack of female teacher role models in secondary schools. Colonel Collins may not be a high school teacher, but she is certainly a fine role model for aspiring engineers, astronauts, and mathematicians. In fact, both girls and boys can look up to her as an example of where science and mathematics can take us.

I commend Colonel Collins for her pioneering role in America's space program and her crew for a job well-done.

Mrs. KELLY. Mr. Speaker, I rise today in support of H. Res. 267, to pay tribute to Col. Eileen Marie Collins, as the first female space shuttle commander. I congratulate her for her leadership and thank her for her efforts to improve our space program. Through her dedication she has become one of the most visible role models for girls in aeronautics and science today. Since 1978, when NASA hired it's first female astronaut, women have come to earn a place in the space program, peaking with Col. Collins' historic effort as the first female commander in NASA's 95 missions, commanding the space shuttle Columbia. With this mission she has earned a place in history alongside pioneers like, Amelia Earhart and Cosmonaut Valentina Tereshkova, the first woman in space.

I had the good fortune to travel to Cape Canaveral on July 20th for this historic launch. Regrettably, safety precautions grounded the mission that day. However, on July 23, this mission was able to take place. What a proud day that was for Col. Collins, NASA and for the women of our country. She has persevered in a way that most of us can only dream of.

Mr. Speaker, we all can remember the awe that we felt as children as we watched John Glenn, Neil Armstrong and their fellow astronauts, as they brought space discovery home to all of us. Thanks to Col. Collins an her colleagues, our children will also be inspired by brave Americans, who like Col. Collins, have dedicated their lives to the space program and improving our knowledge of the world around us. Once again I would like to congratulate Col. Collins and NASA on their successful mission in which they claimed a place in history and opened a new eye on the universe.

Ms. SLAUGHTER. Mr. Speaker, on July 23, 1999 Col. Eileen Marie Collins, U.S.A.F. took one giant step for all womankind by serving as the first woman in history to command a space shuttle flight. I was privileged to fly to Cape Canaveral, Florida with the First Lady and the U.S. Women's Soccer Team on July 20, 1999 to watch the shuttle's first attempt. Although we were disappointed that the flight was delayed, we all marveled that just a few years ago events such as this one could not have occurred.

Col. Collins was born in upstate New York, not far from my district, at a time when women were excluded from our nation's space exploration program. Col. Collins rarely ever missed an episode of Star Trek or Lost in Space according to her family. Along with her father, Col. Collins would watch the gliders soaring over Elmira hoping one day she too could fly.

Eileen Collins dared to dream and her dreams became our dreams. Her efforts are inspiring young women and girls to tackle and excel at math and the sciences today. Col. Collins is blazing a trail that will undoubtedly be followed by future women astronauts. She has rendered outstanding service to her country and is a true role model to young and old alike. I would like to take this opportunity to commend and congratulate her on a tremendous accomplishment.

Mrs. MINK of Hawaii. Mr. Speaker, I am delighted to join my colleagues in honoring Colonel Eileen M. Collins, the first American woman to command a mission in space. I congratulate Colonel Collins and her crew—Pilot Jeffrey S. Ashby and Mission Specialist Steven A. Hawley, Catherine G. Coleman, and Michel Tognini—on a very successful mission.

On July 23, 1999, Colonel Collins made history when the Space Shuttle Columbia took off under her command with the heaviest payload in shuttle history. The objective of the mission—to deploy the Chandra X-Ray Observatory—was flawlessly accomplished. A veteran of three space flights since becoming an astronaut in 1991, Collins has logged over 537 hours in space. She served as pilot on her two previous shuttle flights in 1995 and 1997—in fact, she was also the first woman pilot of a space shuttle.

The girls of today have some powerful role models to emulate, and Colonel Collins is one of the best. She has consistently excelled in fields dominated by men. Colonel Collins has demonstrated that there are no limits to what women can accomplish if given the opportunity. Her example will inspire more women to pursue careers in science and technology.

Mrs. MALONEY of New York. Mr. Speaker, I rise in support of H. Res. 267, the resolution congratulating NASA on its successful Shuttle Mission STS–93, commanded by Colonel Eileen Collins, the first female space shuttle commander.

Col. Eileen Marie Collins, who is originally from Elmira, New York, was selected by NASA in January 1990, and became an astronaut in July 1991. She has an extensive resume at NASA. A veteran of three space flights, Collins has logged over 537 hours in space. She served as pilot on STS–63 (February 2–11, 1995) and STS–84 (May 15–24, 1997), and was the first woman Shuttle commander on STS–93 (July 22–27, 1999).

Women have come a long way since Alan Shepard became the first American man to go into space in 1961.

Women have faced numerous barriers when it comes to advancing in science professions.

I cam remember when women were discriminated against in employment. We passed the Civil Rights Act of 1964 and Title VII which prohibits gender discrimination in employment.

I can remember when signs were put up advertising for a job but saying ''women need not apply.'' We passed the Civil Service Act in 1973 eliminating weight and height requirements in federal jobs and the EEOC ruled that employers cannot discriminate against women.

Today, women have been leaping bounds in professional careers. It seems that today there are no limits to the professional success of women.

The selection of Col. Eileen Collins as shuttle commander is not only a product of her own hard work and effort, but a product of the rights which women have established for themselves. Col. Collins accomplishments in the U.S. space program have made her a role model for women pursuing an education and career in scientific fields.

Women continue to be underrepresented in the science, engineering, and technology fields. The statistics paint a bleak picture:

Women have historically been underrepresented in scientific and engineering occupations, and although progress has been made over the last several decades, there is still room for improvement.

Female and minority students take fewer high-level mathematics and science courses in high school.

Female students earn fewer bachelors, masters, and doctoral degrees in science and engineering.

Among recent bachelors of science and bachelors of engineering graduates, women are less likely to be in the labor force, to be employed full-time, and to be employed in their field than are men.

Among doctoral scientists and engineers, women are far more likely to be employed at 2-year institutions, are far less likely to be employed in research universities, and are much more likely to teach part-time.

Among university full-time faculty, women are less likely to chair departments or hold high-ranked positions.

A substantial salary gap exists between men and women with doctorates in science and engineering.

It is for all of these reasons that Col. Collins' accomplishment is all the more historic. The selection of Col. Eileen Collins as the first female space shuttle commander has raised the level of awareness and appreciation of women's contributions in the advancement of science.

I would like to congratulate the crew of Shuttle Mission STS–93 and honor Col. Eileen Collins on being the first female commander of a United States space shuttle.

In recognition of the important contribution Col. Eileen Collins has made to the U.S. space program and to the advancement of women in science, I would like to invite Col. Collins and the crew of STS–93 to the United States Capitol to be honored and recognized by the House of Representatives for their achievements.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Wisconsin (Mr. SENSENBRENNER) that the House suspend the rules and agree to the resolution, H. Res. 267.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the resolution was agreed to.

A motion to reconsider was laid on the table.

FOR THE RELIEF OF GLOBAL EXPLORATION AND DEVELOPMENT CORPORATION, KERR-McGEE CORPORATION, AND KERR-McGEE CHEMICAL, LLC

Mr. McCOLLUM. Mr. Speaker, I move to suspend the rules and pass the Senate bill (S. 606) for the relief of Global Exploration and Development Corporation, Kerr-McGee Corporation, and Kerr-McGee Chemical, LLC (successor to Kerr-McGee Chemical Corporation), and for other purposes, as amended.

The Clerk read as follows:

S. 606

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

SECTION 1. SATISFACTION OF CLAIMS AGAINST THE UNITED STATES.

(a) PAYMENT OF CLAIMS.—The Secretary of the Treasury shall pay, out of money not otherwise appropriated—

(1) to the Global Exploration and Development Corporation, a Florida corporation incorporated in Delaware, $9,500,000;

(2) to Kerr-McGee Corporation, an Oklahoma corporation incorporated in Delaware, $10,000,000; and

(3) to Kerr-McGee Chemical, LLC, a limited liability company organized under the laws of Delaware, $0.

(b) CONDITION OF PAYMENT.—

(1) GLOBAL EXPLORATION AND DEVELOPMENT CORPORATION.—The payment authorized by subsection (a)(1) is in settlement and compromise of all claims of Global Exploration and Development Corporation, as described in the recommendations of the United States Court of Federal Claims set forth in 36 Fed. Cl. 776.

(2) KERR-MCGEE CORPORATION AND KERR-MCGEE CHEMICAL, LLC.—The payment authorized by subsections (a)(2) and (a)(3) are in settlement and compromise of all claims of Kerr-McGee Corporation and Kerr-McGee Chemical, LLC, as described in the recommendations of the United States Court of Federal Claims set forth in 36 Fed. Cl. 776.

(c) LIMITATION ON FEES.—Not more than 15 percent of the sums authorized to be paid by subsection (a) shall be paid to or received by any agent or attorney for services rendered in connection with the recovery of such sums. Any person violating this subsection shall be fined not more than $1,000.

SEC. 2. CRIMINAL PROHIBITION ON THE DISTRIBUTION OF CERTAIN INFORMATION RELATING TO EXPLOSIVES, DESTRUCTIVE DEVICES, AND WEAPONS OF MASS DESTRUCTION.

(a) UNLAWFUL CONDUCT.—Section 842 of title 18, United States Code, is amended by adding at the end the following:

''(p) DISTRIBUTION OF INFORMATION RELATING TO EXPLOSIVES, DESTRUCTIVE DEVICES, AND WEAPONS OF MASS DESTRUCTION.—

''(1) DEFINITIONS.—In this subsection—

''(A) the term 'destructive device' has the same meaning as in section 921(a)(4);

''(B) the term 'explosive' has the same meaning as in section 844(j); and

''(C) the term 'weapon of mass destruction' has the same meaning as in section 2332a(c)(2).

''(2) PROHIBITION.—It shall be unlawful for any person—

''(A) to teach or demonstrate the making or use of an explosive, a destructive device, or a weapon of mass destruction, or to distribute by any means information pertaining to, in whole or in part, the manufacture or use of an explosive, destructive device, or weapon of mass destruction, with the intent that the teaching, demonstration, or information be used for, or in furtherance of, an activity that constitutes a Federal crime of violence; or

''(B) to teach or demonstrate to any person the making or use of an explosive, a destructive device, or a weapon of mass destruction, or to distribute to any person, by any means, information pertaining to, in whole or in part, the manufacture or use of an explosive, destructive device, or weapon of mass destruction, knowing that such person intends to use the teaching, demonstration, or information for, or in furtherance of, an activity that constitutes a Federal crime of violence.''.

(b) PENALTIES.—Section 844 of title 18, United States Code, is amended—

(1) in subsection (a)—

(A) by striking ''person who violates any of subsections'' and inserting the following: ''person who—

''(1) violates any of subsections'';

(B) by striking the period at the end and inserting ''; and''; and

(C) by adding at the end the following:

''(2) violates subsection (p)(2) of section 842, shall be fined under this title, imprisoned not more than 20 years, or both.''; and

(2) in subsection (j), by inserting ''and section 842(p)'' after ''this section''.

SEC. 3. SETTLEMENT OF CLAIMS OF MENOMINEE INDIAN TRIBE OF WISCONSIN.

(a) PAYMENT.—The Secretary of the Treasury shall pay to the Menominee Indian Tribe of Wisconsin, out of any funds in the Treasury of the United States not otherwise appropriated, $32,052,547 for damages sustained by the Menominee Indian Tribe of Wisconsin by reason of—

(1) the enactment and implementation of the Act entitled ''An Act to provide for a per capita distribution of Menominee tribal funds and authorize the withdrawal of the Menominee Tribe from Federal jurisdiction'', approved June 17, 1954 (68 Stat. 250 et seq., chapter 303); and

(2) the mismanagement by the United States of assets of the Menominee Indian Tribe held in trust by the United States before April 30, 1961, the effective date of termination of Federal supervision of the Menominee Indian Tribe of Wisconsin.

(b) EFFECT OF PAYMENT.—Payment of the amount referred to in subsection (a) shall be in full satisfaction of any claims that the Menominee Indian Tribe of Wisconsin may have against the United States with respect to the damages referred to in that subsection.

(c) REQUIREMENTS FOR PAYMENT.—The payment to the Menominee Indian Tribe of Wisconsin under subsection (a) shall—

(1) have the status of a judgment of the United States Court of Federal Claims for the purposes of the Indian Tribal Judgment Funds Use or Distribution Act (25 U.S.C. 1401 et seq.); and

(2) be made in accordance with the requirements of that Act on the condition that, of the amounts remaining after payment of attorney fees and litigation expenses—

(A) at least 30 percent shall be distributed on a per capita basis; and

(B) the balance shall be set aside and programmed to serve tribal needs, including funding for—

(i) educational, economic development, and health care programs; and

(ii) such other programs as the circumstances of the Menominee Indian Tribe of Wisconsin may justify.

(d) LIMITATION ON FEES.—Not more than 15 percent of the sums authorized to be paid by subsection (a) shall be paid to or received by any agent or attorney for services rendered in connection with the recovery of such sums. Any person violating this subsection shall be fined not more than $1,000.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Florida (Mr. McCOLLUM) and the gentlewoman from California (Ms. LOFGREN) each will control 20 minutes.

The Chair recognizes the gentleman from Florida (Mr. McCOLLUM).

GENERAL LEAVE

Mr. McCOLLUM. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks, and include extraneous material on the bill under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

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

Mr. Speaker, section 1 of this legislation will right a long-standing wrong involving the Federal Government and Global Exploration and Development Corporation and Kerr-McGee Corporation. Global and Kerr-McGee became embroiled in a dispute with the Department of Interior more than 20 years ago when they were improperly denied an opportunity to participate in the environmental assessment process of a potential mining site in the Osceola Forest in Florida.

In January 1991, I introduced legislation for the relief of Global and Kerr-McGee for damages incurred due to wrongful government actions. That bill was successfully referred to the U.S. Court of Federal Claims which ruled

that the Government had, in fact, committed a wrongful act. The parties subsequently reached a settlement, the terms of which are embodied in this legislation.

Mr. Speaker, I am hopeful that the passage of this legislation will bring long awaited and long overdue relief for the parties involved. Protecting private rights and rectifying public wrongs are essential if we are truly a government of, for, and by the people.

The second section of S. 606, authored by Senator DIANE FEINSTEIN, would amend the Federal Criminal Code to prohibit any person from teaching or demonstrating the making or use of an explosive, destructive device, or weapon of mass destruction. This conduct would be criminal if accompanied by either the intent that the teaching, demonstrating, or information be used for or in furtherance of an activity that constitutes a Federal crime of violence, or knowing that a person intends to use the teaching, demonstration, or information for such activity.

We live in dangerous times and some believe that in the next century we may witness an unprecedented number of acts of terror in the United States. We face the very real threat that a weapon of mass destruction will be used against civilians in a major American city in the next 10 or 20 years. We certainly pray that does not happen, but we must do everything in our power to reduce the threat of terrorism on a massive scale.

□ 1430

No one should be allowed to distribute bomb-making information with the intent that it be based and be used to commit a violent crime. This legislation has been carefully crafted to prohibit and punish conduct, not speech, and I am quite confident it will withstand constitutional challenge. Senator FEINSTEIN worked with the Justice Department on the constitutionality, and they support it.

With the Internet, it has become all too easy to disseminate bomb-making information to anyone with a personal computer. While we cannot and should not inhibit constitutionally-protected speech, we can and should do everything in our power to prohibit the dissemination of bomb-making information to commit a violent crime.

Similar or virtually identical provisions were passed on the floor of this House were passed previously and I am confident this will now finally become law if we pass it today.

Now, I turn to section 3 of this bill. S.606 additionally authorizes the U.S. Government to finally make good on a $32 million court settlement with the Menominee Indian Tribe of Wisconsin. The history of this settlement can be traced back to 1954, when the Federal Government terminated the tribe's Federal trust status and the Bureau of Indian Affairs grossly mismanaged many of the tribe's assets.

In 1967, the tribe filed a lawsuit challenging this determination and seeking damages. After decades of litigation, in 1993 Congress passed a congressional reference directing the U.S. Claims Court to determine what damages, if any, were owed the tribe.

Finally, in August of last year, the tribe and the Federal Government presented a settlement agreement to the Claims Court paying the tribe $32 million. That settlement was approved by the court. These dollars will only be used to improve education, health care, and economic opportunities for the tribe and the areas surrounding the reservation.

I particularly want to commend the gentleman from Wisconsin (Mr. GREEN) and the gentleman from Wisconsin (Mr. SENSENBRENNER) for their work in this particular area.

In closing, Mr. Speaker, though these three provisions are somewhat related, and as such a good illustration of the more open rules of process employed by the other body, each of the legislative initiatives contained within S.606 are straightforward and relatively noncontroversial. I ask for the support of this bill.

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

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

Mr. Speaker, this bill, which passed both the Subcommittee on Immigration and Claims and the full Committee on the Judiciary during the 105th Congress, and passed the full Senate this year, will pay $10 million and $9,500,000 respectively to Kerr-McGee Corporation and Global Exploration and Development Corporation based on the recommendation made by the Court of Claims as to the amounts equitably due those companies.

This legislation is intended to resolve litigation between the Federal Government and these corporations. This litigation was based upon the corporations' allegations that the United States improperly failed to grant or approve leases or to allow phosphate mining by Global and Kerr-McGee Corporations in Osceola National Forest.

After a 6-week trial before the Court of Federal Claims, but before the court could issue an opinion, the parties agreed to a joint stipulation of settlement and submitted this stipulation to the court. On November 18, 1996, the court published its recommendation to Congress that the disputes be settled for the amounts set forth in this bill.

The Court's recommendation to Congress was not based upon the finding of any wrongdoing by the United States in its dealings with Global or the Kerr-McGee Corporations. Rather, the court's recommendation was based upon and limited to a finding that an equitable claim against the United States existed and it was in the best interest of all parties to settle this claim for the amounts set forth in the bill.

Mr. Speaker, I urge that my colleagues vote in favor of passing S. 606.

Mr. Speaker, I would note that the section referred to in the bill by my colleague, the chairman of the Subcommittee on Crime, relative to penalties for teaching individuals weapons of mass destruction may or may not prove violative of the first amendment. But clearly a very strong effort has been made to comport with the requirements of the first amendment, and I would urge my colleagues to support the measure. We will certainly find out soon enough whether our efforts to succeed in that regard are successful or not when the measure is challenged in court.

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

Mr. MCCOLLUM. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin (Mr. SENSENBRENNER).

Mr. SENSENBRENNER. Mr. Speaker, I thank the gentleman from Florida for yielding me this time.

Let me just put a word of procedural caution relative to how this bill is being considered. All three of the provisions of this bill have merit and should be enacted into law on their own. Two of them are private bills in nature, the Kerr-McGee settlement and the Menominee Indian Tribe settlement, and the other provision is public in nature relative to disseminating on the Internet a do-it-yourself kit on how individuals can make their own weapons of mass destruction. So they all should become law, and I support this legislation today.

However, I am disturbed at the practice of the other body in mixing public and private legislation in the same bill, and I would hope that the consideration of this bill today as a mixture of both public legislation and private legislation will not be viewed as a precedent for future mixings by either this body or the other body.

I would hope that this motion to suspend the rules will be overwhelmingly agreed to so that we can get these three items out of the way and enacted into law, but I would hope we would be a little bit more careful procedurally as we deal with both public and private legislation in the future.

Ms. LOFGREN. Mr. Speaker, I yield myself such time as I may consume to simply respond that I think the gentleman from Wisconsin's point is well taken, I concur, and I also agree we should move forward today but we ought to be more vigilant. I appreciate his remarks.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. MCCOLLUM. Mr. Speaker, I yield myself such time as I may consume to conclude.

I think it has been well stated what is in this legislation. It is good legislation. It is three separate provisions that should become law, and I urge its adoption.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. STEARNS). The question is on the motion offered by the gentleman from Florida (Mr. MCCOLLUM) that the House suspend the rules and pass the Senate bill, S. 606, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the Senate bill, as amended, was passed.

A motion to reconsider was laid on the table.

ARCTIC TUNDRA HABITAT EMERGENCY CONSERVATION ACT

Mr. SAXTON. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2454) 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, as amended.

The Clerk read as follows:

H.R. 2454

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 ''Arctic Tundra Habitat Emergency Conservation Act''.

SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress finds the following:

(1) The winter index population of mid-continent light geese was 800,000 birds in 1969, while the total population of such geese is more than 5,200,000 birds today.

(2) The population of mid-continent light geese is expanding by over 5 percent each year, and in the absence of new wildlife management actions it could grow to more than 6,800,000 breeding light geese in 3 years.

(3) The primary reasons for this unprecedented population growth are—

(A) the expansion of agricultural areas and the resulting abundance of cereal grain crops in the United States;

(B) the establishment of sanctuaries along the United States flyways of migrating light geese; and

(C) a decline in light geese harvest rates.

(4) As a direct result of this population explosion, the Hudson Bay Lowlands Salt-Marsh ecosystem in Canada is being systematically destroyed. This ecosystem contains approximately 135,000 acres of essential habitat for migrating light geese and many other avian species. Biologists have testified that ⅓ of this habitat has been destroyed, ⅓ is on the brink of devastation, and the remaining ⅓ is overgrazed.

(5) The destruction of the Arctic tundra is having a severe negative impact on many avian species that breed or migrate through this habitat, including the following:

(A) Canada Goose.

(B) American Wigeon.

(C) Dowitcher.

(D) Hudsonian Godwit.

(E) Stilt Sandpiper.

(F) Northern Shoveler.

(G) Red-Breasted Merganser.

(H) Oldsquaw.

(I) Parasitic Jaeger.

(J) Whimbrel.

(K) Yellow Rail.

(6) It is essential that the current population of mid-continent light geese be reduced by 50 percent by the year 2005 to ensure that the fragile Arctic tundra is not irreversibly damaged.

(b) PURPOSES.—The purposes of this Act are the following:

(1) To reduce the population of mid-continent light geese.

(2) 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.

SEC. 3. FORCE AND EFFECT OF RULES TO CONTROL OVERABUNDANT MID-CONTINENT LIGHT GEESE POPULATIONS.

(a) FORCE AND EFFECT.—

(1) IN GENERAL.—The rules published by the Service on February 16, 1999, relating to use of additional hunting methods to increase the harvest of mid-continent light geese (64 Fed. Reg. 7507–7517) and the establishment of a conservation order for the reduction of mid-continent light goose populations (64 Fed. Reg. 7517–7528), shall have the force and effect of law.

(2) PUBLIC NOTICE.—The Secretary, acting through the Director of the Service, shall take such action as is necessary to appropriately notify the public of the force and effect of the rules referred to in paragraph (1).

(b) APPLICATION.—Subsection (a) shall apply only during the period that—

(1) begins on the date of the enactment of this Act; and

(2) ends on the latest of—

(A) the effective date of rules issued by the Service after such date of enactment to control overabundant mid-continent light geese populations;

(B) the date of the publication of a final environmental impact statement for such rules under section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)); and

(C) May 15, 2001.

(c) RULE OF CONSTRUCTION.—This section shall not be construed to limit the authority of the Secretary or the Service to issue rules, under another law, to regulate the taking of mid-continent light geese.

SEC. 4. DEFINITIONS.

In this Act:

(1) MID-CONTINENT LIGHT GEESE.—The term ''mid-continent light geese'' means Lesser snow geese (Anser caerulescens caerulescens) and Ross' geese (Anser rossii) that primarily migrate between Canada and the States of Alabama, Arkansas, Colorado, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Mexico, North Dakota, Ohio, Oklahoma, South Dakota, Tennessee, Texas, Wisconsin, and Wyoming.

(2) SECRETARY.—The term ''Secretary'' means the Secretary of the Interior.

(3) SERVICE.—The term ''Service'' means the United States Fish and Wildlife Service.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from New Jersey (Mr. SAXTON) and the gentleman from California (Mr. GEORGE MILLER) each will control 20 minutes.

The Chair recognizes the gentleman from New Jersey (Mr. SAXTON).

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

Mr. Speaker, I am pleased that we are considering H.R. 2454, the Arctic Tundra Habitat Emergency Conservation Act. This bipartisan legislation addresses the devastating impact of an exploding population of light geese, more commonly known as snow geese.

Included within the Members' folders is a chronology on the issue. The U.S. Fish and Wildlife Service has been monitoring snow geese populations for over 50 years. During that time the mid-continent population, that is the population that frequents the Mississippi flyway, has increased from 800,000 birds in 1969 to more than 5.2 million geese today. In the absence of new wildlife management actions, there will be more than 6 million breeding light geese in 3 years.

This unprecedented population explosion is creating serious problems. The geese appetite for Arctic coastal tundra has created a strip of desert stretching for 2,000 miles in Canada. These birds are world-class foragers, and their favorite foods are found in the 135,000 acres that comprise the Hudson Bay lowland salt marsh ecosystem. These geese are literally eating themselves out of house and home and, in the process, destroying thousands of acres of irreplaceable nesting habitat. These wetlands are crucial to the survival not only of light geese but to dozens of other species.

On February 16, the U.S. Fish and Wildlife Service issued two final rules to reduce this ever-expanding population of light geese. Sadly, in response to a legal challenge, the U.S. Fish and Wildlife Service withdrew these two regulations on June 17. While the judge did not rule on the merits of the regulations, the Service was instructed to complete an Environmental Impact Statement. This process will take between 12 and 18 months to complete, and during that time the tundra will continue to be systematically destroyed by an ever-increasing population of light geese.

This is a simple bill. It will reinstate the two regulations already carefully evaluated, approved and then withdrawn by the Fish and Wildlife Service. States would have the flexibility to allow the use of electronic goose calls and unplugged shotguns, and to implement conservation orders to take mid-continent light geese.

H.R. 2454 enacts these regulations in their identical form. In addition, the bill sunsets when the Service has completed both its Environmental Impact Statement and a new rule on mid-continent light geese. In short, this is an interim solution to a very serious and evergrowing environmental problem.

Mr. Speaker, I urge an ''aye'' vote.

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

Mr. GEORGE MILLER of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of this legislation with the changes that have been made in terms of making this program available for the next two hunting seasons. I think that puts the kind of limitation on it that we can monitor and will make it a well-run program.

In game bird and wildlife management, some times our best efforts to restore wildlife populations can go awry and produce unintended consequences, and that seems to be the case with mid-continent light geese.

No reasonable field biologist who has examined light geese census data disputes the fact that the population of light geese has shot up dramatically over the past decade to a point now where the birds are virtually eating themselves out of their arctic and subarctic nesting habitats. Our own management actions, including the establishment of protective areas and abundance of cereal grain crops, are partly to blame, but so is the natural wariness and reproductive capacity of this species.

And so, we are left with the unfortunate reality that in one or another—either through increased human harvest or natural mortality—population of light geese will be culled in order to prevent widespread habitat deterioration. It is a regrettable circumstance which offers no simple, painless solutions.

H.R. 2454 would authorize two emergency regulations proposed earlier this year by the Fish and Wildlife Service to increase the harvest of light geese in States within either the Mississippi and Central flyways. These regulations were broadly supported by a wide range of State and private wildlife and conservation organizations, including Ducks Unlimited and the National Audubon Society.

These regulations were withdrawn earlier this year by the Fish and Wildlife Service after a Federal appeals court ruled that the Service needed to complete a full environmental impact statement (EIS) regarding the proposed emergency actions. I commend the Service for voluntary withdrawing their proposed regulations and for recognizing the need to develop a full EIS, and urge the Service to complete this EIS at the earliest possible date.

I think it important to note for members that Congress is legislating in this matter solely because all other administrative options available to the Service—under NEPA or any other statute—had been exhausted, and that the only remedy remaining was a legislative fix. This is an important factor driving the need for this legislation.

I do appreciate the helpful modifications made to the bill in the Resources Committee. Even improved, the bill does contain two troubling provisions of which I am still concerned. First, the bill would waive all procedural requirements under the National Environmental Policy Act (NEPA). and second, the bill authorizes the use of otherwise outlawed hunting practices, notably the use of electronic calling devices and un-plugged shotguns.

However, while I personally disagree with the Congress passing legislation to waive NEPA or to authorize the otherwise illegal hunting methods, and while I remain concerned that these regulations may be too broad, I realize that under the constraints of this specific emergency situation, such provisions may be warranted, if not necessary.

Moreover, I am pleased that the Resources Committee amended the bill to include an expiration date of May 15, 2001, or earlier if the Service files its final EIS before that date, to limit the duration of this emergency action.

And while I believe the Fish and Wildlife Service will act in good faith to complete the EIS at the earliest possible date, I also believe that a fixed expiration date is necessary to ensure that a temporary action does not inadvertently become permanent. I look forward to the Service completing its EIS, and I hope that this additional analysis will provide other alternatives to address the overabundance of light geese in a less indiscriminate manner and without requiring Congress to pass legislation.

Mr. DINGELL. Mr. Speaker, I rise in strong support of the legislation being offered today by the gentleman from New Jersey [Mr. SAXTON].

H.R. 2545, the ''Arctic Tundra Habitat Emergency Conservation Act,'' quite simply is trying to head off an unmitigated conservation disaster for white geese, including greater and lesser snow geese and Ross' geese. During the past three decades, these mid-continent snow geese species populations have literally exploded, from an estimated 800,000 in 1969 to more than five million today. This dramatic increase has resulted in the devastation of nearly 50,000 acres of snow geese habitat around Canada's Hudson Bay. This tundra habitat, most of which comprises a coastal salt marsh, is vital for nesting. As the snow geese proliferate and consume this habitat, other populations of birds are also placed at risk by this loss of habitat.

A special report issued in January 1998, by Ducks Unlimited provides a good example of the depth and the breadth of the problem. In studies conducted in Churchill, Manitoba, there were 2,000 nesting pairs in 1968. In 1997, that number grew to more than 40,000 pairs. The result is a cruel fate for the birds, particularly the thousands of orphaned, malnourished and eventually dead goslings who cannot survive on barren tundra.

Together with expected population increases is another vexing problem: recovery of habitat, destroyed by overfeeding at this far-north latitude, is expected to take at least 15 years; it will take even longer if some of the acreage continues to be foraged by geese during the recovery period.

The U.S. Fish and Wildlife Service has been working for a few years in partnership with the Canadian Wildlife Service, several departments of Fish and Game, Ducks Unlimited, the Audubon Society and other non-governmental entities to try to address the problem. In February of this year, the Fish and Wildlife Service issued two final rules to authorize the use of additional hunting methods to reduce the population of snow geese so that a reasonable population can survive on a viable habitat. The goal was to reduce the number of mid-continent light geese in the first year by 975,000 using additional hunting methods carefully studied and approved by the Fish and Wildlife Service.

Unfortunately, the Service withdrew the rules in the aftermath of a court challenge. The result of inaction, however, would be devastating. Chairman Saxton was correct to press for a legislative solution to expedite the recovery process by implementing the Service's rules, as the bill before us does today. It is clear that human decision making has contributed mightily to the light geese problem through increased agricultural production, sanctuary designation, and reduction in harvest rates.

Mr. Speaker, the bill before us takes an affirmative and humane step to help assure the long-term survival of mid-continent light geese and the conservation of the habitat upon which they and other species depend. I urge my colleagues to support this important bill.

Mr. YOUNG of Alaska. Mr. Speaker, as coauthor of H.R. 2454, I rise in strong support of the Arctic Tundra Habitat Emergency Conservation Act. The fundamental goal of this legislation is to stop the destruction of the Canadian Arctic Tundra by a growing population of mid-continent light geese. If we do not act, these valuable wetlands may be lost forever.

Three years ago, the U.S. Fish and Wildlife Service joined with the Canadian Wildlife Service, Ducks Unlimited, the National Audubon Society and several State and Provincial Fish and Game Departments in forming the Arctic Goose Habitat Working Group. After carefully studying the problem, the Group issued a report that recommended that the population of mid-continent light geese, which now numbers more than five million birds, be cut in half within six years.

The working group suggested that the food supply be reduced along U.S. Flyways, baiting of light geese be permitted, sharpshooters be hired to kill large numbers of geese and additional hunting methods such as electronic goose calls and unplugged shotguns be utilized.

The Fish and Wildlife Service carefully reviewed these recommendations and it conducted an exhaustive analysis of the various wildlife management options to reduce the population. It flatly rejected the flawed idea of ''letting nature run its course'' because it would cause an environmental catastrophe and many of the suggestions of the Working Group were not implemented.

In fact, in the end, the Service issued two modest rules which would have increased the harvest of light geese by allowing hunters to use electronic calls and unplugged shotguns. While these changes by themselves would not save the fragile Arctic ecosystem, they were a responsible step in the right direction.

Once enacted these rules will reduce the population of mid-continent geese and more importantly they will slow the destruction of the Arctic Tundra that is being transformed from thickly vegetated wetlands to a virtual desert.

In La Prouse Bay in Canada, which is a critical nesting site, more than 60 percent of the salt-marsh vegetation has already been destroyed or damaged to the point where it is unable to nourish birds.

Regrettable, in response to a court order, the Fish and Wildlife Service withdrew their regulations and they are now completing an Environmental Impact Statement on mid-continent light geese.

While that occurs, the Arctic Tundra will continue to be destroyed an acre at a time

and these essential wetlands which provide life for literally hundreds of avian species, besides geese, will be irreplaceably lost.

There is a better way. H.R. 2454 will reinstate the Fish and Wildlife Service's rules in their identical form. It is a temporary solution and it will sunset no later than May 15, 2001. This legislation is strongly supported by the Administration, the States, and by most of the conservation community including Ducks Unlimited and the National Audubon Society.

In closing, let me quote from the Chairman of the Arctic Goose Habitat Working Group, Dr. Bruce Batt, who testified that "the finite amount of suitable goose breeding habitat is rapidly being consumed and eventually will be lost. Every technical, Administrative, legal and political delay just adds to the problem. There is real urgency here as we may not be far from the point where the only choice is to record the aftermath of the crash of goose numbers with the related ecosystem destruction with all the other species that live there with geese."

I urge an aye vote on H.R. 2454, a bipartisan bill that will save critical Arctic wetlands.

Mr. GEORGE MILLER of California. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. SAXTON. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New Jersey (Mr. SAXTON) that the House suspend the rules and pass the bill, H.R. 2454, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

ARIZONA STATEHOOD AND ENABLING ACT AMENDMENTS OF 1999

Mr. SAXTON. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 747) to protect the permanent trust funds of the State of Arizona from erosion due to inflation and modify the basis on which distributions are made from those funds.

The Clerk read as follows:

H.R. 747

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 "Arizona Statehood and Enabling Act Amendments of 1999".

SEC. 2. PROTECTION OF TRUST FUNDS OF STATE OF ARIZONA.

(a) IN GENERAL.—Section 28 of the Act of June 20, 1910 (36 Stat. 574, chapter 310) is amended in the first paragraph by adding at the end the following: "The trust funds (including all interest, dividends, other income, and appreciation in the market value of assets of the funds) shall be prudently invested on a total rate of return basis. Distributions from the trust funds shall be made as provided in Article 10, Section 7 of the Constitution of the State of Arizona.".

(b) CONFORMING AMENDMENTS.—

(1) Section 25 of the Act of June 20, 1910 (36 Stat. 573, chapter 310), is amended in the proviso of the second paragraph by striking "the income therefrom only to be used" and inserting "distributions from which shall be made in accordance with the first paragraph of section 28 and shall be used".

(2) Section 27 of the Act of June 20, 1910 (36 Stat. 574, chapter 310), is amended by striking "the interest of which only shall be expended" and inserting "distributions from which shall be made in accordance with the first paragraph of section 28 and shall be expended".

SEC. 3. USE OF MINERS' HOSPITAL ENDOWMENT FUND FOR ARIZONA PIONEERS' HOME.

(a) IN GENERAL.—Section 28 of the Act of June 20, 1910 (36 Stat. 574, chapter 310) is amended in the second paragraph by inserting before the period at the end the following: ", except that amounts in the Miners' Hospital Endowment Fund may be used for the benefit of the Arizona Pioneers' Home".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall be deemed to have taken effect on June 20, 1910.

SEC. 4. CONSENT OF CONGRESS TO AMENDMENTS TO CONSTITUTION OF STATE OF ARIZONA.

Congress consents to the amendments to the Constitution of the State of Arizona proposed by Senate Concurrent Resolution 1007 of the 43rd Legislature of the State of Arizona, Second Regulator Session, 1998, entitled "Senate Concurrent Resolution requesting the Secretary of State to return Senate Concurrent Resolution 1018, Forty-Third Legislature, First Regular Session, to the Legislature and submit the Proposition contained in Sections 3, 4, and 5 of this Resolution of the proposed amendments to Article IX, Section 7, Article X, Section 7, and Article XI, Section 8, Constitution of Arizona, to the voters; relating to investment of State monies", approved by the voters of the State of Arizona on November 3, 1998.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from New Jersey (Mr. SAXTON) and the gentleman from California (Mr. GEORGE MILLER) each will control 20 minutes.

The Chair recognizes the gentleman from New Jersey (Mr. SAXTON).

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

Mr. Speaker, I am pleased that we are considering H.R. 747, a bill to amend the Arizona Enabling Act of 1910 to allow the State of Arizona to manage its State trust differently.

The bill was introduced by our colleague, the gentleman from Arizona (Mr. STUMP), who we will hear from in just a moment. The State of Arizona, like many other States, receives revenues generated from lands that were granted to the State upon admission to the Union. These revenues contribute funds to schools and other public institutions.

As currently provided for in the original Enabling Act, the funds must pay all of their own income. This creates a problem because it does not account for or adjust to rates of inflation. Moreover, the current Enabling Act has a number of investment restrictions. While these restrictions may have been appropriate at one time, they are outdated and no longer necessary or advisable.

In order to make the necessary changes to allow the State trust fund to be managed differently, it is necessary for Congress to approve and amend the Arizona Enabling Act.

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This legislation is almost identical to a bill that we passed the last Congress that amended the New Mexico Enabling Act. This is an important piece of legislation that will benefit the State of Arizona. I urge my colleagues to support it.

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

Mr. GEORGE MILLER of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of this legislation.

Mr. Speaker, the Act of June 20, 1910, which provided statehood for Arizona, granted federally owned lands to the new State and created a permanent trust fund into which revenues from these lands are invested. However, the act also placed certain limitations on the fund which have worked over time to prevent the State from managing the trust fund as profitably as possible. H.R. 747 will alter the terms of the trust fund and correct the problem.

These changes have been approved by the voters in Arizona, but because they alter the original statehood act, Congress must approve them as well. This measure is almost identical to legislation approved in a previous Congress for the State of New Mexico.

It is noncontroversial, and I urge my colleagues to support the bill.

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

Mr. SAXTON. Mr. Speaker, I yield such time as he may consume to the gentleman from Arizona (Mr. STUMP).

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

Mr. Speaker, I want to thank the gentleman from Utah (Mr. HANSEN) for all his hard work on this. The bill has been explained. Let me just say that it has been approved by the Governor. It is supported by the entire Arizona delegation as well.

The proposition on the ballot that was considered in the State of Arizona makes very minor changes to the 1910 Enabling Act. I urge its support.

I would also like to thank the Arizona delegation, Mr. PASTOR, Mr. KOLBE, Mr. HAYWORTH, Mr. SALMON and Mr. SHADEGG for their support and cosponsorship of H.R. 747, the Arizona Statehood and Enabling Act Amendments of 1999.

Mr. Speaker, H.R. 747 amends the 1910 act of Congress that granted the State of Arizona's entry into the Union. This bill makes two

minor changes to the Arizona Enabling Act relating to the administration of state trust funds. This legislation is supported by the Governor of Arizona, our State Treasurer, State Attorney General, State Legislature, and most importantly, the citizens of Arizona through their approval of this change through the ballot process.

On November 3, 1998, Arizona voters passed Proposition 102. This ballot measure amended the Arizona constitution to authorize the investment of Permanent Land Trust Fund monies in equity securities. These trust fund monies derive from the sale of State Trust Lands granted to Arizona by the federal government at statehood. The proposition allows the State of Arizona to capitalize on the higher return rates offered through equity securities. This would improve management in the State and assist in the generation of more revenues for the beneficiaries by gaining authorization to invest part of the fund in stocks and to invest some earnings to offset inflation.

The Arizona Statehood and Enabling Act Amendments legislation will also make a much needed and essential change to the funding of the Arizona Pioneers' Home. This state-operated facility has been dedicated to the long-term care of miners and homesteaders since 1911. Inadequate funds exist in the Miners' Hospital Endowment Fund to build and operate a separate hospital for disabled miners. Disabled miners have been cared for at the Arizona Pioneers' Home, but current law prohibits the commingling of funds associated with state trust lands. H.R. 747 would allow the Arizona Pioneers' Home to expend monies from the Miners' Hospital Endowment Fund to continue care for miners who meet the statutory admission requirements.

Mr. Speaker, H.R. 747 is a bill that is supported by bipartisan interests in the State of Arizona and most importantly, the citizens of Arizona. I ask my colleagues for favorable consideration of this legislation.

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

Mr. GEORGE MILLER of California. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. STEARNS). The question is on the motion offered by the gentleman from New Jersey (Mr. SAXTON) that the House suspend the rules and pass the bill, H.R. 747.

The question was taken.

Mr. SAXTON. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.

VISITOR CENTER FOR HOME OF FRANKLIN D. ROOSEVELT NATIONAL HISTORIC SITE

Mr. SAXTON. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1104) to authorize the Secretary of the Interior to transfer administrative jurisdiction over land within the boundaries of the Home of Franklin D. Roosevelt National Historic Site to the Archivist of the United States for the construction of a visitor center.

The Clerk read as follows:

H.R. 1104

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

SECTION 1. VISITOR CENTER FOR HOME OF FRANKLIN D. ROOSEVELT NATIONAL HISTORIC SITE, HYDE PARK, NEW YORK.

(a) TRANSFER OF ADMINISTRATIVE JURISDICTION.—The Secretary of the Interior may transfer to the Archivist of the United States administrative jurisdiction over land located in the Home of Franklin D. Roosevelt National Historic Site, for use by the Archivist for the construction of a visitor center facility to jointly serve the Home of Franklin D. Roosevelt National Historic Site and the Franklin D. Roosevelt Presidential Library, located in Hyde Park, New York.

(b) CONDITIONS OF TRANSFER.—

(1) PROTECTION OF HISTORIC SITE.—The transfer authorized in subsection (a) shall be subject to an agreement between the Secretary and the Archivist that shall include such provisions for the protection of the Home of Franklin D. Roosevelt National Historic Site and the joint use of the facility to be constructed as the Secretary and the Archivist may consider necessary.

(2) CONSIDERATION.—A transfer made pursuant to subsection (a) shall be made without consideration or reimbursement.

(3) TERMINATION.—If use by the Archivist of the land referred to in subsection (a) is terminated by the Archivist at any time, administrative jurisdiction over the land shall automatically revert to the Department of the Interior.

(c) DESCRIPTION OF LAND.—The land referred to in subsection (a) shall consist of not more than 1 acre of land as may be mutually agreed to by the Secretary and the Archivist and more particularly described in the agreement required under subsection (b)(1).

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from New Jersey (Mr. SAXTON) and the gentleman from California (Mr. GEORGE MILLER) each will control 20 minutes.

The Chair recognizes the gentleman from New Jersey (Mr. SAXTON).

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

Mr. Speaker, H.R. 1104 is a noncontroversial bill that would authorize the Secretary of the Interior to transfer administrative jurisdiction over land within the boundaries of the Home of Franklin D. Roosevelt National Historic Site to the Archivist of the United States for the construction of a visitor center.

The visitor center facility would jointly serve the F.D.R. Historic Site and the Franklin D. Roosevelt Presidential Library, located in Hyde Park, New York. The land transferred is authorized to be not more than one acre.

H.R. 1104 is the result of efforts by the gentleman from New York (Mr. SWEENEY) and retired Congressman Jerry Solomon, also from New York.

This bill is supported by the administration.

I urge my colleagues to support the bill.

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

Mr. GEORGE MILLER of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of this legislation. H.R. 1104 is a minor housekeeping measure to authorize the National Park Service to transfer jurisdiction over approximately one acre of land to the National Archives to enable construction of a joint visitor center facility at the Franklin D. Roosevelt National Historic Site in Hyde Park, NY.

It is our understanding that the site in question has been mutually agreed upon by the two agencies and that the funds have already been appropriated to construct the joint-use facility.

Mr. Speaker, both the National Park Service and the National Archives and Records Administration testified in favor of this legislation, and we are unaware of any controversy and we support the legislation.

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

Mr. SAXTON. Mr. Speaker, I yield such time as he may consume to the gentleman from New York (Mr. SWEENEY) the author of the bill.

Mr. SWEENEY. Mr. Speaker, I thank the gentleman from New Jersey for yielding me the time and for his support.

I thank the gentleman from California (Mr. MILLER) for his support.

Finally, I would like to thank the gentleman from Utah (Mr. HANSEN), the subcommittee chair, for his support.

I am proud to rise in support of H.R. 1104, the legislation I introduced to transfer administrative jurisdiction from the National Park Service to the National Archives for the construction of a visitor center at the Franklin R. Roosevelt National Historic Site.

The much anticipated visitor center will serve three area National Historic Sites and will be a great addition to the rich history of the Nation's Roosevelt era and that of New York's Hudson Valley.

The 105th Congress provided $8.2 million to the National Archives for construction of the much-needed new facility on a one-acre parcel within the historic site. However, construction is stalled due to a legal snag; and this legislation corrects that snag.

In short, jurisdiction over this site for the visitor center must be transferred from the National Park Service to the National Archives and Records Administration before we can begin construction on this long-awaited visitor center.

Mr. Speaker, Franklin D. Roosevelt, our Nation's 32nd President, lived at his home in Hyde Park, New York, commonly referred to as

''Springwood,'' for most of his young life.

While Governor of New York and as President, Mr. Roosevelt frequented Springwood often and entertained many dignitaries, including Winston Churchill and King George VI.

Franklin D. Roosevelt was involved in the planning and construction of the Presidential library at the site. The F.D.R. Library is the only Presidential library that was used by a sitting President for official duty.

F.D.R. was intent on preserving his papers and mementos for future generations to cherish and study. Included in his collection are 44,000 books, photographs, Roosevelt's White House desk and chair, and his collection of naval prints, models, and many paintings.

The F.D.R. Library became the site of the broadcast of Mr. Roosevelt's popular fireside chats, and President Roosevelt would regularly hold conferences with world leaders in his personal study.

This legislation enjoys widespread support of the National Park Service, the National Archives and Records Administration, the town of Hyde Park, the Eleanor Roosevelt Site at Val-Kill, the Franklin and Eleanor Roosevelt Institute, Historic Hudson, and the Hudson River Valley Greenway.

All of these organizations and communities have dedicated their time and expertise to ensure that this visitor center becomes a reality, and I thank them all for their support.

I look forward to seeing many Americans and all of those who would travel and venture to Hyde Park, New York, to seeing the visitor center finally become a reality at the Franklin D. Roosevelt Historic Site.

Mr. SAXTON. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New Jersey (Mr. SAXTON) that the House suspend the rules and pass the bill, H.R. 1104.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

OLD JICARILLA ADMINISTRATIVE SITE

Mr. SAXTON. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 695) to direct the Secretary of Agriculture and the Secretary of the Interior to convey an administrative site in San Juan County, New Mexico, to San Juan College, as amended.

The Clerk read as follows:

H.R. 695

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

SECTION 1. OLD JICARILLA ADMINISTRATIVE SITE.

(a) CONVEYANCE OF PROPERTY.—Not later than one year after the date of completion of the survey referred to in subsection (b), the Secretary of the Interior shall convey to San Juan College, in Farmington, New Mexico, subject to the terms, conditions, and reservations under subsection (c), all right, title, and interest of the United States in and to a parcel of real property (including any improvements on the land) not to exceed 20 acres known as the ''Old Jicarilla Site'' located in San Juan County, New Mexico (T29N; R5W; portions of sections 29 and 30).

(b) DESCRIPTION OF PROPERTY.—The exact acreage and legal description of the real property conveyed under subsection (a) shall be determined by a survey satisfactory to the Secretary of the Interior, the Secretary of Agriculture, and the President of San Juan College. The cost of the survey shall be borne by San Juan College.

(c) TERMS, CONDITIONS, AND RESERVATIONS.—

(1) Notwithstanding exceptions of application under the Recreation and Public Purposes Act (43 U.S.C. 869(c)), consideration for the conveyance described in subsection (a) shall be—

(A) an amount that is consistent with the Bureau of Land Management special pricing program for Governmental entities under the Recreation and Public Purposes Act; and

(B) an agreement between the Secretaries of the Interior and Agriculture and San Juan College indemnifying the Government of the United States from all liability of the Government that arises from the property.

(2) The lands conveyed by this Act shall be used for educational and recreational purposes. If such lands cease to be used for such purposes, at the option of the United States, such lands will revert to the United States.

(3) The Secretary of Agriculture shall identify any reservations of rights-of-way for ingress, egress, and utilities as the Secretary deems appropriate.

(4) The conveyance described in subsection (a) shall be subject to valid existing rights.

(d) LAND WITHDRAWALS.—Public Land Order 3443, only insofar as it pertains to lands described in subsections (a) and (b), shall be revoked simultaneous with the conveyance of the property under subsection (a).

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from New Jersey (Mr. SAXTON) and the gentleman from California (Mr. GEORGE MILLER) each will control 20 minutes.

The Chair recognizes the gentleman from New Jersey (Mr. SAXTON).

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

Mr. Speaker, H.R. 695 would direct the Secretary of Agriculture and the Secretary of the Interior to convey the administrative site in San Juan County, New Mexico, to San Juan College.

H.R. 695 a bill to direct the Secretary of Agriculture and the Secretary of the Interior to convey an administrative site in San Juan County, New Mexico, to San Juan College, was introduced by our colleague the honorable gentleman from New Mexico (Mr. UDALL).

This legislation will require the Secretary to convey a 10-acre parcel known as the ''Old Jicarilla Site'' to San Juan college. The Forest Service no longer requires its use and has not occupied the site for several years.

The bill will also require the site to be used for educational and recreational purposes. Our good friend the gentleman from New Mexico (Mr. UDALL) has done a great job on this legislation. I urge all my colleagues to support its passage under the suspended rules.

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

Mr. GEORGE MILLER of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 695 by the gentleman from New Mexico (Mr. UDALL) which would direct the Secretary of the Interior to convey approximately 20 acres of both Forest Service and Bureau of Land Management land, including real property on the land, on the Carson National Forest in San Juan County, New Mexico, to San Juan College in Farmington, New Mexico.

The ''Old Jicarilla Site,'' as it is known, contains a surplus and abandoned ranger station. The college would pay for all lands in accordance with the Recreation and Public Purposes Act and use the site for educational and recreational purposes.

The bill represent a bipartisan effort both in the House and the Senate. I urge my colleagues to support it.

I would like to take the time to congratulate the gentleman from New Mexico (Mr. UDALL) on his sponsorship of this piece of legislation in an effort to get it passed.

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

Mr. SAXTON. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New Jersey (Mr. SAXTON) that the House suspend the rules and pass the bill, H.R. 695, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. SAXTON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and to include extraneous material on H.R. 2654, H.R. 1104, and H.R. 747, the bills just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

CONSTRUCTION INDUSTRY PAYMENT PROTECTION ACT OF 1999

Mr. HORN. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1219) to amend the Office of Federal Procurement Policy Act and the

Miller Act, relating to payment protections for persons providing labor and materials for Federal construction projects, as amended.

The Clerk read as follows:

H.R. 1219

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 ''Construction Industry Payment Protection Act of 1999''.

SEC. 2. AMENDMENTS TO THE MILLER ACT.

(a) ENHANCEMENT OF PAYMENT BOND PROTECTION.—Subsection (a)(2) of the first section of the Miller Act (40 U.S.C. 270a(a)(2)) is amended by striking the second, third, and fourth sentences and inserting in lieu thereof the following: ''The amount of the payment bond shall be equal to the total amount payable by the terms of the contract unless the contracting officer awarding the contract makes a written determination supported by specific findings that a payment bond in that amount is impractical, in which case the amount of the payment bond shall be set by the contracting officer. In no case shall the amount of the payment bond be less than the amount of the performance bond.''.

(b) MODERNIZATION OF DELIVERY OF NOTICE.—Section 2(a) of the Miller Act (40 U.S.C. 270b(a)) is amended in the last sentence by striking ''mailing the same by registered mail, postage prepaid, in an envelope addressed'' and inserting ''any means which provides written, third-party verification of delivery.''.

(c) NONWAIVER OF RIGHTS.—The second section of the Miller Act (40 U.S.C. 270b) is amended by adding at the end the following new subsection:

''(c) Any waiver of the right to sue on the payment bond required by this Act shall be void unless it is in writing, signed by the person whose right is waived, and executed after such person has first furnished labor or material for use in the performance of the contract.''.

SEC. 3. IMPLEMENTATION THROUGH THE GOVERNMENT-WIDE PROCUREMENT REGULATIONS.

(a) PROPOSED REGULATIONS.—Proposed revisions to the Government-wide Federal Acquisition Regulation to implement the amendments made by this Act shall be published not later than 120 days after the date of the enactment of this Act and provide not less than 60 days for public comment.

(b) FINAL REGULATIONS.—Final regulations shall be published not less than 180 days after the date of the enactment of this Act and shall be effective on the date that is 30 days after the date of publication.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from California (Mr. HORN) and the gentleman from Texas (Mr. TURNER) each will control 20 minutes.

The Chair recognizes the gentleman from California (Mr. HORN).

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

I include for the RECORD at this point a letter from the chairman of the Committee on the Judiciary, the gentleman from Illinois (Mr. HYDE), agreeing to the discharge of the Committee on the Judiciary from further consideration of H.R. 1219.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE JUDICIARY,
Washington, DC, June 18, 1999.

Hon. DAN BURTON,
Chairman, Committee on Government Reform, House of Representatives, Washington, DC.

DEAR CHAIRMAN BURTON: I understand that the Government Reform Committee desires to take H.R. 1219, the ''Construction Industry Payment Protection Act,'' to the floor without this committee reporting the bill. The bill contains certain matters within the Rule X jurisdiction of the Judiciary Committee which were the basis of the bill's referral to us. Such matters include amendments to the Miller Act made by section 3 and procedural rules for promulgating revisions to the Federal Acquisition Regulation established by section 4.

In the interest of moving this non-controversial bill forward expeditiously, I will agree to the Judiciary Committee being discharged from further consideration of H.R. 1219. However, this should not be construed as a relinquishment of the Committee's Rule X jurisdiction as to the matters addressed by the bill or any further amendments relating to it.

Please place a copy of this letter in the record of debate on the bill.

Sincerely,

HENRY J. HYDE,
Chairman.

Mr. Speaker, H.R. 1219, the Construction Industry Payment Protection Act of 1999, is a bill introduced by my colleague, the gentlewoman from New York (Mrs. MALONEY). It would modernize the 1935 Miller Act.

Under the Miller Act, contractors performing work on a Federal public works project costing in excess of $100,000 are required to furnish a payment bond. The payment bond is intended to protect subcontractors and suppliers and materials against the risk of nonpayment when working on Federal construction projects.

The Act also requires a performance bond to guarantee completion of the project.

In addition, the Miller Act requires the contractor to provide a performance bond that guarantees completion of the project.

The 1935 Act caps the total amount of the payment bond at $2.5 million. Although that amount might have been appropriate for public works projects in 1935, in many cases today it no longer provides subcontractors with adequate protection.

Today, more than half of all Federal construction projects exceed $2.5 million. H.R. 1219 seeks to correct this problem by requiring general contractors to obtain payment bonds of an amount equivalent to the total value of the contract.

As noted, H.R. 1219 would require general contractors to obtain payment bonds of an amount equal to the total contract price unless the contracting officer makes a written determination that a payment bond in that amount is impractical. However, under no circumstances can the amount of the payment bond be less than the amount of the performance bond.

The bill also would expand the methods by which the subcontractors could use to notify the prime contractor of their intent to seek payment from the payment bond. It permits notice by any delivery service that provides written third-party verification of delivery, including the United States Postal Service or a private express delivery service.

Moreover, the bill would require that any waiver of the Miller Act protections by a beneficiary of those protections must be in writing and may be made only after a subcontractor or supplier has furnished labor or materials for use in the performance of the contract.

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The bill also requires that the Office of Management and Budget issue final regulations implementing these provisions not less than 180 days after enactment of this legislation.

H.R. 1219 represents a bipartisan effort to update the 1935 Miller Act. This bill contains proposals to amend the Miller Act that address some of the concerns of a variety of trade associations representing essentially every segment of the construction and surety industries. Our thanks go to the Democrats and Republicans who have worked together long and hard to bring this important bipartisan measure to the floor.

I was pleased to be a cosponsor of the gentlewoman from New York's bill, the prime author, and the gentleman from Virginia (Mr. DAVIS) was also one of the key people in assuring that these different parties came together. The time has come to modernize the Miller Act. I urge my colleagues to support this measure.

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

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

Mr. Speaker, this bill was introduced by the gentlewoman from New York (Mrs. MALONEY) as a means of addressing some very serious concerns surrounding the bond requirements established in the Miller Act of 1935. I want to commend the gentlewoman from New York for her leadership in this legislation, specifically her work in bringing all the parties together that have an interest in this bill, working with them, ensuring that all of the concerns that were laid on the table by all of the parties were addressed. She did an outstanding job in working in a very bipartisan way on this bill.

Specifically, subcontractors who perform construction projects for the Federal Government have raised questions about the adequacy of the payment bond requirement. The gentlewoman from New York as a member of the Committee on Government Reform, former ranking member of the Subcommittee on Government Management, Information, and Technology,

has been persistent in trying to correct the deficiencies of the current law.

H.R. 1219 would remedy these problems and ensure that the payment bond is great enough to protect all of the subcontractors. At the same time the legislation will modernize and strengthen the Miller Act and will provide a means of improving a relationship of the subcontractors that has been long needed.

This bill was reported by the Committee on Government Reform on May 19 by voice vote. The measure has also been referred to the Committee on the Judiciary which has discharged the bill. I would like to thank particularly the gentleman from Pennsylvania (Mr. GEKAS) and the gentleman from New York (Mr. NADLER) for their help in crafting this bill.

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

Mr. HORN. Mr. Speaker, I yield such time as he may consume to the gentleman from Virginia (Mr. DAVIS). He has done an outstanding job in bringing many of the parties together on this particular bill and we deeply appreciate his work on it.

Mr. DAVIS of Virginia. Mr. Speaker, I thank the chairman of the subcommittee for yielding me this time and I particularly thank the author of this bill the gentlewoman from New York who has worked, I think, over and beyond the usual call of duty in trying to bring consensus to something very technical but I think something very meaningful to government contractors and subcontractors and sureties.

I rise today in support of H.R. 1219, the Construction Industry Payments Act of 1999.

This is legislation we have been involved with since the 105th Congress when the gentlewoman from New York began working with the affected industry groups to find consensus on updating the original Miller Act of 1935. I am happy to say that this bipartisan cooperation resulted in a strong bill that industry, Congress and the Federal Government can all support. It is fiscally responsible and it offers reasonable protections to all parties involved in this type of Federal procurement.

H.R. 1219 amends the 1935 Miller Act which has stood the test of time very well. It has needed relatively little legislative attention or congressional oversight since its passage. Currently, the Miller Act requires a contractor awarded a Federal contract in excess of $100,000 to furnish the government with a performance bond and a payment bond. These bonds protect the government and certain persons providing labor and material for performance of that work. H.R. 1219 prepares the Miller Act for the 21st century. It should achieve its objectives without unreasonably increasing the financial exposure or placing additional burdens on the prime contractor or the surety bond producers and corporate sureties that provide Miller Act bond payments. It modernizes the act in three areas: The legislation raises the payment bond to the value of the contract award, allows receipt of notice through any method that provides written third party verification of receipt, and it prevents any waiver of the Miller Act rights prior to the commencement of the work. These three key updates of the 1935 legislation enhance the procedures and protections of the Miller Act for the government and those with rights under the act as we continue to update our procurement procedures the next century.

I am particularly impressed with H.R. 1219 and the reasonable updates of the Miller Act that allow it to be particularly effective in protecting all parties in the contracting process. Not only does it preserve the authority of the United States courts to adjudicate issues under the Miller Act but it preserves the freedom of the contractor and the subcontractor to choose within their own contract the particular dispute resolution process that will govern their dispute. This is an effective reform that focuses on everyone's goal, providing the best product to the Federal Government in a timely manner. Additionally, H.R. 1219 maintains a subcontract provision that allows for requiring arbitration or another alternative dispute resolution process. A protected person's Miller Act rights would be preserved by a timely suit in the District Court that can be stayed pending the subcontract dispute resolution process.

Simply put, this legislation modernizes the procedures and protections of the Miller Act, preserves the exclusive jurisdiction of the U.S. District Court to resolve issues arising under the Miller Act, and respects the freedom of the contractor and subcontractor to choose their own dispute resolution process, thereby bolstering the Federal Government's strong policy in favor of alternative dispute resolution.

Finally, I want to again thank the gentlewoman from New York for her willingness to sit down and negotiate on this legislation what appeared to be differences too great to overcome in the waning days of the 105th Congress. Instead this has resulted in a strong, updated Miller Act early on in this Congress. I believe the extensive negotiations between the gentlewoman from New York, myself and others distilled the key elements of the Miller Act to address and improve future situations in Federal contracting. H.R. 1219 is legislation that both enhances and preserves the 1935 legislation. This could not have occurred without a willingness to build consensus or work together. I would also like to thank the many industry organizations that agreed to sit down and come up with reasonable compromises that helped us develop the strong bill before us today. In particular, I want to thank the Association of General Contractors of America, the Surety Association of America, the American Insurance Association, and other organizations that I will insert in the RECORD.

I urge the passage of this bill. I would also like to thank Amy Heerink and Melissa Wojciak from my staff.

ADDITIONAL INDUSTRY GROUPS WHO ASSISTED IN DRAFTING THE MILLER ACT, H.R. 1219, THE CONSTRUCTION INDUSTRY PAYMENT ACT

Air Conditioning Contractors Association
American Insurance Association
American Subcontractors Association
Mechanical Contractors Association of America
National Association of Plumbing-Heating-Cooling Contractors
National Association of Surety Bond Producers
National Electrical Contractors Association
Painting and Decorating Contractors of America
Sheet Metal & Air Conditioning Contractors National Association
Surety Association of America
American Fire Sprinkler Association
Architectural Woodwork Institute
Association of the Wall & Ceiling Industries-International
Automatic Fire Alarm Association
Independent Electrical Contractors
Mason Contractors Association of America
National Association of Credit Management
National Ground Water Association
National Insulation Association
World Floor Covering Association

Mr. TURNER. Mr. Speaker, it is an honor for me to yield such time as she may consume to the gentlewoman from New York (Mrs. MALONEY). I too would like to thank the gentlewoman for the leadership she has provided on this bill. She has spent more time working on this than any other Member of this House. She is the sponsor of this bill.

Mrs. MALONEY of New York. Mr. Speaker, I thank the ranking member for yielding me this time and I thank him for his leadership and support.

The best legislation is bipartisan and this has truly been a bipartisan effort over the past 3 years. I particularly congratulate the gentleman from California (Mr. HORN) with whom I have worked in a constructive way on many pieces of legislation before this body and the gentleman from Pennsylvania (Mr. GEKAS) who likewise led on this effort and the gentleman from Virginia (Mr. DAVIS) who led actually a task force over the last summer between the different bodies that came forward with a consensus and compromise bill. And finally the stakeholders, all of the industries involved, over 25 industries came together and signed their own contract in support of the legislation and their pledge to work to pass it. So it has indeed been a combined effort which will ultimately not only help the employers and the employees but the American taxpayer, because the cost of the jobs will go down because those bidding on them will know that the

risk of not being paid will now be covered and that risk will not be built into their bid. So it has been a day where everyone benefits in our country and I am very proud to have been part of the team that made this happen.

This is truly a historic day for the construction industry and their workers. Today we are passing bipartisan legislation that will restore full payment protection for construction firms and their employees who do business with the Federal Government. Thanks to this bill, subcontractors who work on Federal projects will actually be paid and will not have to worry about being paid for their work. H.R. 1219 will modernize the 65-year-old Miller Act which was passed in 1935 to provide payment protection for construction subcontractors and suppliers. Under the Miller Act, prime contractors on Federal projects are required to purchase two types of surety bonds, one, the performance bond which assures the government that the work will in fact be completed, and a second, the payment bond that provides payment protection for subcontractors and suppliers. The payment bond is critical, because it is the payment protection of last resort in the event of a default on the part of the prime contractor. Yet under the Miller Act's depression era requirements, prime contractors are not required to obtain a payment bond equal to the full value of the contract. In fact, for contracts of $5 million or more, the payment bond need not be worth more than $2.5 million regardless of the size of the project. Since 1935, Federal construction projects have changed dramatically in size and dollar value. The protections afforded by the Miller Act may have been adequate in 1935, but they are simply not sufficient for today. In fact, if the value of $2.5 million were simply adjusted for inflation, it would now be at least $30 million. With Federal construction projects costing hundreds of millions of dollars, $2.5 million is simply not enough to provide payment protection for subcontractors, particularly those working in the later stages of complex, multi-year construction projects.

Earlier this year, President Clinton announced that the Federal Government, along with Senator MOYNIHAN, would be taking the lead in renovating the Farley Building in my home city of New York as part of the Penn Station mass transit redevelopment project. It is estimated that this project will cost almost $400 million. Now, under the Miller Act, the general contractor would only be required to furnish a payment bond worth $2.5 million, clearly not enough to provide protection for subcontractors and suppliers and their workers on a $400 million project. But thanks to this legislation that we are about to pass today, the subcontractors working on the Farley Building will actually be paid and will enjoy full payment protection.

I learned firsthand about the problems of the Miller Act when I was contacted by one of my constituents, Fred Levinson, in 1997. Fred owns a subcontracting firm in my district. Fred Levinson was hired to work on a project for the Federal Bureau of Prisons for over $100 million. But when the prime contractor on the building was terminated, Mr. Levinson was left without any way to collect the money he was owed for the work that he performed. As a result, he lost $9.5 million simply because the Miller Act did not provide for full payment protection. Mr. Levinson was fortunate enough to be able to save his company, but this payment problem still forced him to lay off employees and scale back his business. Other subcontractors on big Federal projects are simply not so lucky and risk bankruptcy when the prime contractor defaults.

Thanks to this bill, no subcontractor in the future, including those working on the Farley Building or any Federal building, will have to suffer from inadequate payment bond protection as did my constituent Fred Levinson. This is also, I might add, a case study in democracy, an example of how one person can come to a legislator, point out a problem, and work with them to solve it and to make a difference. I would like to dedicate my work on this bill to Fred Levinson, who brought it to my attention.

Mr. Speaker, as someone who has long been interested in Federal procurement policy, I can speak firsthand to the importance of full and timely payment to all segments of the construction industry. In particular, small firms face enormous risks when they are not paid for work they complete. Many firms across the country have risked bankruptcy simply because they were not paid on time or in full by a project owner. Cases in which the Federal Government is the owner of the project are certainly no exception.

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This bill will make three important changes to the Miller act.

First, it will require that prime contractors working on Federal projects furnish a payment bond of a value equal to the value of the contract they have been awarded. This provision will ensure full payment protection for subcontractors who choose to work on Federal projects. They will no longer be a $2.5 million limit.

Second, this bill will modernize the provisions of the Miller act which deal with notification of an intent to make a claim on a payment bond. Current law permits notification only by certified mail. Under this bill, notification will be permitted by any means that permits written third-party notification of delivery. In this era of overnight mail and electronic commerce, it simply makes no sense to permit notification only through registered mail.

Finally, this bill includes a provision that prohibits any waiver of the right to sue under a payment bond unless that waiver is signed by the person whose right is waived after they have commenced work on the project. This will ensure that no subcontractor waives his or her right to sue before beginning work on a project. This provision is critical to protecting the rights of subcontractors throughout the bidding process and beyond.

I always believe that the best legislation is bipartisan, and that is certainly true in this case. This legislation enjoys broad support from Members across the political spectrum. This bill grew out of a hearing that was held jointly by my friend from California (Mr. HORN) and my friend from Pennsylvania (Mr. GEKAS).

At that hearing we heard from several witnesses who spoke on the need to modernize the act, including my constituent Fred Levinson and one of Chairman GEKAS' constituents, Micki Weaver. Mrs. Weaver, who owns a small specialty firm told of how the inadequacies of the Miller act led her to avoid bidding altogether on future Federal projects.

Both the gentleman from California (Mr. HORN) and the gentleman from Pennsylvania (Mr. GEKAS) agreed that the Miller act needed to be modernized and joined me as an original sponsor. I am very grateful for their hard work as well as that of their staffs and my own, staff which have helped to get us to where we are today. In addition, the gentleman from Indiana (Mr. BURTON) and the gentleman from Illinois (Mr. HYDE) both were instrumental in moving this bill through the legislative process, as were the ranking members, the gentleman from California (Mr. WAXMAN) and the gentleman from Michigan (Mr. CONYERS).

My friend from Virginia (Mr. DAVIS) took the lead in getting everyone involved in this issue to agree to sit down at the table and negotiate so that we could reach the agreement on the legislation we have before us today. In addition, many other Members of this House, including the gentleman from Florida (Mr. SCARBOROUGH), the gentleman from Texas (Mr. SESSIONS), the gentleman from Texas (Mr. SMITH), and the gentleman from Pennsylvania (Mr. KANJORSKI) have supported and worked on this legislation from the beginning and were very instrumental in moving it to the floor today.

Equally important, Mr. Speaker, is the hard work that many of the industry groups have done. I am pleased that every industry group with an interest in modernizing the Miller act supports this bipartisan legislation. This bill enjoys the backing of at least 25 industry organizations, all of which have had a vested interest in the payment bond protection afforded by the act.

In particular, I would like to thank the American Subcontractors Association which has spearheaded the broad-based coalition to modernize the Miller act for their hard work on this bill as well as that of the Associated General Contractors of America and the Surety Association of America, both of which played a critical role in the negotiations which led to this bill.

Mrs. MALONEY of New York. Mr. Speaker, finally I am very pleased to announce that the administration has recently said that it, too, supports the bill. This bill will bring about a common sense reform that will make a tremendous difference for construction subcontractors and their workers who do business with the Federal Government. It will not cost the taxpayers anything, and in fact it might lower the cost of Federal projects.

Mr. Speaker, I urge all Members to support this important bipartisan bill.

Mr. TURNER. Mr. Speaker, I have no further requests for time, and I yield back the balance of the time.

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

I just want to, in conclusion, note that the gentleman from Texas (Mr. TURNER), the ranking minority member on the subcommittee, has been very helpful on this; and I mentioned earlier, I will mention again, the gentleman from Pennsylvania (Mr. GEKAS) is a very distinguished legislator from Pennsylvania and a key person on the Committee on the Judiciary, and the gentleman from Illinois (Mr. HYDE) gave the waiver of this bill to the floor, and we are extremely grateful for that bipartisan, bi-committee cooperation.

But in closing, I want to say to the gentlewoman from New York (Mrs. MALONEY) who put it right on the nose, this is a case study in democracy. Everyone that is listening or hearing or reading the RECORD is going to see this is an example of a constituent walking through their Representative's door and say, Look, I've had a problem here. Can you do anything about it? A lot of us have had that experience, and the fact is people do not need to go through lobbyists; they do not need to go through people that are at PAC parties or anything else. They can just walk into their legislator, and if they got a good case, something will happen. The gentlewoman from New York (Mrs. MALONEY) showed something that happened, and all of us cooperated to do it because we knew this was just and we needed to update that law, and I would hope that we have a unanimous vote of the House.

I want to thank my own majority staff, George, the chief counsel and staff director, Randy. The counsel and professional staff member have worked with the staff of the gentlewoman from New York (Mrs. MALONEY) and the staff of the gentleman from Pennsylvania (Mr. GEKAS), and we thank them all for their help. I urge adoption of this measure.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California (Mr. HORN) that the House suspend the rules and pass the bill, H.R. 1219, as amended.

The question was taken.

Mr. HORN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.

GENERAL LEAVE

Mr. HORN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 1219, as amended.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

GOVERNMENT WASTE, FRAUD, AND ERROR REDUCTION ACT OF 1999

Mr. HORN. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1442) to amend the Federal Property and Administrative Services Act of 1949 to continue and extend authority for transfers to State and local governments of certain property for law enforcement, public safety, and emergency response purposes, as amended.

The Clerk read as follows:

H.R. 1442

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 ''Government Waste, Fraud, and Error Reduction Act of 1999''.

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

Sec. 1. Short title; table of contents.
Sec. 2. Purposes.
Sec. 3. Definition.
Sec. 4. Application of Act.

TITLE I—GENERAL MANAGEMENT IMPROVEMENTS

Sec. 101. Improving financial management.
Sec. 102. Improving travel management.

TITLE II—IMPROVING FEDERAL DEBT COLLECTION PRACTICES

Sec. 201. Miscellaneous corrections to subchapter II of chapter 37 of title 31, United States Code.
Sec. 202. Barring delinquent Federal debtors from obtaining Federal benefits.
Sec. 203. Collection and compromise of nontax debts and claims.

TITLE III—SALE OF NONTAX DEBTS OWED TO UNITED STATES

Sec. 301. Authority to sell nontax debts.
Sec. 302. Requirement to sell certain nontax debts.

TITLE IV—TREATMENT OF HIGH VALUE NONTAX DEBTS

Sec. 401. Annual report on high value nontax debts.
Sec. 402. Review by Inspectors General.
Sec. 403. Requirement to seek seizure and forfeiture of assets securing high value nontax debt.

TITLE V—FEDERAL PAYMENTS

Sec. 501. Transfer of responsibility to Secretary of the Treasury with respect to prompt payment.
Sec. 502. Promoting electronic payments.
Sec. 503. Debt services account.

TITLE VI—FEDERAL PROPERTY

Sec. 601. Amendment to Federal Property and Administrative Services Act of 1949.

SEC. 2. PURPOSES.

The purposes of this Act are the following:

(1) To reduce waste, fraud, and error in Federal benefit programs.

(2) To focus Federal agency management attention on high-risk programs.

(3) To better collect debts owed to the United States.

(4) To improve Federal payment systems.

(5) To improve reporting on Government operations.

SEC. 3. DEFINITION.

As used in this Act, the term ''nontax debt'' means any debt (within the meaning of that term as used in chapter 37 of title 31, United States Code) other than a debt under the Internal Revenue Code of 1986 or the Tariff Act of 1930.

SEC. 4. APPLICATION OF ACT.

No provision of this Act shall apply to the Department of the Treasury or the Internal Revenue Service to the extent that such provision—

(1) involves the administration of the internal revenue laws; or

(2) conflicts with the Internal Revenue Service Restructuring and Reform Act of 1998, the Internal Revenue Code of 1986, or the Tariff Act of 1930.

TITLE I—GENERAL MANAGEMENT IMPROVEMENTS

SEC. 101. IMPROVING FINANCIAL MANAGEMENT.

Section 3515 of title 31, United States Code, is amended—

(1) in subsection (a)—

(A) by striking ''1997'' and inserting ''2000''; and

(B) by inserting ''Congress and'' after ''submit to''; and

(2) by striking subsections (e), (f), (g), and (h).

SEC. 102. IMPROVING TRAVEL MANAGEMENT.

(a) LIMITED EXCLUSION FROM REQUIREMENT REGARDING OCCUPATION OF QUARTERS.—Section 5911(e) of title 5, United States Code, is amended by adding at the end the following new sentence: ''The preceding sentence shall not apply with respect to lodging provided under chapter 57 of this title.''.

(b) USE OF TRAVEL MANAGEMENT CENTERS, AGENTS, AND ELECTRONIC PAYMENT SYSTEMS.—

(1) REQUIREMENT TO ENCOURAGE USE.—The head of each executive agency shall, with respect to travel by employees of the agency in the performance of the employment duties by the employee, require, to the extent practicable, the use by such employees of travel management centers, travel agents authorized for use by such employees, and electronic reservation and payment systems for the purpose of improving efficiency and economy regarding travel by employees of the agency.

(2) PLAN FOR IMPLEMENTATION.—(A) The Administrator of General Services shall develop a plan regarding the implementation of this subsection and shall, after consultation with the heads of executive agencies, submit to Congress a report describing such plan and the means by which such agency heads plan to ensure that employees use travel management centers, travel agents, and electronic reservation and payment systems as required by this subsection.

(B) The Administrator shall submit the plan required under subparagraph (A) not later than March 31, 2000.

(c) PAYMENT OF STATE AND LOCAL TAXES ON TRAVEL EXPENSES.—

(1) IN GENERAL.—The Administrator of General Services shall develop a mechanism to ensure that employees of executive agencies are not inappropriately charged State and local taxes on travel expenses, including transportation, lodging, automobile rental, and other miscellaneous travel expenses.

(2) REPORT.—Not later than March 31, 2000, the Administrator shall, after consultation with the heads of executive agencies, submit to Congress a report describing the steps taken, and proposed to be taken, to carry out this subsection.

TITLE II—IMPROVING FEDERAL DEBT COLLECTION PRACTICES

SEC. 201. MISCELLANEOUS CORRECTIONS TO SUBCHAPTER II OF CHAPTER 37 OF TITLE 31, UNITED STATES CODE.

(a) CHILD SUPPORT ENFORCEMENT.—Section 3716(h)(3) of title 31, United States Code, is amended to read as follows:

''(3) In applying this subsection with respect to any debt owed to a State, other than past due support being enforced by the State, subsection (c)(3)(A) shall not apply.''.

(b) DEBT SALES.—Section 3711 of title 31, United States Code, is amended by striking subsection (i).

(c) GAINSHARING.—Section 3720C(b)(2)(D) of title 31, United States Code, is amended by striking ''delinquent loans'' and inserting ''debts''.

(d) PROVISIONS RELATING TO PRIVATE COLLECTION CONTRACTORS.—

(1) COLLECTION BY SECRETARY OF THE TREASURY.—Section 3711(g) of title 31, United States Code, is amended by adding at the end the following:

''(11) In attempting to collect under this subsection through the use of garnishment any debt owed to the United States, a private collection contractor shall not be precluded from verifying the debtor's current employer, the location of the payroll office of the debtor's current employer, the period the debtor has been employed by the current employer of the debtor, and the compensation received by the debtor from the current employer of the debtor.

''(12) In evaluating the performance of a contractor under any contract entered into under this subsection, the Secretary of the Treasury shall consider the contractor's gross collections net of commissions (as a percentage of account amounts placed with the contractor) under the contract. The existence and frequency of valid debtor complaints shall also be considered in the evaluation criteria.

''(13) In selecting contractors for performance of collection services, the Secretary of the Treasury shall evaluate bids received through a methodology that considers the bidder's prior performance in terms of net amounts collected under Government collection contracts of similar size, if applicable. The existence and frequency of valid debtor complaints shall also be considered in the evaluation criteria.''.

(2) COLLECTION BY PROGRAM AGENCY.—Section 3718 of title 31, United States Code, is amended by adding at the end the following:

''(h) In attempting to collect under this subsection through the use of garnishment any debt owed to the United States, a private collection contractor shall not be precluded from verifying the current place of employment of the debtor, the location of the payroll office of the debtor's current employer, the period the debtor has been employed by the current employer of the debtor, and the compensation received by the debtor from the current employer of the debtor.

''(i) In evaluating the performance of a contractor under any contract for the performance of debt collection services entered into by an executive, judicial, or legislative agency, the head of the agency shall consider the contractor's gross collections net of commissions (as a percentage of account amounts placed with the contractor) under the contract. The existence and frequency of valid debtor complaints shall also be considered in the evaluation criteria.

''(j) In selecting contractors for performance of collection services, the head of an executive, judicial, or legislative agency shall evaluate bids received through a methodology that considers the bidder's prior performance in terms of net amounts collected under government collection contracts of similar size, if applicable. The existence and frequency of valid debtor complaints shall also be considered in the evaluation criteria.''.

(3) CONSTRUCTION.—None of the amendments made by this subsection shall be construed as altering or superseding the provisions of title 11, United States Code, or section 6103 of the Internal Revenue Code of 1986.

(e) CLERICAL AMENDMENT.—Section 3720A(h) of title 31, United States Code, is amended—

(1) beginning in paragraph (3), by striking the close quotation marks and all that follows through the matter preceding subsection (i); and

(2) by adding at the end the following: ''For purposes of this subsection, the disbursing official for the Department of the Treasury is the Secretary of the Treasury or his or her designee.''.

(f) CORRECTION OF REFERENCES TO FEDERAL AGENCY.—Sections 3716(c)(6) and 3720A(a), (b), (c), and (e) of title 31, United States Code, are each amended by striking ''Federal agency'' each place it appears and inserting ''executive, judicial, or legislative agency''.

(g) INAPPLICABILITY OF ACT TO CERTAIN AGENCIES.—Notwithstanding any other provision of law, no provision in this Act, the Debt Collection Improvement Act of 1996 (chapter 10 of title III of Public Law 104–134; 31 U.S.C. 3701 note), chapter 37 or subchapter II of chapter 33 of title 31, United States Code, or any amendments made by such Acts or any regulations issued thereunder, shall apply to activities carried out pursuant to a law enacted to protect, operate, and administer any deposit insurance funds, including the resolution and liquidation of failed or failing insured depository institutions.

(h) CONTRACTS FOR COLLECTION SERVICES.—Section 3718 of title 31, United States Code, is amended—

(1) in the first sentence of subsection (b)(1)(A), by inserting '', or, if appropriate, any monetary claim, including any claims for civil fines or penalties, asserted by the Attorney General'' before the period;

(2) in the third sentence of subsection (b)(1)(A)—

(A) by inserting ''or in connection with other monetary claims'' after ''collection of claims of indebtedness'';

(B) by inserting ''or claim'' after ''the indebtedness''; and

(C) by inserting ''or other person'' after ''the debtor''; and

(3) in subsection (d), by inserting ''or any other monetary claim of'' after ''indebtedness owed''.

SEC. 202. BARRING DELINQUENT FEDERAL DEBTORS FROM OBTAINING FEDERAL BENEFITS.

(a) IN GENERAL.—Section 3720B of title 31, United States Code, is amended to read as follows:

''§ 3720B. Barring delinquent Federal debtors from obtaining Federal benefits

''(a)(1) A person shall not be eligible for the award or renewal of any Federal benefit described in paragraph (2) if the person has an outstanding nontax debt that is in a delinquent status with any executive, judicial, or legislative agency, as determined under standards prescribed by the Secretary of the Treasury. Such a person may obtain additional Federal benefits described in paragraph (2) only after such delinquency is resolved in accordance with those standards.

''(2) The Federal benefits referred to in paragraph (1) are the following:

''(A) Financial assistance in the form of a loan (other than a disaster loan) or loan insurance or guarantee.

''(B) Any Federal permit or Federal license required by law.

''(b) The Secretary of the Treasury may exempt any class of claims from the application of subsection (a) at the request of an executive, judicial, or legislative agency.

''(c)(1) The head of any executive, judicial, or legislative agency may waive the application of subsection (a) to any Federal benefit that is administered by the agency based on standards promulgated by the Secretary of the Treasury.

''(2) The head of an executive, judicial, or legislative agency may delegate the waiver authority under paragraph (1) to the chief financial officer or, in the case of any Federal performance-based organization, the chief operating officer of the agency.

''(3) The chief financial officer or chief operating officer of an agency to whom waiver authority is delegated under paragraph (2) may redelegate that authority only to the deputy chief financial officer or deputy chief operating officer of the agency. Such deputy chief financial officer or deputy chief operating officer may not redelegate such authority.

''(d) As used in this section, the term 'nontax debt' means any debt other than a debt under the Internal Revenue Code of 1986 or the Tariff Act of 1930.''.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 37 of title 31, United States Code, is amended by striking the item relating to section 3720B and inserting the following:

''3720B. Barring delinquent Federal debtors from obtaining Federal benefits.''.

(c) CONSTRUCTION.—The amendment made by this section shall not be construed as altering or superseding the provisions of title 11, United States Code.

SEC. 203. COLLECTION AND COMPROMISE OF NONTAX DEBTS AND CLAIMS.

(a) USE OF PRIVATE COLLECTION CONTRACTORS AND FEDERAL DEBT COLLECTION CENTERS.—Paragraph (5) of section 3711(g) of title 31, United States Code, is amended to read as follows:

''(5)(A) Nontax debts referred or transferred under this subsection shall be serviced, collected, or compromised, or collection action thereon suspended or terminated, in accordance with otherwise applicable statutory requirements and authorities.

''(B) The head of each executive agency that operates a debt collection center may enter into an agreement with the Secretary of the Treasury to carry out the purposes of this subsection.

''(C) The Secretary of the Treasury shall—

''(i) maintain a schedule of private collection contractors and debt collection centers operated by agencies that are eligible for referral of claims under this subsection;

''(ii) maximize collections of delinquent nontax debts by referring delinquent nontax debts to private collection contractors promptly;

''(iii) maintain competition between private collection contractors;

''(iv) ensure, to the maximum extent practicable, that a private collection contractor to which a nontax debt is referred is responsible for any administrative costs associated with the contract under which the referral is made.

''(D) As used in this paragraph, the term 'nontax debt' means any debt other than a debt under the Internal Revenue Code of 1986 or the Tariff Act of 1930.''.

(b) LIMITATION ON DISCHARGE BEFORE USE OF PRIVATE COLLECTION CONTRACTOR OR DEBT COLLECTION CENTER.—Paragraph (9) of section 3711(g) of title 31, United States Code, is amended—

(1) by redesignating subparagraphs (A) through (H) as clauses (i) through (viii);

(2) by inserting ''(A)'' after ''(9)'';

(3) in subparagraph (A) (as designated by paragraph (2) of this subsection) in the matter preceding clause (i) (as designated by paragraph (1) of this subsection), by inserting ''and subject to subparagraph (B)'' after ''as applicable''; and

(4) by adding at the end the following:

''(B)(i) The head of an executive, judicial, or legislative agency may not discharge a nontax debt or terminate collection action on a nontax debt unless the debt has been referred to a private collection contractor or a debt collection center, referred to the Attorney General for litigation, sold without recourse, administrative wage garnishment has been undertaken, or in the event of bankruptcy, death, or disability.

''(ii) The head of an executive, judicial, or legislative agency may waive the application of clause (i) to any nontax debt, or class of nontax debts if the head of the agency determines that the waiver is in the best interest of the United States.

''(iii) As used in this subparagraph, the term 'nontax debt' means any debt other than a debt under the Internal Revenue Code of 1986 or the Tariff Act of 1930.''.

TITLE III—SALE OF NONTAX DEBTS OWED TO UNITED STATES

SEC. 301. AUTHORITY TO SELL NONTAX DEBTS.

(a) PURPOSE.—The purpose of this section is to provide that the head of each executive, judicial, or legislative agency shall establish a program of nontax debt sales in order to—

(1) minimize the loan and nontax debt portfolios of the agency;

(2) improve credit management while serving public needs;

(3) reduce delinquent nontax debts held by the agency;

(4) obtain the maximum value for loan and nontax debt assets; and

(5) obtain valid data on the amount of the Federal subsidy inherent in loan programs conducted pursuant to the Federal Credit Reform Act of 1990 (Public Law 93–344).

(b) SALES AUTHORIZED.—(1) Section 3711 of title 31, United States Code, is amended by inserting after subsection (h) the following new subsection:

''(i)(1) The head of an executive, judicial, or legislative agency may sell, subject to section 504(b) of the Federal Credit Reform Act of 1990 (2 U.S.C. 661c(b)) and using competitive procedures, any nontax debt owed to the United States that is administered by the agency.

''(2) Costs the agency incurs in selling nontax debt pursuant to this subsection may be deducted from the proceeds received from the sale. Such costs include—

''(A) the costs of any contract for identification, billing, or collection services;

''(B) the costs of contractors assisting in the sale of nontax debt;

''(C) the fees of appraisers, auctioneers, and realty brokers;

''(D) the costs of advertising and surveying; and

''(E) other reasonable costs incurred by the agency, as determined by the Director of the Office of Management and Budget.

''(3) Sales of nontax debt under this subsection—

''(A) shall be for—

''(i) cash; or

''(ii) cash and a residuary equity, joint venture, or profit participation, if the head of the agency, in consultation with the Director of the Office of Management and Budget and the Secretary of the Treasury, determines that the proceeds will be greater than the proceeds from a sale solely for cash;

''(B) shall be without recourse against the United States; and

''(C) shall transfer to the purchaser all rights of the United States to demand payment of the nontax debt, other than with respect to a residuary equity, joint venture, or profit participation under subparagraph (A)(ii), but shall not transfer to the purchaser any rights or defenses uniquely available to the United States.

''(3) This subsection is not intended to limit existing statutory authority of the head of an executive, judicial, or legislative agency to sell loans, nontax debts, or other assets.''.

SEC. 302. REQUIREMENT TO SELL CERTAIN NONTAX DEBTS.

Section 3711 of title 31, United States Code, is amended further by adding at the end the following new subsection:

''(j)(1)(A) The head of each executive, judicial, or legislative agency shall sell any nontax loan owed to the United States by the later of—

''(i) the date on which the nontax debt becomes 24 months delinquent; or

''(ii) 24 months after referral of the nontax debt to the Secretary of the Treasury pursuant to section 3711(g)(1) of title 31, United States Code. Sales under this subsection shall be conducted under the authority in section 301.

''(B) The head of an executive, judicial, or legislative agency, in consultation with the Director of the Office of Management and Budget and the Secretary of the Treasury, may exempt from sale delinquent debt or debts under this subsection if the head of the agency determines that the sale is not in the best financial interest of the United States.

''(2) The head of each executive, judicial, or legislative agency shall sell each loan obligation arising from a program administered by the agency, not later than 6 months after the loan is disbursed, unless the head of the agency determines that the sale would interfere with the mission of the agency administering the program under which the loan was disbursed, or the head of the agency, in consultation with the Director of the Office of Management and Budget and the Secretary of the Treasury, determines that a longer period is necessary to protect the financial interests of the United States. Sales under this subsection shall be conducted under the authority in section 301.

''(3) After terminating collection action, the head of an executive, judicial, or legislative agency shall sell, using competitive procedures, any nontax debt or class of nontax debts owed to the United States unless the head of the agency, in consultation with the Director of the Office of Management and Budget and the Secretary of the Treasury, determines that the sale is not in the best financial interests of the United States. Sales under this paragraph shall be conducted under the authority of subsection (i).

''(4)(A) The head of an executive, judicial, or legislative agency shall not, without the approval of the Attorney General, sell any nontax debt that is the subject of an allegation of or investigation for fraud, or that has been referred to the Department of Justice for litigation.

''(B) The head of an executive, judicial, or legislative agency may exempt from sale under this subsection any class of nontax debts or loans if the head of the agency determines that the sale would interfere with the mission of the agency administering the program under which the indebtedness was incurred.''.

TITLE IV—TREATMENT OF HIGH VALUE NONTAX DEBTS

SEC. 401. ANNUAL REPORT ON HIGH VALUE NONTAX DEBTS.

(a) IN GENERAL.—Not later than 90 days after the end of each fiscal year, the head of each agency that administers a program that gives rise to a delinquent high value nontax debt shall submit a report to Congress that lists each such debt.

(b) CONTENT.—A report under this section shall, for each debt listed in the report, include the following:

(1) The name of each person liable for the debt, including, for a person that is a company, cooperative, or partnership, the names of the owners and principal officers.

(2) The amounts of principal, interest, and penalty comprising the debt.

(3) The actions the agency has taken to collect the debt, and prevent future losses.

(4) Specification of any portion of the debt that has been written-down administratively or due to a bankruptcy proceeding.

(5) An assessment of why the debtor defaulted.

(c) DEFINITIONS.—In this title:

(1) AGENCY.—The term ''agency'' has the meaning that term has in chapter 37 of title 31, United States Code, as amended by this Act.

(2) HIGH VALUE NONTAX DEBT.—The term ''high value nontax debt'' means a nontax debt having an outstanding value (including principal, interest, and penalties) that exceeds $1,000,000.

SEC. 402. REVIEW BY INSPECTORS GENERAL.

The Inspector General of each agency shall review the applicable annual report to Congress required in section 401 and make such recommendations as necessary to improve performance of the agency. Each Inspector General shall periodically review and report to Congress on the agency's nontax debt collection management practices. As part of such reviews, the Inspector General shall examine agency efforts to reduce the aggregate

amount of high value nontax debts that are resolved in whole or in part by compromise, default, or bankruptcy.

SEC. 403. REQUIREMENT TO SEEK SEIZURE AND FORFEITURE OF ASSETS SECURING HIGH VALUE NONTAX DEBT.

The head of an agency authorized to collect a high value nontax debt that is delinquent shall, when appropriate, promptly seek seizure and forfeiture of assets pledged to the United States in any transaction giving rise to the nontax debt. When an agency determines that seizure or forfeiture is not appropriate, the agency shall include a justification for such determination in the report under section 401.

TITLE V—FEDERAL PAYMENTS

SEC. 501. TRANSFER OF RESPONSIBILITY TO SECRETARY OF THE TREASURY WITH RESPECT TO PROMPT PAYMENT.

(a) DEFINITION.—Section 3901(a)(3) of title 31, United States Code, is amended by striking ''Director of the Office of Management and Budget'' and inserting ''Secretary of the Treasury''.

(b) INTEREST.—Section 3902(c)(3)(D) of title 31, United States Code, is amended by striking ''Director of the Office of Management and Budget'' and inserting ''Secretary of the Treasury''.

(c) REGULATIONS.—Section 3903(a) of title 31, United States Code, is amended by striking ''Director of the Office of Management and Budget'' and inserting ''Secretary of the Treasury''.

SEC. 502. PROMOTING ELECTRONIC PAYMENTS.

(a) EARLY RELEASE OF ELECTRONIC PAYMENTS.—Section 3903(a) of title 31, United States Code, is amended—

(1) by amending paragraph (1) to read as follows:

''(1) provide that the required payment date is—

''(A) the date payment is due under the contract for the item of property or service provided; or

''(B) no later than 30 days after a proper invoice for the amount due is received if a specific payment date is not established by contract;''; and

(2) by striking ''and'' after the semicolon at the end of paragraph (8), by striking the period at the end of paragraph (9) and inserting ''; and'', and by adding at the end the following:

''(10) provide that the Secretary of the Treasury may waive the application of requirements under paragraph (1) to provide for early payment of vendors in cases where an agency will implement an electronic payment technology which improves agency cash management and business practice.''.

(b) AUTHORITY TO ACCEPT ELECTRONIC PAYMENT.—

(1) IN GENERAL.—Subject to an agreement between the head of an executive agency and the applicable financial institution or institutions based on terms acceptable to the Secretary of the Treasury, the head of such agency may accept an electronic payment, including debit and credit cards, to satisfy a nontax debt owed to the agency.

(2) GUIDELINES FOR AGREEMENTS REGARDING PAYMENT.—The Secretary of the Treasury shall develop guidelines regarding agreements between agencies and financial institutions under paragraph (1).

SEC. 503. DEBT SERVICES ACCOUNT.

(a) TRANSFER OF FUNDS TO DEBT SERVICES ACCOUNT.—The Secretary of the Treasury may transfer balances in accounts established before the date of the enactment of this Act pursuant to section of 3711(g)(7) of title 31, United States Code, to the Debt Services Account established under subsection (b). All amounts transferred to the Debt Services Account under this section shall remain available until expended.

(b) ESTABLISHMENT OF DEBT SERVICES ACCOUNT.—Subsection (g)(7) of section 3711 of title 31, United States Code, is amended by striking the second sentence and inserting the following: ''Any fee charged pursuant to this subsection shall be deposited into an account established in the Treasury to be known as the 'Debt Services Account' (hereinafter referred to in this section as the 'Account').''

(c) REIMBURSEMENT OF FUNDS.—Section 3711(g) of title 31, United States Code, is amended—

(1) by striking paragraph (8);

(2) by redesignating paragraphs (9) and (10) as paragraphs (8) and (9), respectively; and

(3) by amending paragraph (9) (as redesignated by paragraph (2)) to read as follows:

''(9) To carry out the purposes of this subsection, including services provided under sections 3716 and 3720A, the Secretary of the Treasury may—

''(A) prescribe such rules, regulations, and procedures as the Secretary considers necessary;

''(B) transfer such funds from funds appropriated to the Department of the Treasury as may be necessary to meet liabilities and obligations incurred prior to the receipt of fees that result from debt collection; and

''(C) reimburse any funds from which funds were transferred under subparagraph (B) from fees collected pursuant to sections 3711, 3716, and 3720A. Any reimbursement under this subparagraph shall occur during the period of availability of the funds transferred under subparagraph (B) and shall be available to the same extent and for the same purposes as the funds originally transferred.''.

(d) DEPOSIT OF TAX REFUND OFFSET FEES.—The last sentence of section 3720A(d) of title 31, United States Code, is amended to read as follows: ''Amounts paid to the Secretary of the Treasury as fees under this section shall be deposited into the Debt Services Account of the Department of the Treasury described in section 3711(g)(7) and shall be collected and accounted for in accordance with the provisions of that section.''.

TITLE VI—FEDERAL PROPERTY

SEC. 601. AMENDMENT OF FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT OF 1949.

Section 203(p)(1)(B) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 484(p)(1)(B)) is amended—

(1) by striking clause (ii);

(2) by striking ''(i)'';

(3) by striking ''(I)'' and inserting ''(i)''; and

(4) by striking ''(II)'' and inserting ''(ii)''.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from California (Mr. HORN) and the gentleman from Texas (Mr. TURNER) each will control 20 minutes.

The Chair recognizes the gentleman from California (Mr. HORN).

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

H.R. 1442 the Law Enforcement and Public Enhancement Act of 1999 is a bill introduced by my colleague from California (Mr. CALVERT). The amendment I am offering aims to accomplish two goals. First, it would improve the efficiency and economy of Federal debt collection practices, Federal credit management and Federal travel practices.

Second, the bill would also eliminate a December 31, 1999, sunset date for a provision in the Federal Property and Administrative Services Act that authorizes the transfer of surplus Federal real property at no cost to the State and local governments for law enforcement and emergency response purposes.

In a moment I will yield to the gentleman from California (Mr. CALVERT) to explain the portion of the bill that would amend the Federal Property and Administrative Services Act of 1949. First, however, let me say that the bill before us contains a number of provisions that are designed to improve Federal debt collection, credit management and travel management. As the Subcommittee on Government Management, Information and Technology learned at its June 15, 1999, hearing on Federal debt collection, at the end of fiscal year 1998 the Federal Government was owed more than $60 billion in delinquent, non-tax debt such as student loans and housing loans.

More than $49 billion of this $60 billion in delinquent non-tax debts was delinquent for more than 180 days. To facilitate collection of this enormous amount of non-tax debt, Congress passed and the President signed into law the Debt Collection Improvement Act of 1996. This bipartisan legislation in which the gentlewoman from New York (Mrs. MALONEY) was the ranking member and joined me in authoring this legislation, this bipartisan legislation established significant new debt collection authorities and enhanced existing ones.

H.R. 1442, as amended, builds upon the Debt Collection Improvement Act by providing the Federal Government with additional authorities to improve its collection of delinquent non-tax debts. The bill would prohibit Federal agencies from writing off delinquent non-tax debts prior to initiating collection procedures. The bill authorizes the offset or withholding of Social Security benefits to recipients who owe past-due child support to a State.

Currently, Social Security benefits can be intercepted to offset a recipient's debt to the Federal Government. This bill would assist States in their efforts to collect the billions of dollars in unpaid child support, billions of dollars in unpaid child support. According to the Congressional Budget Office, this added offset authority would recover $17 million each year in past-due child support. To help eliminate waste, fraud, and error in Federal benefit and credit programs, H.R. 1442, as amended, would authorize Federal agencies to bar delinquent debtors from obtaining a Federal permit, license or from receiving financial assistance in the form of a loan or loan guarantee until the debt is repaid.

The bill also focuses attention on large debts. It would require agencies to report annually to Congress on their high value delinquent debts of $1 million or more. H.R. 1442, as amended, promotes the sale of new and delinquent loans by Federal agencies. Loan sale programs would benefit the Federal Government in a number of ways. Loans that are sold in a competitive market could yield substantial proceeds, reduce administrative costs, and allow agencies to focus their limited resources on other programs. An agency with guidance from the Office of Management and Budget could exempt any class of debt from the sale provisions of this bill if it were determined that the sale would interfere with agencies, programs or mission.

For example, certain performing loans requiring specialized services provided by the Federal departments and agencies could be exempt from the sales provision of this bill by the agency head in consultation with the director of the Office of Management and Budget provided that the sale would interfere with the mission of an agency and be not in the financial interests of the United States.

The bill, as amended, also includes provisions to improve Federal employee travel management. The administrator of General Services would be required to develop a mechanism to ensure that employees of executive branch agencies are not charged State and local taxes on travel expenses relating to official business. H.R. 1442 also includes a provision that would remove a December 31, 1999, sunset provision in the Federal Property and Administrative Services Act of 1949. It would make permanent the authority for State and local governments to acquire surplus Federal property for law enforcement and emergency response purposes.

Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. CALVERT).

□ 1530

Mr. CALVERT. Mr. Speaker, I rise to support passage of this bill. H.R. 1442 will amend the Federal Property and Administrative Services Act of 1949 to extend authority for transfers to State and local governments of certain property for law enforcement and emergency response purposes.

I introduced H.R. 1442, the Law Enforcement Public Safety Enhancement Act of 1999, to permanently extend the pilot program that has become an important tool for local law enforcement and public safety officials. Without the help, leadership and support of the gentleman from California (Mr. HORN), my good friend from Long Beach, California, chairman of the Subcommittee on Government Management, Information and Technology, this legislation would never have come to the House floor. I owe a debt of gratitude to him for helping to find the offsets necessary for this bill to conform to budgetary constraints.

I would also like to thank the chairman of the Committee on Government Reform as well as the ranking members of the full committee and subcommittee for their efforts.

As we all know, one of the keys to crime prevention is a well-trained local police force and public safety officials. My bill will strengthen law enforcement and emergency management training, while saving these organizations thousands, sometimes millions, of dollars.

When the Federal Government declares real property as a surplus, various local entities may apply for the property on a no-cost basis if they use the property for some valid social purpose. To obtain the excess Federal property, the local entity must apply to a Federal agency to sponsor the no-cost transfer. My bill would permanently extend this 2-year-old authority to allow local agencies the ability to apply for surplus property at no cost for the purpose of law enforcement and emergency response training.

Due to the efforts of the Riverside, California, Sheriff's Department to create a comprehensive multijurisdictional training center, the need for this legislation became clear. In 1997, Congress passed legislation to create a 2-year pilot program to allow the Department of Justice and the Federal Emergency Management Agency to sponsor local law enforcement and emergency management response entities for a no cost transfer. The results of this 2-year program are startling. Twenty-one separate local agencies in 11 States applied for this program. Their applications are in various stages of the process. Without this legislation, these projects will be stopped in their tracks.

I would like to encourage all of my colleagues to support this pro-law enforcement legislation and give back to the men and women that battle on our streets every day.

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

Mr. Speaker, the Federal Property Act currently allows surplus Federal property to be transferred to state and local governments at a discount off the fair market value. Public benefit discounts are available under current law for public health or educational uses, public parks or recreational areas, historic monuments, correctional institutions, port facilities, public airports and wildlife conservation.

In 1997, this Congress overwhelmingly passed a bill that made Federal surplus property available to State and local authorities for law enforcement and emergency response purposes for a 2-year trial period. With the sunset date fast approaching in December of this year, H.R. 1442, which was introduced through the good work of the gentleman from California (Mr. CALVERT), we will extend that worthwhile provision and make it permanent.

Mr. Speaker, this bill would allow the Department of Justice and FEMA to sponsor the use of excess Federal property for law enforcement and fire fighting and rescue training purposes. I expect this bill will move quickly through the legislative process and become law. Only last week the Senate successfully included a similar provision in the Commerce-Justice-State appropriations bill for fiscal year 2000.

There are currently at least 22 jurisdictions around the country who have submitted applications to acquire surplus Federal property for these purposes, and at least three of them have successfully acquired their property. We must not deny the remaining 19 the opportunity to complete their application process and to secure the property that they need to make their communities safer.

Law enforcement and fire rescue services provide vital services for State and local governments, and it is critical that we allow them to acquire this Federal surplus property at a discount.

This legislation benefits police officers, fire fighters, and other emergency response officials across the country, and I commend the gentleman from California (Mr. CALVERT) for his hard work on this particular provision.

In addition, H.R. 1442, as amended, is designed to address problems with Federal debt collection and Federal credit management. In 1996 Congress passed the Debt Collection Improvement Act, which was designed to centralize management of Federal debt collection at the Department of Treasury and to enhance cooperation of Federal agencies in the collection of delinquent debt.

Within the past 2 years, the Federal Government centralized debt collection activities at the Financial Management Service have begun to work more efficiently. In fact, collections have grown from $1.7 million in fiscal year 1997 to $2.5 billion in fiscal year 1999, after the Debt Collection Improvement Act enhanced the Treasury's offset authority.

Clearly there has been improvement in the government collection efforts. There are, however, many challenges that remain. According to the Department of Treasury, the Federal Government is owed approximately $50 billion in delinquent, non-taxed debt. Of this amount, $47 billion has been delinquent for more than 180 days. In addition, the Federal Government writes off about $10 billion in delinquent debts every year.

H.R. 1442 focuses management attention on high-risk programs and builds

upon prior initiatives to improve Federal debt collection practices by providing Federal agencies with the additional tools they need to improve Federal debt collection. It is almost identical to H.R. 4857, a bill that passed the House of Representatives with overwhelming bipartisan support under suspension of the rules in the 105th Congress. We passed these provisions by a vote of 419 to 1 earlier this year.

I would like to commend the gentleman from California (Chairman HORN), who has done an outstanding job in leading to improve the Federal debt collection practices through his diligent legislative oversight activities. The gentleman has worked to assure that the taxpayers get every dollar they are entitled to and no more.

I also want to mention and commend the leadership of the gentlewoman from New York (Mrs. MALONEY), who has continued her partnership with the gentleman from California (Chairman HORN) since the time she served in the position of ranking member of this subcommittee.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

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

Mr. Speaker, I just want to thank the gentleman from Texas (Mr. TURNER), the ranking member. He had an excellent series of questions this morning of the Commissioner of Internal Revenue and the General Accounting Officer. The gentleman is deeply committed to an effective and efficient government, and especially to getting at the nontax debt.

Mr. Speaker, I urge my colleagues to support this legislation. H.R. 1442, as amended, contains provisions designed to improve the efficiency and effectiveness of Federal debt collection and credit management. It would also assist State and local governments in their efforts to acquire much needed surplus property for law enforcement and emergency response. This legislation has broad bipartisan support, as was evident on the floor. The provisions are the result of a bipartisan effort between majority and minority on the Committee on Government Reform, working closely with the administration.

Mr. CRAMER. Mr. Speaker, I rise today in support of H.R. 1442, the Law Enforcement and Public Safety Enhancement Act of 1999. I am a co-sponsor of this legislation which makes permanent the General Services Administration authority to transfer federal surplus lands at no cost to state and local governments for the purpose of law enforcement and emergency response services.

H.R. 1442 will have a direct and immediate impact on my Congressional District as well as a number of other districts throughout the country. Currently, thirteen sites across the nation, one of which is in my District, are utilizing a temporary authorization allowing the Department of Justice (DOJ) to transfer excess federal property to local government entities for law enforcement and public safety purposes.

This temporary authority, which expires December 31, 1999, allows local law enforcement, fire services, and emergency management agencies the opportunity to receive federal surplus property through a "no-cost" transfer. This legislation aims to make permanent this temporary authority.

In my Congressional District, the Fifth District of Alabama, the City of Huntsville has applied for the transfer of a Naval Reserve Center to the City for use as a public safety training facility for our police officers, firefighters, and rescue personnel. This facility will allow Huntsville to provide excellent training to the men and women who safeguard our citizens. Currently, Huntsville's application is under review. Many projects that are currently underway or those pending applications for land transfers—like the one in my district—will be severely impacted by the quickly approaching sunset date of December 31, 1999. This legislation will permanently allow the Department of Justice (DOJ) and the Federal Emergency Management Agency (FEMA) to sponsor the use of excess federal property for law enforcement, public safety, and emergency management purposes.

I would like to once again express my strong support for this legislation. We in Congress can and should do everything in our power to assist law enforcement officers, firefighters, and emergency management personnel in their efforts to improve public safety on our streets, in our schools, and in our neighborhoods.

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

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California (Mr. HORN) that the House suspend the rules and pass the bill, H.R. 1442, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The title of the bill was amended so as to read: "To reduce waste, fraud, and error in Government programs by making improvements with respect to Federal management and debt collection practices, Federal payment systems, Federal benefit programs, and for other purposes.".

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. HORN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 1442, as amended.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

SILK ROAD STRATEGY ACT OF 1999

Mr. BEREUTER. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1152) to amend the Foreign Assistance Act of 1961 to target assistance to support the economic and political independence of the countries of South Caucasus and Central Asia, as amended.

The Clerk read as follows:

H.R. 1152

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 "Silk Road Strategy Act of 1999".

SEC. 2. FINDINGS.

Congress makes the following findings:

(1) The ancient Silk Road, once the economic lifeline of Central Asia and the South Caucasus, traversed much of the territory now within the countries of Armenia, Azerbaijan, Georgia, Kazakstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan.

(2) Economic interdependence spurred mutual cooperation among the peoples along the Silk Road and restoration of the historic relationships and economic ties between those peoples is an important element of ensuring their sovereignty as well as the success of democratic and market reforms.

(3) The development of strong political, economic, and security ties among countries of the South Caucasus and Central Asia and the West will foster stability in this region, which is vulnerable to political and economic pressures from the south, north, and east.

(4) The development of open market economies and open democratic systems in the countries of the South Caucasus and Central Asia will provide positive incentives for international private investment, increased trade, and other forms of commercial interactions with the rest of the world.

(5) Many of the countries of the South Caucasus have secular Muslim governments that are seeking closer alliance with the United States and that have active and cordial diplomatic relations with Israel.

(6) The region of the South Caucasus and Central Asia could produce oil and gas in sufficient quantities to reduce the dependence of the United States on energy from the volatile Persian Gulf region.

(7) United States foreign policy and international assistance should be narrowly targeted to support the economic and political independence as well as democracy building, free market policies, human rights, and regional economic integration of the countries of the South Caucasus and Central Asia.

SEC. 3. POLICY OF THE UNITED STATES.

It shall be the policy of the United States in the countries of the South Caucasus and Central Asia—

(1) to promote and strengthen independence, sovereignty, democratic government, and respect for human rights;

(2) to promote tolerance, pluralism, and understanding and counter racism and anti-Semitism;

(3) to assist actively in the resolution of regional conflicts and to facilitate the removal of impediments to cross-border commerce;

(4) to promote friendly relations and economic cooperation;

(5) to help promote market-oriented principles and practices;

(6) to assist in the development of the infrastructure necessary for communications,

transportation, education, health, and energy and trade on an East-West axis in order to build strong international relations and commerce between those countries and the stable, democratic, and market-oriented countries of the Euro-Atlantic Community; and

(7) to support United States business interests and investments in the region.

SEC. 4. UNITED STATES EFFORTS TO RESOLVE CONFLICTS IN THE SOUTH CAUCASUS AND CENTRAL ASIA.

It is the sense of the Congress that the President should use all diplomatic means practicable, including the engagement of senior United States Government officials, to press for an equitable, fair, and permanent resolution to the conflicts in the South Caucasus and Central Asia.

SEC. 5. AMENDMENT TO THE FOREIGN ASSISTANCE ACT OF 1961.

Part I of the Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq.) is amended by adding at the end the following new chapter:

"CHAPTER 12—SUPPORT FOR THE ECONOMIC AND POLITICAL INDEPENDENCE OF THE COUNTRIES OF THE SOUTH CAUCASUS AND CENTRAL ASIA

"SEC. 499. UNITED STATES ASSISTANCE TO PROMOTE RECONCILIATION AND RECOVERY FROM REGIONAL CONFLICTS.

''(a) PURPOSE OF ASSISTANCE.—The purposes of assistance under this section include—

''(1) the creation of the basis for reconciliation between belligerents in the countries of the South Caucasus and Central Asia;

''(2) the promotion of economic development in areas of the countries of the South Caucasus and Central Asia impacted by civil conflict and war; and

''(3) the encouragement of broad regional cooperation among countries of the South Caucasus and Central Asia that have been destabilized by internal conflicts.

''(b) AUTHORIZATION FOR ASSISTANCE.—

''(1) IN GENERAL.—To carry out the purposes of subsection (a), the President is authorized to provide humanitarian assistance and economic reconstruction assistance for the countries of the South Caucasus and Central Asia to support the activities described in subsection (c).

''(2) DEFINITION OF HUMANITARIAN ASSISTANCE.—In this subsection, the term 'humanitarian assistance' means assistance to meet humanitarian needs, including needs for food, medicine, medical supplies and equipment, education, and clothing.

''(c) ACTIVITIES SUPPORTED.—Activities that may be supported by assistance under subsection (b) include—

''(1) providing for the humanitarian needs of victims of the conflicts;

''(2) facilitating the return of refugees and internally displaced persons to their homes; and

''(3) assisting in the reconstruction of residential and economic infrastructure destroyed by war.

''(d) POLICY.—It is the sense of the Congress that the United States should, where appropriate, support the establishment of neutral, multinational peacekeeping forces to implement peace agreements reached between belligerents in the countries of the South Caucasus and Central Asia.

"SEC. 499A. ECONOMIC ASSISTANCE.

''(a) PURPOSE OF ASSISTANCE.—The purpose of assistance under this section is to foster economic growth and development, including the conditions necessary for regional economic cooperation, among the countries of the South Caucasus and Central Asia.

''(b) AUTHORIZATION FOR ASSISTANCE.—To carry out the purpose of subsection (a), the President is authorized to provide assistance for the countries of the South Caucasus and Central Asia to support the activities described in subsection (c).

''(c) ACTIVITIES SUPPORTED.—In addition to the activities described in section 498, activities supported by assistance under subsection (b) should support the development of the structures and means necessary for the growth of private sector economies based upon market principles.

''(d) POLICY.—It is the sense of the Congress that the United States should—

''(1) assist the countries of the South Caucasus and Central Asia to develop policies, laws, and regulations that would facilitate the ability of those countries to develop free market economies and to join the World Trade Organization to enjoy all the benefits of membership; and

''(2) consider the establishment of zero-to-zero tariffs between the United States and the countries of the South Caucasus and Central Asia.

"SEC. 499B. DEVELOPMENT OF INFRASTRUCTURE.

''(a) PURPOSE OF PROGRAMS.—The purposes of programs under this section include—

''(1) to develop the physical infrastructure necessary for regional cooperation among the countries of the South Caucasus and Central Asia; and

''(2) to encourage closer economic relations and to facilitate the removal of impediments to cross-border commerce among those countries and the United States and other developed nations.

''(b) AUTHORIZATION FOR PROGRAMS.—To carry out the purposes of subsection (a), the following types of programs for the countries of the South Caucasus and Central Asia may be used to support the activities described in subsection (c):

''(1) Activities by the Export-Import Bank of the United States to complete the review process for eligibility for financing under the Export-Import Bank Act of 1945.

''(2) The provision of insurance, reinsurance, financing, or other assistance by the Overseas Private Investment Corporation.

''(3) Assistance under section 661 of this Act (relating to the Trade and Development Agency).

''(c) ACTIVITIES SUPPORTED.—Activities that may be supported by programs under subsection (b) include promoting actively the participation of United States companies and investors in the planning, financing, and construction of infrastructure for communications, transportation, including air transportation, and energy and trade, including highways, railroads, port facilities, shipping, banking, insurance, telecommunications networks, and gas and oil pipelines.

''(d) POLICY.—It is the sense of the Congress that the United States representatives at the International Bank for Reconstruction and Development, the International Finance Corporation, and the European Bank for Reconstruction and Development should encourage lending to the countries of the South Caucasus and Central Asia to assist the development of the physical infrastructure necessary for regional economic cooperation.

"SEC. 499C. BORDER CONTROL ASSISTANCE.

''(a) PURPOSE OF ASSISTANCE.—The purpose of assistance under this section includes aiding the countries of the South Caucasus and Central Asia to secure their borders and implement effective controls necessary to prevent the trafficking of illegal narcotics and the proliferation of technology and materials related to weapons of mass destruction (as defined in section 2332a(c)(2) of title 18, United States Code), and to contain and inhibit transnational organized criminal activities.

''(b) AUTHORIZATION FOR ASSISTANCE.—To carry out the purpose of subsection (a), the President is authorized to provide assistance to the countries of the South Caucasus and Central Asia to support the activities described in subsection (c).

''(c) ACTIVITIES SUPPORTED.—Activities that may be supported by assistance under subsection (b) include assisting those countries of the South Caucasus and Central Asia in developing capabilities to maintain national border guards, coast guard, and customs controls.

''(d) POLICY.—It is the sense of the Congress that the United States should encourage and assist the development of regional military cooperation among the countries of the South Caucasus and Central Asia through programs such as the Central Asian Battalion and the Partnership for Peace of the North Atlantic Treaty Organization.

"SEC. 499D. STRENGTHENING DEMOCRACY, TOLERANCE, AND THE DEVELOPMENT OF CIVIL SOCIETY.

''(a) PURPOSE OF ASSISTANCE.—The purpose of assistance under this section is to promote institutions of democratic government and to create the conditions for the growth of pluralistic societies, including religious tolerance and respect for internationally recognized human rights, in the countries of the South Caucasus and Central Asia.

''(b) AUTHORIZATION FOR ASSISTANCE.—To carry out the purpose of subsection (a), the President is authorized to provide the following types of assistance to the countries of the South Caucasus and Central Asia:

''(1) Assistance for democracy building, including programs to strengthen parliamentary institutions and practices.

''(2) Assistance for the development of nongovernmental organizations.

''(3) Assistance for development of independent media.

''(4) Assistance for the development of the rule of law, a strong independent judiciary, and transparency in political practice and commercial transactions.

''(5) International exchanges and advanced professional training programs in skill areas central to the development of civil society.

''(6) Assistance to promote increased adherence to civil and political rights under section 116(e) of this Act.

''(c) ACTIVITIES SUPPORTED.—Activities that may be supported by assistance under subsection (b) include activities that are designed to advance progress toward the development of democracy.

''(d) POLICY.—It is the sense of the Congress that the Voice of America and RFE/RL, Incorporated, should maintain high quality broadcasting for the maximum duration possible in the native languages of the countries of the South Caucasus and Central Asia.

"SEC. 499E. INELIGIBILITY FOR ASSISTANCE.

''(a) IN GENERAL.—

''(1) BASES FOR EXCLUSION.—Subject to paragraph (2), and except as provided in subsection (b), assistance may not be provided under this chapter for the government of a country of the South Caucasus or Central Asia if the President determines and certifies to the appropriate congressional committees that the government of such country—

''(A) is engaged in a consistent pattern of gross violations of internationally recognized human rights;

''(B) has, on or after the date of enactment of this chapter, knowingly transferred to, or knowingly allowed to be transferred through the territory of such country to, another country—

''(i) missiles or missile technology inconsistent with the guidelines and parameters of the Missile Technology Control Regime (as defined in section 11B(c) of the Export Administration Act of 1979 (50 U.S.C. App. 2410b(c)); or

''(ii) any material, equipment, or technology that would contribute significantly to the ability of such country to manufacture any weapon of mass destruction (including any nuclear, chemical, or biological weapon) if the President determines that the material, equipment, or technology was to be used by such country in the manufacture of such weapons;

''(C) has repeatedly provided support for acts of international terrorism;

''(D) is prohibited from receiving such assistance by chapter 10 of the Arms Export Control Act or section 306(a)(1) and 307 of the Chemical and Biological Weapons Control and Warfare Elimination Act of 1991 (22 U.S.C. 5604(a)(1), 5605); or

''(E) has not made significant progress toward resolving trade disputes registered with and raised by the United States embassy in such country.

''(2) CERTIFICATIONS PRIOR TO ELIGIBILITY.—Assistance may not be provided under this chapter to a country unless the President certifies to the appropriate congressional committees that elections held in that country are free and fair and are free of substantial criticism by the Organization for Security and Cooperation in Europe and other appropriate international organizations.''.

''(b) EXCEPTIONS TO INELIGIBILITY.—

''(1) EXCEPTIONS.—Assistance prohibited by subsection (a) or any similar provision of law, other than assistance prohibited by the provisions referred to in subparagraphs (B) and (D) of subsection (a)(1), may be furnished under any of the following circumstances:

''(A) The President determines that furnishing such assistance is important to the national interest of the United States.

''(B) The President determines that furnishing such assistance will foster respect for internationally recognized human rights and the rule of law or the development of institutions of democratic governance.

''(C) The assistance is furnished for the alleviation of suffering resulting from a natural or man-made disaster.

''(D) The assistance is provided under the secondary school exchange program administered by the United States Information Agency.

''(2) REPORT TO CONGRESS.—The President shall immediately report to Congress any determination under paragraph (1) (A) or (B) or any decision to provide assistance under paragraph (1)(C).

''SEC. 499F. ADMINISTRATIVE AUTHORITIES.

''(a) ASSISTANCE THROUGH GOVERNMENTS AND NONGOVERNMENTAL ORGANIZATIONS.—Assistance under this chapter may be provided to governments or through nongovernmental organizations.

''(b) USE OF ECONOMIC SUPPORT FUNDS.—Except as otherwise provided, any funds that have been allocated under chapter 4 of part II for assistance for the independent states of the former Soviet Union may be used in accordance with the provisions of this chapter.

''(c) TERMS AND CONDITIONS.—Assistance under this chapter shall be provided on such terms and conditions as the President may determine.

''(d) AVAILABLE AUTHORITIES.—The authority in this chapter to provide assistance for the countries of the South Caucasus and Central Asia is in addition to the authority to provide such assistance under the FREEDOM Support Act (22 U.S.C. 5801 et seq.) or any other Act, and the authorities applicable to the provision of assistance under chapter 11 may be used to provide assistance under this chapter.

''SEC. 499G. DEFINITIONS.

''In this chapter:

''(1) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term 'appropriate congressional committees' means the Committee on Foreign Relations of the Senate and the Committee on International Relations of the House of Representatives.

''(2) COUNTRIES OF THE SOUTH CAUCASUS AND CENTRAL ASIA.—The term 'countries of the South Caucasus and Central Asia' means Armenia, Azerbaijan, Georgia, Kazakstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan.''.

SEC. 6. ANNUAL REPORT.

Section 104 of the FREEDOM Support Act (22 U.S.C. 5814) is amended—

(1) by striking ''and'' at the end of paragraph (3);

(2) by striking the period at the end of paragraph (4) and inserting ''; and''; and

(3) by adding the following new paragraph:

''(5) with respect to the countries of the South Caucasus and Central Asia—

''(A) identifying the progress of United States foreign policy to accomplish the policy identified in section 3 of the Silk Road Strategy Act of 1999;

''(B) evaluating the degree to which the assistance authorized by chapter 12 of part I of the Foreign Assistance Act of 1961 has been able to accomplish the purposes identified in that chapter; and

''(C) recommending any additional initiatives that should be undertaken by the United States to implement the policy and purposes contained in the Silk Road Strategy Act of 1999.''.

SEC. 7. UNITED STATES-ISRAEL ECONOMIC DEVELOPMENT COOPERATION IN THE SOUTH CAUCASUS AND CENTRAL ASIA.

It is the sense of the Congress that the United States should continue to provide assistance to the Centre for International Cooperation (MASHAV) of the Ministry of Foreign Affairs of Israel under the Cooperative Development Program/Central Asian Republics (CDP/CAR) program of the United States Agency for International Development, for economic development activities in agriculture, health, and other relevant sectors, that are consistent with the priorities of the Agency for International Development in the countries of the South Caucasus and Central Asia.

SEC. 8. CONFORMING AMENDMENTS.

Section 102(a) of the FREEDOM Support Act (Public Law 102–511) is amended in paragraphs (2) and (4) by striking each place it appears ''this Act)'' and inserting ''this Act and the Silk Road Strategy Act of 1999)''.

SEC. 9. DEFINITIONS.

In this Act:

(1) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term ''appropriate congressional committees'' means the Committee on Foreign Relations of the Senate and the Committee on International Relations of the House of Representatives.

(2) COUNTRIES OF THE SOUTH CAUCASUS AND CENTRAL ASIA.—The term ''countries of the South Caucasus and Central Asia'' means Armenia, Azerbaijan, Georgia, Kazakstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Nebraska (Mr. BEREUTER) and the gentleman from Pennsylvania (Mr. HOEFFEL) each will control 20 minutes.

The Chair recognizes the gentleman from Nebraska (Mr. BEREUTER).

GENERAL LEAVE

Mr. BEREUTER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 1152, as amended.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

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

Mr. Speaker, as the Vice Chairman of the Committee on International Relations and the original sponsor of H.R. 1152, this Member rises in strong support of the Silk Road Strategy Act of 1999. In introducing this important legislation, this Member was joined by the distinguished ranking Democrat on the Subcommittee on Asia and the Pacific, the gentleman from California (Mr. LANTOS), the distinguished gentleman from New York (Mr. ACKERMAN), the distinguished gentleman from California (Mr. BERMAN) and many other colleagues in the House who were interested in and concerned about improving U.S. relations with the countries in this vital region of the world.

Mr. Speaker, with the disintegration of the Soviet Union in 1991, Russia became the focus of U.S. attention and heir to the vast Soviet arsenal. Russia also retained the Soviet permanent seat on the UN Security Council and membership now, of course, in the G–8.

A peaceful post-Soviet era largely depended on Washington's ability to get along with Moscow. It is not surprising then that U.S. attention, including the Freedom Support Act, was directed principally at Moscow.

We should remember, however, that 15 countries emerged or reemerged from the collapse of the Soviet Union. A few, the Baltics and Ukraine, garnered special attention in the Freedom Support Act, or in the SEED Act, which addressed Eastern Europe. But the Caucasus and Central Asia region received scant attention.

The area includes some 75 million people in the Nations of Georgia, Armenia, Azerbaijan, Turkmenistan, Uzbekistan, Kazakhstan, Kyrgystan and Tajikistan.

Mr. Speaker, two points are clear as we look at the situation in these eight countries. First, there is much at stake for our national security. The Caucasus and the Central Asian states are strategically located at the geographic nexus of Russia, China, Iran, Afghanistan and Turkey. At least six are secular Islamic states that largely have

rejected the expansion of Islamic fundamentalism. They are a front-line force in U.S. efforts to contain the spread of terrorism, the proliferation of sensitive weapons and technologies and drug trafficking. Rich in natural resources, these nations are a proven storehouse of energy with vast crude oil and natural gas reserves.

Second, given the region's clear importance, it is time for the United States to become more energetically and effectively engaged in the region, for this area is at an historic crossroads, poised between merging into or retreating from the free world order. It is undergoing an uncertain and turbulent economic, political and cultural transformation.

H.R. 1152 seeks to invigorate and provide direction to U.S. policy in the Caucasus region and the Central Asian Republics.

First, it outlines what our foreign policy and foreign aid priorities should be.

Second, it delineates potential rewards for continued cooperation with the United States, as well as actions that would result in the termination of U.S. assistance.

Third, it does not authorize new money. Instead, it redirects funding already provided to the countries of the former Soviet Union.

Fourth, it does not address the difficult question of section 907 of the Foreign Assistance Act, the prohibition of assistance to Azerbaijan. Frankly, where the votes are on this issue is well-known, and elements of this legislation are too important to subordinate to a Section 907 debate.

The states of this region are looking to the outside for political and economic support, to Russia and Iran and Turkey potentially, to China and Pakistan, and even to Afghanistan, as well as to the United States. They are actively looking to the United States for leadership and guidance on a range of international issues and to long-standing U.S. friends in the area, such as Israel and Turkey, for closer relations.

At this crucial juncture in their evolution, the support the U.S. does provide can tip the scales of these countries' orientation towards or against the West. We have a unique opportunity to influence events there now by adopting a broad-based and proactive policy of engagement designed to keep conquerors away from the region, to foster cooperation among the states, and to unleash and channel the engines of growth, economic, social and democratic growth.

We cannot build toward these goals without the creation and use of effective tools. This body has been at the forefront in encouraging the formation of coherent policies for assisting the Caucasus region and Central Asian republics and, indeed, moved the Freedom Support Act for just this purpose.

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This body can and must continue legislative initiatives in this area. This Member's proposed legislation, H.R. 1152, the Silk Road Strategy Act of 1999, is an essential tool in building toward U.S. goals in the region. Broadly, this bill targets U.S. assistance to support the economic and political independence and cross-border cooperation of the Caucasus and Central Asian states. This puts the U.S. squarely behind efforts to, first, build democracy and cross-border cooperation as well as resolve regional conflicts; second, to build market-oriented economies and legal systems as well as the infrastructure to facilitate strong East-West commerce and other relations; and, third, to promote U.S. business interests and investments in the region.

Sustained, affordable engagement that matches U.S. ambitions with resources is indispensable to the Caspian region's evolution in a manner compatible with the Free World order and interests. H.R. 1152 is an essential tool in helping to ensure that the region's political and economic options are clear and expansive, and that the far-reaching changes under way in the nations there will turn out to be desirable ones.

Mr. Speaker, this Member urges his colleagues to vote in favor of H.R. 1152, the Silk Road Strategy Act of 1999.

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

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

Mr. Speaker, I rise in strong support of H.R. 1152, the Silk Road Strategy Act. I would like to start by commending the distinguished gentleman from Nebraska (Mr. BEREUTER) for his leadership on this bill. He is the prime sponsor. He is the distinguished chair of the Subcommittee on Asia and the Pacific, and has provided great leadership on this.

Mr. Speaker, I also commend as well a bipartisan group of cosponsors from the committee, including the gentleman from California (Mr. LANTOS), the gentleman from California (Mr. BERMAN), the gentleman from New York (Mr. ACKERMAN), and the gentleman from New York (Mr. KING).

Mr. Speaker, the five countries of Central Asia and the three countries of the South Caucasus are an important part of the newly independent States. This bill recognizes the unique interests that the United States has in these countries.

We have a strategic interest in seeing that the region does not become a hotbed of armed conflict, terrorism and drug trafficking, and we have some reason to worry. Many of these countries have difficult neighbors, including Iran, Afghanistan, and China.

The region is also rife with not only the seeds of ethnic and political conflict, but as we have seen in Nagorno-Karabagh, with actual conflicts that have claimed tens of thousands of lives and have created hundreds of thousands of refugees.

We have legitimate and important economic interests in Central Asia and the Caucasus. All eight of these countries have a lot to offer in terms of natural and human resources. There is great potential for trade and investment and a positive exchange of people and ideas.

We have a great political interest in Central Asia and the South Caucasus. These countries are still emerging from Soviet rule, and it is in our interest to help them in the difficult transition away from their communist past.

Unfortunately, many of the governments of the region have a long way to go regarding democratization. It is our desire to engage these countries economically and to pursue our strategic interests, but we must not neglect the democratization that must occur there. We need to keep democratic values and human rights at the top of the agenda in the bilateral meetings with leaders of all eight of these countries and need to reach out further to those within these countries that are working to develop a civil society, including independent media, the people in the nongovernmental sector and in private business.

It is imperative that we make sure that democratization becomes and remains a priority of ours in this region.

Mr. Speaker, I also welcome the inclusive nature of the bill. We recognize the fact that these countries are interrelated, there is economic integration that is needed in this region, and that includes all of the countries of this region. We will not see a full potential for this region without the full participation of all eight countries.

It is our hope that these countries understand the incentive of cooperation and make a renewed effort to solve the conflicts that have stood in the way of a greater integration.

Similarly, because we are endorsing integration within the region, this should not be seen as an endorsement of excluding others outside of the region. To tap the resources of South Asia and the Caucasus to settle these conflicts, we will need to work with others outside of the immediate region such as Russia, Ukraine and Turkey, in order to have the fullest possible success.

Mr. Speaker, I would like to note the administration is already pursuing many of these policy issues called for in this bill. It is also providing the kind of assistance authorized by this bill.

I must also note that the administration has expressed strong reservations about two amendments attached during the committee markup. The administration is concerned that these provisions which condition assistance on certification of free and fair elections

and the resolution of business disputes may actually hinder progress on achieving those goals which are goals that we all share. If these issues are not resolved during the conference, it may jeopardize administration support for the final version of this bill.

Mr. Speaker, it is my view and our view that this bill is helpful; that it focuses attention on the region, makes a call for a renewed push on solving regional conflicts promoting regional integration and democratization. I urge all of the Members of the House to support this bill, H.R. 1152.

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

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

Mr. Speaker, I first want to thank the distinguished gentleman from Pennsylvania (Mr. HOEFFEL), a first-term member of the Committee on International Relations, who is making a major contribution there, for his kind remarks and for his support. I recall well how the gentleman came up to me after the markup and pointed out something that we mutually agreed was a problem, and we have a way outlined to resolve it and I think to meet the administration's satisfaction. It was one of those things that we recognized, but at the moment we could not do anything about. Mr. Speaker, I want to thank the gentleman for his perceptiveness in that respect.

Mr. Speaker, at this point I submit for the RECORD a statement in support of the legislation from the gentleman from New York (Mr. GILMAN), the chairman of the committee.

Mr. Speaker, the gentleman indicates, for example, that he believes this legislation will serve as a signal to the peoples of those countries of America's desire to ensure that their future will be one of democracy, prosperity, peace and security.

Mr. GILMAN. Mr. Speaker, I rise in support of the bill before us today, H.R. 1152, the "Silk Road Strategy Act of 1999," sponsored by my colleagues from Nebraska, Congressman BEREUTER.

The Subcommittee on the International Relations Committee chaired by Congressman BEREUTER—the Subcommittee on Asia and the Pacific—has jurisdiction over the countries of Central Asia, but the countries of the Caucasus region—also covered by this bill—deserve to be a specific focus of our policy and assistance in the region of the former Soviet Union as well.

This bill, which relates to all eight countries of Central Asia and the Caucasus, attempts to ensure the implementation of that specific focus.

While it creates a new Chapter 12 of the Foreign Assistance Act to provide that focus, however, it cites, with regard to those countries, the on-going authority of Chapter 11 of that Act—known as the "FREEDOM Support Act of 1992."

I think that it is very important, given the key work done by the office of the State Department Coordinator of Assistance created by the 1992 "FREEDOM Support Act."

Nothing in this measure should or will endanger that important coordinating function for all of the New Independent States of the former Soviet Union.

The bill simply ensures that an added, specific focus on the states of Central Asia and the Caucasus.

Mr. Speaker, I support passage of this measure, which should serve as a signal of America's interest in the future of the eight newly independent states in the regions of Central Asia and the Caucasus.

It should serve as well as a signal to the peoples of those countries of America's desire to ensure that their future will be one of democracy, prosperity, peace and security.

Mr. Speaker, I urge my colleagues to join in supporting the passage of this measure.

Mr. BEREUTER. Mr. Speaker, I yield to the distinguished gentleman from California (Mr. RADANOVICH) for the purposes of a colloquy. And I would say as we begin this that the gentleman has been very much interested and concerned about this legislation and supportive overall and came to the committee hearings and participated in those hearings. Mr. Speaker, this distinguished gentleman from California is a new member of the committee.

Mr. RADANOVICH. Mr. Speaker, I thank the gentleman from Nebraska (Mr. BEREUTER) for his leadership in bringing this bill to the floor. I share the gentleman's vision in promoting greater regional cooperation, supporting increased economic integration, and facilitating the free flow of transportation and communication among the States of the Caucasus and Central Asia.

While I support these goals, I along with many of my colleagues, remain concerned that this legislation may, at a subsequent step in the legislative process, become a vehicle for the weakening or the repeal of Section 907 of the Freedom Support Act.

Mr. Speaker, it is my understanding that this bill is being brought forth today with the clear understanding that Section 907 of the Freedom Support Act will remain in place and unchanged throughout the remaining legislative process.

Mr. BEREUTER. Mr. Speaker, reclaiming my time, I will be happy to respond to the gentleman's statement. I am pleased that the gentleman has joined the Committee on International Relations this year, and as my colleague knows, this Member, the author of the legislation, has made it a point to ensure that the Silk Road Strategy Act intentionally did not include any change in Section 907. Neither the Senate version of the Silk Road legislation which was advanced after amendment, repeals or otherwise revises Section 907. So there would be no basis in a conference, with the approval of this legislation we pass in the House today, for Section 907 to be repealed or altered. Therefore, I think the gentleman's concerns are fully addressed.

Neither the House, by the passage of this legislation, or the Senate legislation, after the amendment deleting the provision of the senior Senator of the State of Kansas, contains anything referencing Section 907.

Mr. RADANOVICH. Mr. Speaker, if the gentleman would continue to yield, I thank him for his continued support on this matter. With this assurance, my colleagues and I will feel much more confident in supporting this bill.

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

Mr. PORTER. Mr. Speaker, I rise in support of this legislation and commend the gentleman from Nebraska for his strategy with this bill and attention to current events in Caucuses region. Since 1923, Armenia and Azerbaijan have been in conflict over Nagorno-Karabagh. In the beginning of this year, Armenia and Nagorno-Karabagh accepted a compromise peace proposal developed by the Organization for Security and Cooperation in Europe (OSCE). Azerbaijan rejected it outright. This reaction by Azerbaijan was extremely disappointing to those involved in the peace process. However, at the NATO summit in Washington in April and in recent weeks, the Presidents of Armenia and Azerbaijan have been discussing other strategies for peace. This is very promising, and I hold out hope for a permanent peace in this area.

The most important role that the United States can play at this point is to continue to encourage all parties towards a lasting peace. This includes the continued enforcement of Section 907 of the Freedom Support Act. This provision keeps needed pressure on Azerbaijan to come to the negotiating table and works toward a permanent peace settlement. All Azerbaijan must do to have Section 907 lifted is to "take demonstrable steps to cease all blockades against Armenia and Nagorno-Karabagh." Any attempt to repeal or waive Section 907 legitimizes Azerbaijan's blockade and rewards its rejection of the current OSCE compromise plan. Further, such a waiver would seriously jeopardize any chance for peace in the near future.

While I share a commitment to greater regional cooperation and economic integration in the Caucasus and Central Asia, I am very concerned that this legislation could become a vehicle for the weakening or repeal of Section 907. I would strongly oppose such action and urge the House to retain its position omitting any reference to Section 907 in conference and avoid a contentious debate that could undermine the good and important objectives of this legislation.

Mr. LANTOS. Mr. Speaker, I join my colleagues in urging the adoption of H.R. 1152, the Silk Road Strategy Act of 1999. I want to pay tribute to my distinguished colleague from Nebraska (Mr. BEREUTER) for his leadership in introducing this legislation. I am pleased to be an original cosponsor of this legislation.

The Silk Road Strategy Act deals with a number of newly-emerging countries, which only recently became independent nations—the Central Asian republics of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and

Uzbekistan and the Southern Caucasus republics of Armenia, Azerbaijan, and Georgia.

Mr. Speaker, this legislation calls for the United States to give greater attention to the important countries of Central Asia and the Caucasus. We have significant national concerns in this region related to our national security and our international economic interests. These countries were part of the former Soviet Union, and we have a great interest in fostering democracy, an open market economy, and respect for human rights there. Many of these countries are resource-rich, and we likewise have a strong interest in assuring that oil, gas, and other natural resources are developed and are available on the world markets through free and fair international trade.

We have a strategic interest in seeing that these areas do not become hotbeds of armed conflict, terrorism or drug trafficking. These countries are located in a difficult neighborhood—the adjacent countries include Iran, Afghanistan, and China. In this area are a number of serious ethnic conflicts and unresolved political differences which could lead to bloodshed and instability. We need only remember, Mr. Speaker, that in this region we have already seen serious strife in Nagorno-Karabakh and Abkhazia, which have resulted in the loss of tens of thousands of lives and the creation of hundreds of thousands of refugees.

Mr. Speaker, H.R. 1152 authorizes and urges that we provide humanitarian assistance, as well as help for economic development and the development of democratic institutions. These countries are already eligible for other forms of U.S. assistance, but we can and should be doing more. I would also note, Mr. Speaker, that the Administration is currently pursuing many of the policy lines that are called for in this bill, and I commend the Administration for its efforts in this regard. I support this legislation because it helps to focus attention on this important region and urges our government to make a greater effort to help solve regional conflicts, promote regional economic development, and further the development of democracy.

Mr. Speaker, I do want to express my support for an amendment adopted during the markup of this legislation in the International Relations Committee. American companies and firms from other OECD nations have made substantial direct investments in "Silk Road" countries, but they are not being accorded fair treatment. In some cases investment contracts are not being honored, export permits are not being issued, and de facto rationalizations of foreign investment have taken place. In several instances, formal complaints have been lodged by investors through embassies of the United States and other countries.

In order to discourage this kind of mistreatment, the International Relations Committee amended the legislation to include language conditioning U.S. assistance on the fair treatment of foreign investors. Specifically, the amendment requires recipient governments to demonstrate "significant progress" in resolving investment and other trade disputes that have been registered with the U.S. Embassy and raised by the U.S. Embassy with the host government.

I cosponsored this amendment in Committee and I support its inclusion in the bill, Mr. Speaker, because without it the Silk Road Strategy Act could lead countries in this region to conclude that they have a green light to renege on commitments to foreign investors, jeopardizing hundreds of millions of dollars of foreign investments. The inclusion of this amendment should send a strong signal that countries cannot expect to receive American assistance if they mistreat the companies that provide critical investment capital and employment opportunities for their own citizens.

Mr. Speaker, I urge my colleagues to support H.R. 1152, the Silk Road Act of 1999.

Mr. HOEFFEL. Mr. Speaker, I have no requests for time, and I yield back the balance of my time.

Mr. BEREUTER. Mr. Speaker, I urge again support of the legislation, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Nebraska (Mr. BEREUTER) that the House suspend the rules and pass the bill, H.R. 1152, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

CERTIFIED DEVELOPMENT COMPANY PROGRAM IMPROVEMENTS ACT OF 1999

Mrs. KELLY. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2614) to amend the Small Business Investment Act to make improvements to the certified development company program, and for other purposes.

The Clerk read as follows:

H.R. 2614

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 "Certified Development Company Program Improvements Act of 1999".

SEC. 2. WOMEN-OWNED BUSINESSES.

Section 501(d)(3)(C) of the Small Business Investment Act (15 U.S.C. 695(d)(3)(C)) is amended by inserting before the comma "or women-owned business development".

SEC. 3. MAXIMUM DEBENTURE SIZE.

Section 502(2) of the Small Business Investment Act of 1958 (15 U.S.C. 696(2)) is amended to read as follows:

"(2) Loans made by the Administration under this section shall be limited to $1,000,000 for each such identifiable small business concern, except loans meeting the criteria specified in section 501(d)(3), which shall be limited to $1,300,000 for each such identifiable small business concern.".

SEC. 4. FEES.

Section 503(f) of the Small Business Investment Act of 1958 (15 U.S.C. 697(f)) is amended to read as follows:

"(f) EFFECTIVE DATE.—The fees authorized by subsections (b) and (d) shall apply to financings approved by the Administration on or after October 1, 1996, but shall not apply to financings approved by the Administration on or after October 1, 2003.".

SEC. 5. PREMIER CERTIFIED LENDERS PROGRAM.

Section 217(b) of the Small Business Reauthorization and Amendments Act of 1994 (relating to section 508 of the Small Business Investment Act) is repealed.

SEC. 6. SALE OF CERTAIN DEFAULTED LOANS.

Section 508 of the Small Business Investment Act of 1958 (15 U.S.C. 697e) is amended—

(1) in subsection (a), by striking "On a pilot program basis, the" and inserting "The";

(2) by redesignating subsections (d) though (i) as subsections (e) though (j), respectively;

(3) in subsection (f) (as redesignated by paragraph (2)), by striking "subsection (f)" and inserting "subsection (g)";

(4) in subsection (h) (as redesignated by paragraph (2)), by striking "subsection (f)" and inserting "subsection (g)"; and

(5) by inserting after subsection (c) the following:

"(d) SALE OF CERTAIN DEFAULTED LOANS.—

"(1) NOTICE.—If, upon default in repayment, the Administration acquires a loan guaranteed under this section and identifies such loan for inclusion in a bulk asset sale of defaulted or repurchased loans or other financings, it shall give prior notice thereof to any certified development company which has a contingent liability under this section. The notice shall be given to the company as soon as possible after the financing is identified, but not less than 90 days before the date the Administration first makes any records on such financing available for examination by prospective purchasers prior to its offering in a package of loans for bulk sale.

"(2) LIMITATIONS.—The Administration shall not offer any loan described in paragraph (1) as part of a bulk sale unless it—

"(A) provides prospective purchasers with the opportunity to examine the Administration's records with respect to such loan; and

"(B) provides the notice required by paragraph (1).".

SEC. 7. LOAN LIQUIDATION.

(a) LIQUIDATION AND FORECLOSURE.—Title V of the Small Business Investment Act of 1958 (15 U.S.C. 695 et seq.) is amended by adding at the end the following:

"SEC. 510. FORECLOSURE AND LIQUIDATION OF LOANS.

"(a) DELEGATION OF AUTHORITY.—In accordance with this section, the Administration shall delegate to any qualified State or local development company (as defined in section 503(e)) that meets the eligibility requirements of subsection (b)(1) the authority to foreclose and liquidate, or to otherwise treat in accordance with this section, defaulted loans in its portfolio that are funded with the proceeds of debentures guaranteed by the Administration under section 503.

"(b) ELIGIBILITY FOR DELEGATION.—

"(1) REQUIREMENTS.—A qualified State or local development company shall be eligible for a delegation of authority under subsection (a) if—

"(A) the company—

"(i) has participated in the loan liquidation pilot program established by the Small Business Programs Improvement Act of 1996 (15 U.S.C. 695 note), as in effect on the day before promulgation of final regulations by the Administration implementing this section;

"(ii) is participating in the Premier Certified Lenders Program under section 508; or

"(iii) during the 3 fiscal years immediately prior to seeking such a delegation, has made an average of not less than 10 loans per year that are funded with the proceeds of debentures guaranteed under section 503; and

''(B) the company—

''(i) has 1 or more employees—

''(I) with not less than 2 years of substantive, decision-making experience in administering the liquidation and workout of problem loans secured in a manner substantially similar to loans funded with the proceeds of debentures guaranteed under section 503; and

''(II) who have completed a training program on loan liquidation developed by the Administration in conjunction with qualified State and local development companies that meet the requirements of this paragraph; or

''(ii) submits to the Administration documentation demonstrating that the company has contracted with a qualified third-party to perform any liquidation activities and secures the approval of the contract by the Administration with respect to the qualifications of the contractor and the terms and conditions of liquidation activities.

''(2) CONFIRMATION.—On request the Administration shall examine the qualifications of any company described in subsection (a) to determine if such company is eligible for the delegation of authority under this section. If the Administration determines that a company is not eligible, the Administration shall provide the company with the reasons for such ineligibility.

''(c) SCOPE OF DELEGATED AUTHORITY.—

''(1) IN GENERAL.—Each qualified State or local development company to which the Administration delegates authority under section (a) may with respect to any loan described in subsection (a)—

''(A) perform all liquidation and foreclosure functions, including the purchase in accordance with this subsection of any other indebtedness secured by the property securing the loan, in a reasonable and sound manner according to commercially accepted practices, pursuant to a liquidation plan approved in advance by the Administration under paragraph (2)(A);

''(B) litigate any matter relating to the performance of the functions described in subparagraph (A), except that the Administration may—

''(i) defend or bring any claim if—

''(I) the outcome of the litigation may adversely affect the Administration's management of the loan program established under section 502; or

''(II) the Administration is entitled to legal remedies not available to a qualified State or local development company and such remedies will benefit either the Administration or the qualified State or local development company; or

''(ii) oversee the conduct of any such litigation; and

''(C) take other appropriate actions to mitigate loan losses in lieu of total liquidation or foreclosures, including the restructuring of a loan in accordance with prudent loan servicing practices and pursuant to a workout plan approved in advance by the Administration under paragraph (2)(C).

''(2) ADMINISTRATION APPROVAL.—

''(A) LIQUIDATION PLAN.—

''(i) IN GENERAL.—Before carrying out functions described in paragraph (1)(A), a qualified State or local development company shall submit to the Administration a proposed liquidation plan.

''(ii) ADMINISTRATION ACTION ON PLAN.—

''(I) TIMING.—Not later than 15 business days after a liquidation plan is received by the Administration under clause (i), the Administration shall approve or reject the plan.

''(II) NOTICE OF NO DECISION.—With respect to any plan that cannot be approved or denied within the 15-day period required by subclause (I), the Administration shall within such period provide in accordance with subparagraph (E) notice to the company that submitted the plan.

''(iii) ROUTINE ACTIONS.—In carrying out functions described in paragraph (1)(A), a qualified State or local development company may undertake routine actions not addressed in a liquidation plan without obtaining additional approval from the Administration.

''(B) PURCHASE OF INDEBTEDNESS.—

''(i) IN GENERAL.—In carrying out functions described in paragraph (1)(A), a qualified State or local development company shall submit to the Administration a request for written approval before committing the Administration to the purchase of any other indebtedness secured by the property securing a defaulted loan.

''(ii) ADMINISTRATION ACTION ON REQUEST.—

''(I) TIMING.—Not later than 15 business days after receiving a request under clause (i), the Administration shall approve or deny the request.

''(II) NOTICE OF NO DECISION.—With respect to any request that cannot be approved or denied within the 15-day period required by subclause (I), the Administration shall within such period provide in accordance with subparagraph (E) notice to the company that submitted the request.

''(C) WORKOUT PLAN.—

''(i) IN GENERAL.—In carrying out functions described in paragraph (1)(C), a qualified State or local development company shall submit to the Administration a proposed workout plan.

''(ii) ADMINISTRATION ACTION ON PLAN.—

''(I) TIMING.—Not later than 15 business days after a workout plan is received by the Administration under clause (i), the Administration shall approve or reject the plan.

''(II) NOTICE OF NO DECISION.—With respect to any workout plan that cannot be approved or denied within the 15-day period required by subclause (I), the Administration shall within such period provide in accordance with subparagraph (E) notice to the company that submitted the plan.

''(D) COMPROMISE OF INDEBTEDNESS.—In carrying out functions described in paragraph (1)(A), a qualified State or local development company may—

''(i) consider an offer made by an obligor to compromise the debt for less than the full amount owing; and

''(ii) pursuant to such an offer, release any obligor or other party contingently liable, if the company secures the written approval of the Administration.

''(E) CONTENTS OF NOTICE OF NO DECISION.—Any notice provided by the Administration under subparagraphs (A)(ii)(II), (B)(ii)(II), or (C)(ii)(II)—

''(i) shall be in writing;

''(ii) shall state the specific reason for the Administration's inability to act on a plan or request;

''(iii) shall include an estimate of the additional time required by the Administration to act on the plan or request; and

''(iv) if the Administration cannot act because insufficient information or documentation was provided by the company submitting the plan or request, shall specify the nature of such additional information or documentation.

''(3) CONFLICT OF INTEREST.—In carrying out functions described in paragraph (1), a qualified State or local development company shall take no action that would result in an actual or apparent conflict of interest between the company (or any employee of the company) and any third party lender, associate of a third party lender, or any other person participating in a liquidation, foreclosure, or loss mitigation action.

''(d) SUSPENSION OR REVOCATION OF AUTHORITY.—The Administration may revoke or suspend a delegation of authority under this section to any qualified State or local development company, if the Administration determines that the company—

''(1) does not meet the requirements of subsection (b)(1);

''(2) has violated any applicable rule or regulation of the Administration or any other applicable law; or

''(3) fails to comply with any reporting requirement that may be established by the Administration relating to carrying out of functions described in paragraph (1).

''(e) REPORT.—

''(1) IN GENERAL.—Based on information provided by qualified State and local development companies and the Administration, the Administration shall annually submit to the Committees on Small Business of the House of Representatives and of the Senate a report on the results of delegation of authority under this section.

''(2) CONTENTS.—Each report submitted under paragraph (1) shall include the following information:

''(A) With respect to each loan foreclosed or liquidated by a qualified State or local development company under this section, or for which losses were otherwise mitigated by the company pursuant to a workout plan under this section—

''(i) the total cost of the project financed with the loan;

''(ii) the total original dollar amount guaranteed by the Administration;

''(iii) the total dollar amount of the loan at the time of liquidation, foreclosure, or mitigation of loss;

''(iv) the total dollar losses resulting from the liquidation, foreclosure, or mitigation of loss; and

''(v) the total recoveries resulting from the liquidation, foreclosure, or mitigation of loss, both as a percentage of the amount guaranteed and the total cost of the project financed.

''(B) With respect to each qualified State or local development company to which authority is delegated under this section, the totals of each of the amounts described in clauses (i) through (v) of subparagraph (A).

''(C) With respect to all loans subject to foreclosure, liquidation, or mitigation under this section, the totals of each of the amounts described in clauses (i) through (v) of subparagraph (A).

''(D) A comparison between—

''(i) the information provided under subparagraph (C) with respect to the 12-month period preceding the date on which the report is submitted; and

''(ii) the same information with respect to loans foreclosed and liquidated, or otherwise treated, by the Administration during the same period.

''(E) The number of times that the Administration has failed to approve or reject a liquidation plan in accordance with subparagraph (A)(i), a workout plan in accordance with subparagraph (C)(i), or to approve or deny a request for purchase of indebtedness under subparagraph (B)(i), including specific information regarding the reasons for the Administration's failure and any delays that resulted.''.

(b) REGULATIONS.—

(1) IN GENERAL.—Not later than 150 days after the date of enactment of this Act, the

Administrator shall issue such regulations as may be necessary to carry out section 510 of the Small Business Investment Act of 1958, as added by subsection (a) of this section.

(2) TERMINATION OF PILOT PROGRAM.—Beginning on the date which the final regulations are issued under paragraph (1), section 204 of the Small Business Programs Improvement Act of 1996 (15 U.S.C. 695 note) shall cease to have effect.

The SPEAKER pro tempore. Pursuant to the rule, the gentlewoman from New York (Mrs. KELLY) and the gentlewoman from New York (Ms. VELÁZQUEZ) each will control 20 minutes.

The Chair recognizes the gentlewoman from New York (Mrs. KELLY).

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

Mr. Speaker, I rise in strong support of H.R. 2614, which amends the Small Business Investment Act to make changes in the Section 504 loan program administered by the Small Business Administration. The 504 loan program guarantees small business loans for construction and renovation and provides nearly $3 billion of financial assistance every year. Mr. Speaker, let me briefly describe the provisions of H.R. 2614.

H.R. 2614, will increase the maximum debenture size for Section 504 loans from $750,000 to $1 million, and the size of public policy debenture backed loans from $1 million to $1,300,000. It has been 10 years since the committee acted to increase the maximum guarantee amount in the 504 program. To keep pace with inflation, the maximum guarantee amount should be increased to approximately $1.25 million; however, the committee believes that a simple increase to $1 million is probably sufficient.

This increase is especially needed in the 504 program because it is primarily a real estate-based program and the cost of commercial real estate has increased markedly in the last several years.

H.R. 2614 also adds women-owned businesses to the current list of businesses eligible for the larger public policy loans of up to $1.3 million. This continues our efforts to increase assistance to women-owned businesses.

□ 1600

The Committee on Small Business recognizes the important role women-owned businesses play in the economy and believes this change is needed to ensure the expansion of this sector of our economy.

H.R. 2614 will reauthorize also the fees currently levied on the borrower, the Certified Development Company, and the participating bank. The 504 program now operates with a zero subsidy rate based on calculations estimating the net present value of a year's loans plus fees and recoveries from defaulted loans minus losses.

The fees in the 504 program cover all these costs, resulting in a program that operates at no cost to the taxpayer. The fees sunset on October 1, 2000 and H.R. 2614 will continue them through October 1, 2003.

Additionally, 2614 will grant permanent status to the Preferred Certified Lender Program before it sunsets at the end of fiscal year 2000. This program enables experienced CDCs to use streamlined procedures for loan making and liquidation, resulting in improved service to the small business borrower and reduced losses and liquidation costs.

Finally, to address the problem of low recovery rates on defaulting 504 loans, H.R. 2614 makes the Loan Liquidation Pilot Program a permanent program. This gives qualified and experienced CDCs the ability to handle the liquidation of loans with only minimal involvement of the SBA, resulting in savings to the program, and a corresponding reduction in the fees charged to the borrowers and the lenders.

Mr. Speaker, I again want to urge my colleagues to support H.R. 2614. It will mean a significant improvement in services to their small business constituents, and a reduction in the cost of providing those services.

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

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

Mr. Speaker, I rise in strong support of H.R. 2614, legislation that will update and improve the Certified Development Company, also known as the 504 program. The proposed changes to this program are thoughtful changes that will help more businesses gain access to the capital they need.

The 504 program is one of the most important small business loan programs administered by the Small Business Administration. It represents access to capital for countless entrepreneurs who might otherwise not have a chance to turn their dreams into reality. Since 1980, over 25,000 businesses have received more than $20 billion in fixed asset financing through the 504 program.

I believe that the proposed changes to the 504 program are reasonable and designed to update the program. By increasing the debenture size, granting the Premier Certified Lenders Program permanent status, adding women-owned businesses to the policy goals, and making the loan liquidation program permanent, we will be strengthening an already exemplary program. These steps also continue the committee's commitment to improve and update the program by making it more responsive to the needs of lenders and small businesses alike. This is a model program and I strongly support this legislation.

There is a lot of talk today about economic development and providing opportunity for all Americans. This comes from a realization that, despite the recent economic growth, many of our communities lag behind. There are still too many neighborhoods that are not enjoying the economic growth felt by many in our communities. We need to not only provide jobs, but jobs with a living wage, so that families can pull themselves out of poverty. Small businesses represent the engine of our economy and they have the ability to provide these jobs.

I have seen firsthand what effect the 504 program can have on a community. Recently I visited Les Fres Ford, a recipient of a 504 loan in my district. This business will use the 504 loan to build a new service center which will allow them to better serve their customers and expand their business. It will also bring up to 50 new jobs to the community. These are good-paying jobs that will help families in the communities I represent.

The changes made by H.R. 2614 will allow this program to continue assisting entrepreneurs in one of the most critical areas in business expansion, finance assistance for building and equipment purchases. These are critical ingredients for business growth, and the 504 programs make sure that small businesses continue to grow. When a business is able to expand, everyone benefits.

Mr. Speaker, I urge the adoption of this legislation.

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

Mrs. KELLY. Mr. Speaker, I yield myself such time as I may consume and strongly urge passage of H.R. 2614.

Ms. MILLENDER-McDONALD. Mr. Speaker, I would like to rise in support of H.R. 2614, the Certified Development Company Loan Program.

This bill will ensure a greater access to capital for potential business owners. By providing this access, this will allow our economy to continue to grow and ensure future prosperity for the country. H.R. 2614 makes a number of necessary changes to the Small Business Administration's (SBA) 504 loan program.

H.R. 2614 allows more businesses to have access to loans. It is clear that access to loans gives business owners access to opportunities. In addition, by increasing the debenture size, we will allow Certified Development Companies (CDCs) to make more loans.

H.R. 2614 increases opportunities for business owned by women. Based on statistics, women-owned businesses contribute more than $2.38 Trillion annually in revenues to the economy, which is more than the gross domestic product of most countries. Women owned businesses also employ one out of every five workers in the United States, which is a total of 18.5 million employees. Based on these facts, women must have adequate access to capital through loans.

Mr. Speaker, we must ensure that the 504 loan program remains solvent. The 504 program is a self-sufficient program which is driven by the market. Through the reauthorization

of fees, we can ensure the solvency of the program. We also have a responsibility to make the 504 program more efficient. Under the Premier Certified Lender Program, specific experienced CDC's are granted the authority to approve debentures without SBA involvement. In return, the lenders agree to reimburse the SBA 10% of any loss on a debenture guaranteed by the SBA. By making the Premier Certified Lender Program permanent, the 504 program will be more efficient.

The 504 loan program must properly serve the borrower. The current loan liquidation program has been successful in ensuring that the 504 program works for borrowers. Loan liquidation is the most expensive portion of the 504 program. Through the involvement of the CDC, which has resulted in a higher response rate, the overall costs are lowered for the program. By lowering the cost of the program, businesses will have access to reduced rates on loans, which will lower expenses to small businesses.

H.R. 2614 is good for borrowers and small businesses and is therefore good for our economy. We should vote in favor of H.R. 2614 and expand opportunities for small business owners.

Mrs. KELLY. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Ms. VELÁZQUEZ. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. MILLER of Florida). The question is on the motion offered by the gentlewoman from New York (Mrs. KELLY) that the House suspend the rules and pass the bill, H.R. 2614.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

AMENDING SMALL BUSINESS ACT TO MAKE IMPROVEMENTS IN GENERAL BUSINESS LOAN PROGRAM

Mr. TALENT. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2615) to amend the Small Business Act to make improvements to the general business loan program, and for other purposes.

The Clerk read as follows:

H.R. 2615

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

SECTION 1. LEVELS OF PARTICIPATION.

Section 7(a)(2)(A) of the Small Business Act (15 U.S.C. 636(a)(2)(A)) is amended—

(1) in paragraph (i) by striking ''$100,000'' and inserting ''$150,000''; and

(2) in paragraph (ii) by striking ''$100,000'' and inserting ''$150,000''.

SEC. 2. LOAN AMOUNTS.

Section 7(a)(3)(A) of the Small Business Act (15 U.S.C. 636(a)(3)(A)) is amended by striking ''$750,000,'' and inserting, ''$1,000,000 (or if the gross loan amount would exceed $2,000,000),''.

SEC. 3. INTEREST ON DEFAULTED LOANS.

Subparagraph (B) of section 7(a)(4) of the Small Business Act (15 U.S.C. 636(a)(4)) is amended by adding at the end the following:

''(iii) APPLICABILITY.—Clauses (i) and (ii) shall not apply to loans made on or after October 1, 1999.''.

SEC. 4. PREPAYMENT OF LOANS.

(a) IN GENERAL.—Section 7(a)(4) of the Small Business Act (15 U.S.C. 636(a)(4)) is amended—

(1) by striking ''(4) INTEREST RATES AND FEES.—'' and inserting ''(4) INTEREST RATES AND PREPAYMENT CHARGES.—''; and

(2) by adding at the end the following:

''(C) PREPAYMENT CHARGES.—

''(i) IN GENERAL.—A borrower who prepays any loan guaranteed under this subsection shall remit to the Administration a subsidy recoupment fee calculated in accordance with clause (ii) if—

''(I) the loan is for a term of not less than 15 years;

''(II) the prepayment is voluntary;

''(III) the amount of prepayment in any calendar year is more than 25 percent of the outstanding balance of the loan; and

''(IV) the prepayment is made within the first 3 years after disbursement of the loan proceeds.

''(ii) SUBSIDY RECOUPMENT FEE.—The subsidy recoupment fee charged under clause (i) shall be—

''(I) 5% of the amount of prepayment, if the borrower prepays during the first year after disbursement;

''(II) 3% of the amount of prepayment, if the borrower prepays during the 2nd year after disbursement; and

''(III) 1% of the amount of prepayment, if the borrower prepays during the 3rd year after disbursement.''.

SEC. 5. GUARANTEE FEES.

Section 7(a)(18)(B) of the Small Business Act (15 U.S.C. 636(a)(18)(B)) is amended to read as follows:

''(B) EXCEPTION FOR CERTAIN LOANS.—

''(i) IN GENERAL.—Notwithstanding subparagraph (A), if the total deferred participation share of a loan guaranteed under this subsection is less than or equal to $120,000, the guarantee fee collected under subparagraph (A) shall be in an amount equal to 2 percent of the total deferred participation share of the loan.

''(ii) RETENTION OF FEES.—Lenders participating in the programs established under this subsection may retain not more than 25 percent of the fee collected in accordance with this subparagraph with respect to any loan not exceeding $150,000 in gross loan amount.''.

SEC. 6. LEASE TERMS.

Section 7(a) of the Small Business Act (15 U.S.C. 636(a)) is further amended by adding at the end the following:

''(28) LEASING.—In addition to such other lease arrangements as may be authorized by the Administration, a borrower may permanently lease to 1 or more tenants not more than 20 percent of any property constructed with the proceeds of a loan guaranteed under this subsection, if the borrower permanently occupies and uses not less than 60 percent of the total business space in the property.''.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Missouri (Mr. TALENT) and the gentleman from Illinois (Mr. MANZULLO), as a Member opposed to the bill, each will control 20 minutes.

The Chair recognizes the gentleman from Missouri (Mr. TALENT).

Ms. VELÁZQUEZ. Mr. Speaker, I ask unanimous consent that the time in support of H.R. 2615 be equally divided between myself and the gentleman from Missouri (Mr. TALENT).

Mr. TALENT. Mr. Speaker, reserving the right to object, and I will not object, I would just join the gentlewoman in her unanimous consent request.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Does the gentleman from Missouri (Mr. TALENT) seek to yield half his time to the gentlewoman from New York (Ms. VELÁZQUEZ)?

Mr. TALENT. Yes, Mr. Speaker. It was my intention to yield the time to the gentlewoman, and I join her in her unanimous consent request.

The SPEAKER pro tempore. The Chair understands the 20 minutes in favor of the bill will be divided equally, so that the gentleman from Missouri (Mr. TALENT) has 10 minutes and the gentlewoman from New York (Ms. VELÁZQUEZ) has 10 minutes.

Without objection, the gentleman from Missouri (Mr. TALENT) is recognized.

There was no objection.

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

Mr. Speaker, I rise in strong support of H.R. 2615, a bill to amend the Section 7(a) loan program at the Small Business Administration. I want to start by thanking my colleague, the gentlewoman from New York (Ms. VELÁZQUEZ), the ranking Democrat on the committee, for her assistance in crafting this bill. Her help has been invaluable, and I thank her on behalf of myself and the small business community as a whole.

Mr. Speaker, the 7(a) general business loan program provides over $9 billion of financial assistance to small businesses every year. The bill before us, H.R. 2615, will improve this program and make it more responsive to the needs of small businesses.

Allow me to briefly describe the proposed changes to the 7(a) program contained in H.R. 2615. First, the maximum guarantee amount of a 7(a) loan program is increased to $1 million from the 1988 limit of $750,000 in order to keep pace with inflation. In fact, Mr. Speaker, to fully keep pace with inflation, the maximum guarantee amount should be increased to approximately $1,250,000. The committee believes a simple increase to $1 million is sufficient and has not gone further.

Second, H.R. 2615 removes a provision which reduced SBA's liability for accrued interest on defaulted loans since the provision's intended savings have failed to materialize.

The third change to the 7(a) program concerns the problem of early repayment of large loans, which is jeopardizing the subsidy rate supporting the program. H.R. 2615 will remedy this

problem by assessing the fee to the borrower for prepayment of any loan with a term in excess of 15 years within the first 3 years after disbursement.

The committee believes this increase in prepayments is due to a variety of factors. There have been some instances of misuse by the program by businesses seeking bridge financing. There have also been cases where, due to the strong economy, lenders have approached borrowers offering improved terms, effectively skimming loans, and avoiding the need to process credit analyses. This removes authorization dollars from the program which could have been used for other loans and is a disservice to both the small business borrowers and the 7(a) lenders. Both parties work to put financing packages together at the cost of both time and money.

H.R. 2615 also includes three changes designed to encourage the making of smaller loans. The 80 percent guarantee rate will be expanded from loans under $100,000 to loans under $150,000. Likewise, the 2 percent guarantee fee will now apply to loans up to $150,000. That represents a significant savings for these small borrowers.

Finally, for small loans we have included a provision allowing lenders to retain one quarter of the guarantee fee on loans under $150,000 as an incentive to make these loans.

These changes add to the innovations that Congress has introduced over the past several years concerning the availability of loans at the lower end of the 7(a) spectrum. As a result, since 1994, the number of loans made under $100,000 significantly. In 1998 alone, 53 percent of the 7(a) loans were under 100,000. This compares with only 37 percent in 1994. The figure fluctuates, Mr. Speaker, but the general trend is definitely in the direction of smaller loans.

Finally, H.R. 2615 modifies current 7(a) program rules prohibiting loans from passive investments. When Congress last reauthorized the program, we modified a similar restriction in the 504 program in order to permit the financing of projects where less than 20 percent of a business space will be rented out when the small business borrower in question will occupy the remaining space. It is time we provides similar options to 7(a) borrowers.

Mr. Speaker, H.R. 2615 is a common sense bill designed to improve the financial assistance provided to small businesses, particularly the smallest of small businesses, and I urge my colleagues to support it.

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

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

Mr. Speaker, I am grateful to the chairman of the Committee on Small Business and the ranking member, and I agree with six-sevenths of the bill. So that is pretty good. My colleagues may say, well, if the gentleman agrees with six-sevenths of the bill, should that not be enough? Normally, under most circumstances, I would say yes, but in its current form, I rise in opposition to the bill and, therefore, will vote against it.

We should not rush to pass this bill under suspension of the rules until we actually have more information from the SBA. I realize most of my colleagues are not versed on the different programs run by the SBA. The SBA has two main loan programs, the 7(a) program and the 504 program. 7(a) mainly provides start-up capital for new entrepreneurs, while the 504 program is designed to meet the capital needs of growing small businesses for expansion or purchases of additional equipment.

We just passed, with my concurrence, H.R. 2614, which increased the maximum loan guarantee amount in the 504 loan program from $750,000 to $1 million. I agree with that because growing small businesses already in existence have greater capital needs. In addition, the 504 loan program operates at no cost to the taxpayer because the fees it charges offset its costs. However, H.R. 2615 plans to do the same thing for the 7(a) loan program and I disagree with this policy change.

No one should start up a small business with a $1 million loan backed by the SBA. If a bank needs a 75 percent government-backed guarantee to feel comfortable with a $1 million loan, then we should think twice before passing the bill. If someone requires a $1 million loan for start-up, they are probably buying a lot of new equipment and large amounts of real estate. They should rethink their business plan because this is a recipe for failure and the taxpayers will be left paying off the default.

If a loan is for an already existing small business, then the bank should make these loans on a sound commercial basis without having to rely upon the crutch of the taxpayer. These companies already have a financial track record. It should be on the merits, not an SBA guarantee, that the bank should make the loans.

If a borrower still needs government backing for an expansion project, then they should turn to the 504 loan program. The 504 program should serve capital expansion needs, not the 7(a) loan program.

The question essentially is this: At what point should companies be weaned off government guaranteed loans; 1 year, 2 years, 5 years, 10 years, 20 years?

If the purpose of the Small Business Administration is to give a jump-start to companies that otherwise would not be able to start up a business, then why are we increasing the amount of start-up capital available to them from $750,000 to $1 million? We should be keeping it the same and encouraging companies to get off the government help.

It stands to reason that if the SBA has an overall fixed amount of total loans it can support, then throughout the year, as small business owners are able to borrower larger amounts, then the overall loan volume will decrease, to the detriment of the number of small borrowers.

This is what is really confusing. The SBA maintained, for the longest period of time, and sent a memo to my office which they have never corrected in writing, that if the authorization level were kept the same, which it is, but the level of 7(a) loans went from $750,000 to $1 million, then in excess of 6,000 entrepreneurs, who otherwise would be applying for and qualifying for small business loans, would be left out because the bigger borrowers would be in there taking up all the money.

That was SBA's position for the longest period of time until they mysteriously, and without any empirical evidence, suddenly changed their mind and said that the small business incentives in the small business bill means there would be a net loss of people receiving loans.

We have to think about that. This bill has a small business incentive in the Small Business Administration loan program.

□ 1615

So now we are in the process of defining a small business within a small business to give incentives to small businesses within the small business loan program.

It makes us wonder why we even have the program in the first place. But it is here. And if it is here, then it should not be abused. And if it is here and the money is available, it should be available for the small entrepreneurs, not the people who can borrow up to $1 million.

The cost implications in the bill are still not clear. H.R. 2615 contains much-needed incentives to encourage the banks to make the smaller loans. And there we are.

Now, we have got a system not of set-asides but a system somehow built into language that says the Small Business Administration should prefer small businesses.

I want the Members of Congress and the Speaker to think about that statement. If we are encouraging small business loans within the Small Business Administration, then I think that we have an agency now that has lost its mission when it starts dividing up what exactly is a small business.

When H.R. 2615 was marked up in committee, the sponsors of the bill readily admitted that any additional revenue that may be raised with the fees charged to higher dollar loan borrowers will be used to pay for the small loan incentive contained in the bill. Thus, the impact on most expensive items in the SBA budget supposedly

would be a wash at best. But we have no empirical data, nothing, that has been furnished to this Member of Congress, who requested the SBA first of all to come to an analysis as to the loss of businesses that would be deprived of start-up capital; and they, on their own, advised this Member of Congress that it would be in excess of 6,000.

Later on they changed their mind, but they told the press still that the information given to this Member of Congress was correct.

Therefore, I can come to one conclusion, and that is that the Small Business Administration itself does not understand the mechanics of this bill. And if they do not understand the mechanics of this bill and they do not understand the wording of it and they do not understand the impact of it, then this bill should not pass, it should come up under regular order and be subject to an amendment.

I urge my colleagues to reject the bill now and send it back to committee. Once we have a more clear understanding of how this bill will impact the budget and small loan borrowers, then we can always act on this provision. We do not have the information yet.

There is plenty of time to work on this legislation. An additional hike in the maximum guarantee amount of the 7(a) loan program can be included in the regular SBA authorization bill. It would be easy to bring it up at a later time. We can mark up a separate bill later this fall. But I do not see the reason for rushing to action on this now when we have incomplete information.

Thus, I respectfully disagree with my chairman and ranking minority member and ask that H.R. 2615 be defeated in its current form.

This is the only alternative left to me because I cannot amend the bill under suspension of the rules. The rest of the bill is fine.

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

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

Mr. Speaker, I rise in strong support of H.R. 2615, legislation to improve and update the General Business Loan Guaranty, or 7(a), program.

With the passage of today's legislation, we will grow the 7(a) loan program in a reasonable and thoughtful way that expands the program, while continuing our commitment to those businesses that need access to start-up capital.

Although SBA administers numerous programs that provide financial and technical assistance to small firms, the 7(a) program is the agency's flagship loan program. It is far and away the agency's largest and most important both in terms of numbers of loans and program level supported.

Under 7(a), loan guarantees are provided to eligible small businesses that have been unsuccessful in obtaining private financing on reasonable terms. The proceeds from a 7(a) loan may be used for virtually any business purpose and have made the difference for countless entrepreneurs.

Under a 7(a) partnership between Government and nearly 7,000 banks and non-bank lenders that participate, small businesses are ensured the access to capital they need. Since the program's inception, more than 600,000 7(a) loans totaling $80 billion have been made to help this Nation's small businesses.

One of the important items in this legislation is the increase in the loan guarantee from $750,000 to $1 million. It has been over a decade since we increased the loan guarantee. As a matter of fact, if we were to index the current guarantee using the Consumer Price Index, we would actually have a loan guarantee that is higher than what is under consideration today.

I believe what we are doing is reasonable and necessary if the program is to continue to serve our Nation's small businesses.

To safeguard against the risk that increasing the guarantee will harm those seeking smaller loans, we have capped the total loan amount that can be made under the 7(a) program at $2 million. This is in combination with other provisions of the legislation that will ensure that the 7(a) program will be available to all who need it.

I would also like to voice my strong support for the small loan provisions contained in this legislation. The committee has made sure that small loans are still a priority by adopting such changes as reducing the program's cost to the borrower of loans of $150,000 or less from three percent of the loan to two percent, making certain that small businesses will keep more of their money.

We are also creating incentives for lenders to continue to make small loans by giving those lenders additional funds guaranteed by the SBA through an increasing guarantee from 75 percent to 80 percent and a rebate that could be as high as $600 per loan.

These proposals will ensure that the program continues its mission. If the 7(a) program is going to continue to serve this Nation's small businesses, it must keep in step with the changing financial landscape.

The changes made by H.R. 2615 create a balanced approach that updates the 7(a) program while affirming our commitment to small businesses that small loans are still accessible. I urge my colleagues to support H.R. 2615.

I just would like to take a moment to respond to the points made by the gentleman from Illinois (Mr. MANZULLO).

I am just as concerned that we continue our commitment to small loans to address this. To address this, the committee has placed several provisions aimed at encouraging small loans. These provisions offer incentives for 7(a) lenders to continue to make smaller loans, especially loans under $150,000.

These incentives include the increase in the loan guarantee amount from 75 to 80 percent for loans under $150,000 in section 1; the reduction of borrower's fees from three percent to two percent on loans up to $120,000 in section 5; and the fee-splitting provision in section 5 that will allow up to 25 percent of the borrower's fees on loans under $150,000 to go to the 7(a) lenders rather than to SBA.

Without the increase in the loan guarantee that pays for these incentives, we will be faced with a choice, either increase the program's subsidy rate, which will require additional funds are appropriated, and given the current state of the Commerce-Justice-State appropriations bill we will consider this week, that is unlikely; or eliminate these important small business loan provisions. And I believe that that will be short-sighted.

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

Mr. TALENT. Mr. Speaker, may I inquire how much time I have remaining?

The SPEAKER pro tempore (Mr. MILLER of Florida). The gentleman from Missouri (Mr. TALENT) has 6½ minutes remaining.

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

Mr. Speaker, the jurisdiction of the small business community, the legislative jurisdiction of it, is really only over the Small Business Administration and its programs.

Since I became chairman, I have tried to use the oversight jurisdiction of the committee, which is much broader, to struggle for tax and regulatory relief for small businesses around the country. And that is really what we devote a whole lot of our time to on the committee. But we do take seriously the job of overseeing the programs in the Small Business Administration.

In order to accomplish that, we periodically work together on a bipartisan basis and we pass bills designed to update the network of statutes that on the basis of which those loan programs run. I have tried to push them in the direction in my chairmanship and with the support first of the gentleman from New York (Mr. LAFALCE) and then of the gentlewoman from New York (Ms. VELÁZQUEZ) in the direction of making those programs more efficient and making them run as entirely private lending programs do whenever we can.

This bill is part of that trend. It contains a number of different provisions which are important to achieving that effort.

We have worked together on a bipartisan basis. We produced the bill by a

24–4 vote in the committee. I ask the House to support us in these efforts. This is important to the people who rely on these programs and administer these programs and important to what we are trying to accomplish on the committee.

The gentleman from Illinois said correctly, I think, that he agrees with six-sevenths of the bill. I say it might be even more than that. The only dispute is a provision that, in the view of the gentleman, pushes the portfolio away from the direction of smaller loans.

First of all, Mr. Speaker, there is no question and I do not think the gentleman would deny that, on balance, this bill continues the trend of moving the 7(a) portfolio in the direction of smaller loans.

First of all, the bill caps the total size of any guaranteed loan at $2 million. So a lender cannot issue a 7(a) loan or make a 7(a) loan for more than $2 million. There has been no statutory cap on loan size.

The bill allows lenders to retain a somewhat greater percentage of fees that are paid when they make smaller loans, and the bill increases guarantee rates for smaller loans. So there is no question that this bill will continue prudently pushing the portfolio in the direction of smaller loans.

The sole dispute is over one small provision in this bill which allows the total amount of the guaranteed loan to go up from $750,000 to $1 million. In other words, the portion that the Government guarantees of any loan is now at $750,000. If this bill passes and the President signs it, it will be $1 million.

The reason we do that, Mr. Speaker, is that amount has not been adjusted for inflation for 11 years. It was made $750,000 in 1988 I believe. We have not changed it at all. We have made a modest adjustment that does not even keep pace with inflation. It is the only part of this bill that is in issue.

To be perfectly frank, I simply do not see why it is that big a deal. We felt it was important to do it because, without some aspect of this portfolio being somewhat larger loans, it tends to undermine the stability and the financial prudence of the portfolio as a whole.

We want to push it in the direction of the smaller loans. But if we go too far and too fast, we yank out of the portfolio the somewhat larger loans which really support the whole 7(a) portfolio. And we do not want to do that. That could result in a lot more defaults and a lot more money that we have to find out of the general revenue in order to support this program.

Again, Mr. Speaker, I respect the gentleman from Illinois (Mr. MANZULLO). He and I have worked together on our time on the committee together. I respect the sincerity of his view here.

I would say it is a small part of this bill. I am happy to work with the gentleman as we go through the process over in the Senate and then in conference. But I hope we can have the confidence of the House in supporting this bill.

It came out of the committee by an overwhelming majority. It may be housekeeping to most of the House. It is important to these programs. We try to do a responsible, bipartisan job on the Committee on Small Business. The ranking member and I are in full agreement, as was the overwhelming majority of the committee.

Again, I ask the House for its supports. We will continue working on this issue as we move through the process.

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

Mr. MANZULLO. Mr. Speaker, may I inquire of the Chair the amount of time that I have remaining?

The SPEAKER pro tempore. The gentleman from Illinois (Mr. MANZULLO) has 12 minutes remaining.

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

Mr. Speaker, first of all, I want to concur with the statements of the chairman of the Committee on Small Business, who has done a tremendous effort in turning the Committee on Small Business into a committee that has been very responsive, listening to the needs and the desires of the people across this Nation.

I chair the Subcommittee on Small Business, Tax, and Trade. I have seen the chairman conduct other hearings, and I know that he has the small business person at heart. In fact, when he practiced law before he came to this body, it was as a person involved in small business and he knows the needs of the small business community intimately well.

I would only suggest to the chairman of the Committee on Small Business, my friend the gentleman from Missouri (Mr. TALENT) this fact: With the increase of the loan amounts from $750,000 to $1 million, financially there is less money in the overall pot. Because there has been no increase in the authorization.

□ 1630

As the gentlewoman from New York (Ms. VELÁZQUEZ) says, there is little opportunity, little likelihood that there would be an increase in the authorization. Simply based upon the fact that there is less money in the pot, who is going to be the recipient of not getting the money? Is it going to be the little guy, or the people who have the attorneys and the CPAs and the bankers that can increase their amounts from $750,000 to $1 million? That begs the basic question as to what the purpose of the Small Business Administration is.

I am trying the best I can to preserve some type of mission that the SBA has. We have absolutely no empirical data, nothing to refute the original data that the SBA gave me, nothing in writing, no words from the SBA, nothing from either of the speakers here to refute the fact that the memo they gave me stated unequivocally and in concurrence with Mr. Hocker who testified at the Small Business hearing that unless the authorization were increased, the fact that we are increasing the amount that could be borrowed from $750,000 to $1 million means that in excess of 6,000 small businesspeople who otherwise would qualify for an SBA loan will be excluded from the process. To aggravate that, in the past 3 years, as the amount of SBA loans go up, the number of small business recipients goes down and the number of small businesspeople receiving the loan has now dropped to about 53 percent of the total, meaning that the larger applicants are getting the lion's share of the money and that is the dangerous trend. I am trying to stop that.

Is it worth objecting to an entire bill because you are opposed to one-seventh of the bill? The answer is yes. The name of the bill is small business. Does anybody think that borrowing $1 million today is small business? It could be, but if it is of that magnitude, then the bank should be willing to kick in the extra amount and to guarantee the extra amount, not put it upon the shoulders of the taxpayers to say we want you to guarantee up to $1 million. If you are solvent enough to borrow $750,000 with an SBA guarantee, then the banks themselves should be willing to loan the rest of the amount of money based upon their own private arrangement with the borrower. It is just that simple.

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

I would just like to echo the comments made by the gentleman from Missouri. You have to continue updating a program. What works in the 1980s does not necessarily work in the 1990s. No bank would allow its loan program to go a decade without updating it. If we are going to make SBA a cutting edge financial institution of the 21st century, we must continue to improve these programs. It just makes sense.

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

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

Let me repeat again both my friendship and my respect for the passion and the commitment of the gentleman from Illinois to small business. He and I have talked over this issue. We had a full debate over it in committee. I do want to continue working with him as this bill goes through the process. I do want to emphasize the importance to Members of the House who may not, and I certainly could not blame them if they were not familiar with the ins and outs of all these programs, but I hope

they will understand that these programs are important, that the committee does oversee them and that it is important that we move this legislation through to make all the different corrections that are in there.

So I would ask of the House, let us get this bill out and get it in conference. I pledge to continue working with the gentleman. It is a small part of the bill over which we have a disagreement. There is no question that the bill as a whole moves in the direction of pushing the portfolio gently towards smaller loans. I like that. We have worked for that under my chairmanship. He have worked for that with the ranking member. This is a modest inflationary update. I would hope that we would have the House's confidence in being able to make it and that we can move this bill through.

I would urge the House to support H.R. 2615.

Mr. MANZULLO. Mr. Speaker, will the gentleman yield?

Mr. TALENT. I yield to the gentleman from Illinois.

Mr. MANZULLO. Based upon the gentleman's assertions that he is willing to continue discussing this figure of $750,000 increased to $1 million, I would still be opposed to the bill, I will vote ''no'' on an oral vote but not call for a recorded vote.

Mr. TALENT. Reclaiming my time, I appreciate very much the gentleman's most gracious concession in that regard. I certainly will be glad to keep working with him. He and I disagree on this. My major concern is making sure that we have a proper balance in the portfolio so that we do not have the unintended impact of undermining the stability of the smaller loans that we do make by not allowing this minor inflationary update. But perhaps we can provide for that in some other context. I am happy to work with the gentleman in that regard.

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

The SPEAKER pro tempore (Mr. MILLER of Florida). The question is on the motion offered by the gentleman from Missouri (Mr. TALENT) that the House suspend the rules and pass the bill, H.R. 2615.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. TALENT. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous material on H.R. 2615.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

THOMAS S. FOLEY UNITED STATES COURTHOUSE AND WALTER F. HORAN PLAZA

Mr. COBLE. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 211) to designate the Federal building and United States courthouse located at West 920 Riverside Avenue in Spokane, Washington, as the ''Thomas S. Foley Federal Building and United States Courthouse'', and the plaza at the south entrance of such building and courthouse as the ''Walter F. Horan Plaza'', as amended.

The Clerk read as follows:

H.R. 211

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

SECTION 1. DESIGNATION OF COURTHOUSE.

(a) DESIGNATION.—The Federal building and United States courthouse located at 920 West Riverside Avenue in Spokane, Washington, shall be known and designated as the ''Thomas S. Foley United States Courthouse''.

(b) REFERENCES.—Any reference in a law, map, regulation, document, paper, or other record of the United States to the Federal building and United States courthouse referred to in subsection (a) shall be deemed to be a reference to the ''Thomas S. Foley United States Courthouse''.

SEC. 2. DESIGNATION OF PLAZA.

(a) DESIGNATION.—The plaza located at the south entrance of the Federal building and United States courthouse referred to in section 1(a) shall be known and designated as the ''Walter F. Horan Plaza''.

(b) REFERENCES.—Any reference in a law, map, regulation, document, paper, or other record of the United States to the plaza referred to in subsection (a) shall be deemed to be a reference to the ''Walter F. Horan Plaza''.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from North Carolina (Mr. COBLE) and the gentleman from Washington (Mr. BAIRD) each will control 20 minutes.

The Chair recognizes the gentleman from North Carolina (Mr. COBLE).

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

Mr. Speaker, H.R. 211, as amended, introduced by the gentleman from Washington (Mr. NETHERCUTT), honors two former Members of this body, former Speaker Tom Foley and Congressman Walter Horan. The amendment simply corrects the address and properly designates the facility as a United States courthouse, which the building is typically referred to as in Spokane.

This legislation will designate the United States courthouse and courthouse plaza in Spokane, Washington, as the ''Thomas S. Foley United States Courthouse and Walter F. Horan Plaza''. This designation is a most deserving one.

Ambassador Foley served in the Congress from January 1965 until December 1994. As most of the Members here are well aware, Ambassador Foley was our 49th Speaker of the House of Representatives. Prior to his election as Speaker, Ambassador Foley was the majority leader, majority whip, chair of the Democratic Caucus and chairman of the Committee on Agriculture. Before being elected to the Congress, Ambassador Foley was special counsel to the Senate Committee on Interior and Insular Affairs. He also served as deputy prosecuting attorney in Spokane and assistant attorney general for the State of Washington.

After leaving this body, former Speaker Foley continues to distinguish himself in public service as the United States Ambassador to Japan. Naming the courthouse in Ambassador Foley's hometown is a reminder of his dedication and hard work in public service.

The plaza entrance to the courthouse will be designated as the ''Walter F. Horan Plaza''. This will be a reminder to all that are entering the courthouse through the main plaza of the many accomplishments by former Congressman Horan for his eastern Washington district.

If there ever was an example of the American dream, it is Walter Horan. He was born in a log cabin on the banks of the Wenatchee River in 1898. After attending the Wenatchee public schools, he was graduated from Washington State College in 1925. Prior to that, he entered World War I, serving for 2 years in the United States Navy as a gunner's mate third class. Upon graduation, he returned to his apple farm in Wenatchee, Washington where he engaged in fruit growing, packing, storing and shipping until he was elected to the 78th Congress in 1942. He went on to serve in the next 10 succeeding Congresses and rose to third in seniority on the Committee on Appropriations. He always gave close attention to agriculture and the conservation community. Former Congressman Horan passed away in 1966. Naming the Plaza on his behalf is a fitting designation.

This is a fitting tribute, Mr. Speaker, to two former Members of this body. I support the bill and urge my colleagues to join in support.

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

Mr. BAIRD. Mr. Speaker, I yield myself such time as I may consume. Also, I want to thank the gentleman from North Carolina (Mr. COBLE) for introducing this bill and the gentleman from Pennsylvania (Mr. SHUSTER) for bringing this bill to the floor in such a timely manner.

I rise in strong support of H.R. 211, a bill to designate the Federal building and courthouse located at 920 West Riverside Avenue in Spokane, Washington as the Thomas S. Foley United States Courthouse, and the plaza located at the south entrance as the Walter F. Horan Plaza.

Mr. Speaker, as a new Member from Washington State, I know that we come here with big shoes to fill. We had Scoop Jackson, Warren Magnuson, and we had Speaker of the House Tom Foley. Tom Foley had an outstanding and distinguished public career and it is a career that continues to this day. As we all know, for 30 years he ably represented the Fifth Congressional District in Washington. During that time he served as the majority leader, the majority whip, chairman of the House Committee on Agriculture and was, of course, the 49th Speaker of the House. Mr. Foley continues to serve today as our country's Ambassador to Japan.

During his time in Congress, Tom Foley's top legislative priorities included increasing the minimum wage, revising clean air standards and parental leave and child care measures.

Tom was a Washington native. He was born in Spokane in 1929. He attended local school, graduated from Gonzaga High School and went on to attend the University of Washington in Seattle. He later graduated from the University of Washington Law School in 1957.

Tom Foley's legacy is lasting and his reputation for fairness, for dignity and for openness is a model for all Members to follow. He is well respected, affable and a conciliatory person. Speaker Foley served to help make Congress the best forum for democracy in the entire world. It is with great pride that I support this bill.

Mr. Speaker, as was mentioned, H.R. 211 also honors Walt F. Horan by designating the plaza at the south entrance to the building as the Walter F. Horan Plaza.

As was mentioned earlier, Mr. Horan served his country in the House of Representatives for 22 years, from 1943 to 1965. He was proud of the fact, it was mentioned, that he was born in a log cabin on the banks of the Wenatchee River, truly a pioneer in our State and a pioneer in this legislative body. He attended local public schools. After graduating high school, he served in World War I as a gunner's mate third class. In 1925 he graduated from Washington State College in Pullman.

Walter Horan served with dignity and diligence for over 20 years. It is fitting and proper to honor him with this designation.

Mr. Speaker, I strongly support H.R. 211.

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

Mr. COBLE. Mr. Speaker, I am pleased to yield such time as he may consume to the gentleman from Pennsylvania (Mr. SHUSTER) the chairman of the House Committee on Transportation and Infrastructure.

Mr. SHUSTER. I thank the gentleman for yielding me this time.

Mr. Speaker, I did not have the privilege of knowing Congressman Horan. I support this legislation strongly. But I did have the privilege and do have the privilege of knowing Ambassador Foley, of knowing him as a colleague, of knowing him as the distinguished Speaker of this House, of knowing him as the chairman of the Committee on Agriculture, and I felt I had to be here today to express my enormous admiration for this distinguished American.

□ 1645

He as a Speaker, a Democratic Speaker, but a Speaker of the Whole House, was always very, very fair. This distinguished American treated those of us in the minority, when indeed Republicans in the minority, with fairness, with consideration. In fact, one of my Democratic friends some years ago when Speaker Foley was indeed in the Chair leaned over with a smile on his face and whispered to me, ''You know, one of the things, perhaps the only thing, that is wrong with Tom Foley is sometimes he is too bipartisan.'' Well, of course the Speaker is the Speaker of the Whole House, and he was fulfilling his duties and his obligations, and he was fulfilling them with dignity, with intelligence and in the best tradition of the great speakers of this august body.

Mr. Speaker, I certainly therefore want to very strongly support this legislation today as a tribute particularly to Ambassador Foley, and I want to note that indeed it is a Republican Member of Congress, the gentleman from Washington (Mr. NETHERCUTT) who has been the prime mover of this legislation, and I think that is very fitting because I believe it sends the very clear message that we on this side of the aisle have the same respect and love and affection for Speaker Foley that our good friends on the other side of the aisle certainly have indicated.

So I urge the passage of this legislation, and I trust and hope it will be unanimous.

Mr. BAIRD. Mr. Speaker, I have no more requests for time at this point, and I yield back the balance of my time.

Mr. COBLE. Mr. Speaker, I yield such time as he may consume to the gentleman from Washington (Mr. NETHERCUTT), the sponsor of the bill.

Mr. NETHERCUTT. Mr. Speaker, I thank the gentleman from North Carolina (Mr. COBLE) for the time and the gentleman from Pennsylvania (Mr. SHUSTER) and the gentleman from Washington (Mr. BAIRD) for their kind remarks. I am proud to be the sponsor of this legislation along with the other 8 members of the Washington State congressional delegation to name the Federal Court House in Spokane, Washington, my hometown, the Thomas S. Foley United States Courthouse and the plaza in front of that courthouse as the Walter F. Horan Plaza.

As the successor to Tom Foley, I came to know him very well in the 1994 elections, and I must say, as difficult as elections can be, the one that occurred in 1994 in my judgment and I think in the judgment of many other people was one that was carried on with great dignity and discussion and debate of the issues and the leadership that was proper for the future for our Fifth Congressional District.

I won that election with mixed emotions frankly. I felt terrible for my predecessor who had served for 30 very long years and dignified years and years filled with great service, and I felt sorry that he ended his service with an election like that which occurred in 1994, but at the same time I was pleased to be able to represent the Fifth Congressional District and go forward in the years ahead, wanting to have good representation for the entire east side of the State of Washington.

So it was bitter sweet in many respects, but my respect for Mr. Foley certainly is not bitter sweet. It is undying, it is unyielding, it is constant, because I have had him as my representative before I came to public life for 30 years and Mr. Horan for the prior 22 years, virtually my entire adult life until I was elected in 1994. So I have known these two men and watched them represent eastern Washington and the State of Washington's interests with great dignity, with certainly unquestionable respect for the institution of Congress and respect for the people of eastern Washington.

During law school I happened to serve as a law clerk in the Spokane County Superior Court, and my prime judge for whom I was assigned was William F. Williams, a very close friend of Foley who was later a Supreme Court Justice in our State. But I also served as a law clerk for Thomas S. Foley's father, Judge Ralph Foley.

So Tom, the former Speaker, comes to this institution with a very distinguished background, a distinguished family. His mother and father were very highly recognized and respected in eastern Washington, as was Thomas S. Foley. He served, as was stated here, for 30 years representing our district as Speaker of the House, as majority leader, as chairman of the Committee on Agriculture, a chairmanship that was vitally important to eastern Washington and the agricultural community that exists there even to this day.

I saw Mr. Foley in Japan earlier this spring, and in characteristic conduct he conducted himself and has conducted himself as a representative of the United States of America in Japan with great respect and dignity, just as he did here in this House for so many years.

I just want the people of eastern Washington, the people of this country, to know that in designating this courthouse in the name sake of Tom Foley and Walt Horan we are paying tribute and respect to their work for all of us

in eastern Washington and in our State of Washington, our beloved State of Washington. So it was with pleasure that all of the members of our delegation signed onto this bill that I introduced, most notably Democrats and Republicans alike who had worked with Mr. Foley and Mr. Horan in some respects and have enormous respect for those two men.

So I thank the House for considering this bill, I urge that it be adopted unanimously and that the respect and dignity that is due Mr. Horan and Mr. Foley will continue under the name sake of the Thomas S. Foley United States Courthouse and the Walt F. Horan Plaza.

Mr. COBLE. I have no further requests for time, Mr. Speaker, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. MILLER of Florida). The question is on the motion offered by the gentleman from North Carolina (Mr. COBLE) that the House suspend the rules and pass the bill, H.R. 211, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The title of the bill was amended so as to read: ''A bill to designate the Federal building and United States courthouse located at 920 West Riverside Avenue in Spokane, Washington, as the 'Thomas S. Foley United States Courthouse', and the plaza at the south entrance of such building and courthouse as the 'Walter F. Horan Plaza'.''

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. COBLE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H.R. 211, as amended.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

COPYRIGHT DAMAGES IMPROVEMENT ACT OF 1999

Mr. COBLE. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1761) to amend provisions of title 17, United States Code, relating to penalties, and for other purposes as amended.

The Clerk read as follows:

H.R. 1761

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 ''Copyright Damages Improvement Act of 1999''.

SEC. 2. STATUTORY DAMAGES ENHANCEMENT.

Section 504(c) of title 17, United States Code, is amended—

(1) in paragraph (1)—

(A) by striking ''$500'' and inserting ''$750''; and

(B) by striking ''$20,000'' and inserting ''$30,000''; and

(2) in paragraph (2), by striking ''$100,000'' and inserting ''$150,000''.

SEC. 3. SENTENCING COMMISSION GUIDELINES.

Section 2(g) of the No Electronic Theft (NET) Act (28 U.S.C. 994 note) is amended by striking paragraph (2) and inserting the following:

''(2) In implementing paragraph (1), the Sentencing Commission shall amend the guideline applicable to criminal infringement of a copyright or trademark to provide an enhancement based upon the retail price of the legitimate items that are infringed upon and the quantity of the infringing items. To the extent the conduct involves a violation of section 2319A of title 18, United States Code, the enhancement shall be based upon the retail price of the infringing items and the quantity of the infringing items.

''(3) Paragraph (1) shall be implemented not later than 3 months after the later of—

''(A) the first day occurring after May 20, 1999, or

''(B) the first day after the date of the enactment of this paragraph,

on which sufficient members of the Sentencing Commission have been confirmed to constitute a quorum.

''(4) The Commission shall promulgate the guidelines or amendments provided for under this section in accordance with the procedures set forth in section 21(a) of the Sentencing Act of 1987, as though the authority under that Act had not expired.''.

SEC. 4. EFFECTIVE DATE.

The amendments made by section 2 shall apply to any action brought on or after the date of the enactment of this Act, regardless of the date on which the alleged activity that is the basis of the action occurred.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from North Carolina (Mr. COBLE) and the gentleman from California (Mr. BERMAN) each will control 20 minutes.

The Chair recognizes the gentleman from North Carolina (Mr. COBLE).

GENERAL LEAVE

Mr. COBLE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to revise and extend their remarks and insert extraneous material into the RECORD on the bill under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

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

Mr. Speaker, H.R. 1761 makes significant improvements in the ability of the Copyright Act to deter copyright infringement. It will increase the statutory damages available to copyright owners whose registered works have been infringed in an effort to deter infringing conduct. Copyright piracy is flourishing in the world. With the advanced technologies available and the fact that many computer users are either ignorant of the copyright laws or simply believe that they will not be caught or punished, the piracy trend will continue.

One way to combat this problem is to increase the statutory penalties for copyright infringement so that there will be an effective deterrent to this conduct.

Another significant aspect of H.R. 1761 addresses a problem the subcommittee learned about during an oversight hearing on the implementation of the NET Act and enforcement against Internet piracy. The House Judiciary Subcommittee on Courts and Intellectual Property received testimony about the lack of prosecutions being brought under the act by the Department of Justice and the Sentencing Commission staff failure to address Congress' desire to impose strict penalties for violations of the act that will deter infringement in their recent report. H.R. 1761 clarifies Congress' intent that the United States Sentencing Commission ensure that the sentencing guideline for the intellectual property offenses provide for consideration of the retail price of the legitimate infringed-upon item and the quantity of infringing items in order to make the guidelines sufficiently stringent to deter such crime. This language gives the Sentencing Commission the discretion to adopt an aggravating adjustment where it may be appropriate in cases of pre-released copyright piracy in which no corresponding legitimate copyrighted item yet exists, but the economic harm could be devastating. These changes will enable the Department of Justice to better prosecute crimes against intellectual property.

It is vital that the United States recognizes intellectual property rights and provides strong protection and enforcement against violations of those rights. By doing that the United States will protect its valuable intellectual property and encourage other countries to enact and enforce strong copyright protection laws.

I would like to commend the distinguished gentleman from California (Mr. ROGAN) for his leadership in introducing this bill and his hard work in bringing it to this point. H.R. 1761 is an important piece of legislation, and I urge my colleagues to support it.

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

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

Mr. Speaker, I rise in support of H.R. 1761, the Copyright Damages Improvement Act of 1999. Consistent with the responsibility conferred on us by article 1, section 8, of the Constitution, we are required from time to time to assess the efficacy of our intellectual property laws in protecting the works of authors and inventors. Toward that end earlier this year the Subcommittee on Courts and Intellectual Property resolved to address several concerns which had been brought to our attention regarding the deterrence of copyright infringement and penalties for

such infringement in those instances when it does unfortunately occur.

The bill originally reported out by the Committee on the Judiciary was broader in scope than the bill before us today, and I supported that bill in its previous form, but we resolved to bring before this body a bill reflecting a consensus, and that is what we have done. I know of no opposition to the bill under consideration today.

The bill has two key features. First the bill provides an inflation adjustment for copyright statutory damages. It has been well over a decade since we last adjusted statutory damages for inflation. Our purpose must be to provide meaningful disincentives for infringement, and to accomplish this the cost of infringement must substantially exceed the cost of compliance so that those who use or distribute intellectual property have an incentive to comply with the law. The inflation adjustments provided in H.R. 1761 accomplish that objective.

Secondly, at a hearing held this past May, the Subcommittee on Courts and Intellectual Property heard evidence that the current sentencing guidelines for intellectual property crimes is not sufficiently stringent to deter such crimes.

□ 1700

The subcommittee's conclusion ratified by the committee was that the current guideline with its reliance on the value of the infringing item should be replaced with a guideline based on the retail price of the infringed upon item. At the same time, as a result of quite productive discussions with the staff of the sentencing commission, we acknowledged the commission's ability to make reasonable adjustments, aggravating or mitigating, as appropriate.

Mr. Speaker, I want to thank the chairman of the subcommittee for bringing this bill to the floor and for his consistent work in bringing bills to strengthen our intellectual property laws to the floor.

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

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

Mr. Speaker, I thank my friend from California, and I was about to do the same to him. We have worked very closely on this. This has taken a good amount of time, both on the part of gentleman from California (Mr. BERMAN) and me as well as other members of the subcommittee and staff. All have done a good job. This is an important piece of legislation.

Mr. ROGAN. Mr. Speaker, copyright violations, particularly those via the Internet, are a growing problem. H.R. 1761 the Copyright Damages Improvement Act of 1999 ensures that changes in federal law keep up with changes in technology. This bill provides an effective deterrent against copyright infringers and Internet privacy. I am pleased to join the chairman of the Courts and Intellectual Property Subcommittee, Mr. COBLE, and the gentleman from Virginia Mr. GOODLATTE, along with the ranking member of the subcommittee, the gentleman from California Mr. BERMAN, to make these significant improvements to the Copyright Act and the No Electronic Theft Act.

H.R. 1761 will increase the amount of statutory damages available for copyright infringement. Specifically, this bill, as amended, increases existing penalties for infringement by 50%. Further, the bill clarifies Congress' intent that the United States Sentencing Commission consider the retail price of a legitimate infringed-upon work and the quantity of the infringed upon works when determining sentencing guidelines for intellectual property offenses.

During the subcommittee's hearing on the "Implementation of the NET Act and Enforcement Against Internet Privacy," the concern raised about the lack of prosecutions being brought by the Justice Department and the Sentencing Commission's failure to address Congress' desire to impose strict penalties for violators. The committee heard how the price that pirated material is sold for on the black market is often the value used for prosecution, not the actual value of the copyrighted item. This is wrong. My bill clarifies that the Sentencing Commission shall use the retail price and quantity of the infringed-upon goods as bases for determining their value.

Finally, I want to recognize and thank all of the interested parties who came together to work out the compromise language that is contained in the manager's amendment today. These needed changes will give added protections to copyright owners by strengthening the deterrents for intellectual property theft, and enable the Department of Justice to better prosecute crimes against copyright owners.

Mr. Speaker, it is crucial that our country remain the leader in the protection and enforcement of intellectual property rights, H.R. 1761 increases the damages for copyright infringement, and serves as a strict deterrent for those who try to skirt the law. I urge my colleagues to support the passage of this bill in its amended form.

Mr. COBLE. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. MILLER of Florida). The question is on the motion offered by the gentleman from North Carolina (Mr. COBLE) that the House suspend the rules and pass the bill, H.R. 1761, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

Mr. COBLE. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 1257) to amend statutory damages provisions of title 17, United States Code, and ask for its immediate consideration in the House.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

Mr. BERMAN. Mr. Speaker, reserving the right to object, I do so simply to yield to my friend from North Carolina to indicate his intentions with respect to bringing up the Senate bill at this time.

Mr. COBLE. Mr. Speaker, will the gentleman yield?

Mr. BERMAN. I yield to the gentleman from North Carolina.

Mr. COBLE. Mr. Speaker, the purpose of this request is to amend the companion Senate bill and send it back to the Senate with the amendment that the House just passed.

Mr. BERMAN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 1257

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 "Digital Theft Deterrence and Copyright Damages Improvement Act of 1999".

SEC. 2. STATUTORY DAMAGES ENHANCEMENT.

Section 504(c) of title 17, United States Code, is amended—

(1) in paragraph (1)—

(A) by striking "$500" and inserting "$750"; and

(B) by striking "$20,000" and inserting "$30,000"; and

(2) in paragraph (2)—

(A) by inserting "(A)" after "(2)";

(B) by striking "$100,000" and inserting "$150,000";

(C) by inserting after the second sentence the following:

"(B) In a case where the copyright owner demonstrates that the infringement was part of a repeated pattern or practice of willful infringement, the court may increase the award of statutory damages to a sum of not more than $250,000 per work."; and

(D) by striking "The court shall remit statutory damages" and inserting the following:

"(C) The court shall remit statutory damages".

Passed the Senate July 1, 1999.

MOTION OFFERED BY MR. COBLE

Mr. COBLE. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. COBLE moves to strike all after the enacting clause of the Senate bill, S. 1257, and to insert in lieu thereof the text of H.R. 1761 as it passed the House.

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

The title of the Senate bill was amended so as to read: "to amend provisions of title 17, United States Code, relating to penalties, and for other purposes.".

A motion to reconsider was laid on the table.

A similar House bill (H.R. 1761) was laid on the table.

GENERAL LEAVE

Mr. COBLE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 1761, as amended.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12 of rule I, the Chair declares the House in recess until approximately 5:15 p.m.

Accordingly (at 5 o'clock and 3 minutes p.m.), the House stood in recess until approximately 5:15 p.m.

□ 1717

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. MILLER of Florida) at 5 o'clock and 17 minutes p.m.

APPOINTMENT OF CONFEREES ON H.R. 2488, FINANCIAL FREEDOM ACT OF 1999

Mr. ARCHER. Mr. Speaker, pursuant to clause 1 of rule XXII and by the direction of the Committee on Ways and Means, I move to take from the Speaker's table the bill (H.R. 2488) to provide for reconciliation pursuant to sections 105 and 211 of the concurrent resolution on the budget for fiscal year 2000, with a Senate amendment thereto, disagree to the Senate amendment, and agree to the conference asked by the Senate.

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

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

Mr. Speaker, this is the customary motion to go to the conference with the Senate. I understand that the minority has a motion to instruct which is debatable for 1 hour, so I would yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Texas (Mr. ARCHER).

The motion was agreed to.

MOTION TO INSTRUCT OFFERED BY MR. RANGEL

Mr. RANGEL. Mr. Speaker, I offer a motion to instruct conferees.

The Clerk read as follows:

Mr. RANGEL moves that (1) in order to preserve 100 percent of the Social Security Trust Fund surpluses for the Social Security program and to preserve 50 percent of the currently projected non-Social Security surpluses for purposes of reducing the publicly held national debt, and;

(2) in order to insure that there will be adequate budgetary resources available to extend the solvency of the Social Security and Medicare systems, and to provide a Medicare prescription drug benefit,

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the Senate amendments to the bill, H.R. 2488 be instructed, to the extent permitted within the scope of conference, to insist on limiting the net 10-year tax reduction provided in the conference report to not more than 25 percent of the currently projected non-Social Security surpluses (or if greater, the smallest tax reduction permitted within the scope of the conference).

The SPEAKER pro tempore. The gentleman from New York (Mr. RANGEL) and the gentleman from Texas (Mr. ARCHER) each will control 30 minutes.

The Chair recognizes the gentleman from New York (Mr. RANGEL).

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

Mr. Speaker, few people in the country and a lot of people in the House of Representatives are unaware as to what this procedure is in terms of going to conference. Civics 101 would dictate that the House and Senate conferees are trying to come out in a conference in working out their differences so that we can send a tax cut bill to the President of the United States for his consideration so that it would become law.

Yet, Mr. Speaker, nobody in the House or the Senate, no Democrats or Republicans, truly believe that anybody believes the President is going to sign such a bill.

This thing rushed through the Committee on Ways and Means in 1 day. And why? Because it was already prepackaged. We already had an offer from the majority that we had to refuse. A similar thing occurred in the Senate.

So this evening we meet for the first time. Do we really meet to work out our differences in order to have a tax cut bill? No. We meet to see how Republicans in the House and Republicans in the Senate can fashion a bill to such an extent that they know that the President of the United States will have to veto it. And so instead of talking as legislators, instead of talking as tax writers, we are having a political meeting to determine the campaign for the year 2000.

Chairman Greenspan had indicated that he thought it would be best for the economy for us just to take a deep breath, to do nothing. To just allow hundreds of billions of dollars to pay down our national debt, to give a tax cut for everybody by reducing the interest for everybody. And then we say that after we take a look at this objective suggestion by Chairman Greenspan, we should do what every responsible citizen would want us to do, and that is to find out how much money do we owe? How much money do we have? And why not pay off some of this debt before we move forward?

The Republicans would suggest, oh, my God, we have to return this money to the taxpayers because if we do not, we will spend it. Well, I know it is a very small majority that they have, but they still are the majority. They still are the leaders. And unless we have an implosion, unless we have an exodus, it seems as though they will have the majority at least until the year 2000. So what are they afraid of if they are the ones that are in control of the spending?

So we just hope that the motion to instruct the conferees is save Social Security, save Medicare, and let the conference say we do not need a political statement, but we are going to come back together, send this bill quickly to the President to get the veto that you are begging for, and then we will not have to debate throughout August what the tax bill would have been, but we can work together not as Democrats, not as Republicans, but Members of the House and Senate to say to America we fixed the Social Security system, we fixed the Medicare system, we fixed the prescription drugs that are so necessary for our senior citizens. Now we will review and see what in the responsible way we can do to reduce the tax burdens on all of America and not just the richest among us.

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

Mr. ARCHER. Mr. Speaker, I yield myself such time as I may consume, and I rise in opposition to the motion to instruct conferees.

Mr. Speaker, this motion it is almost identical to the motion to recommit that was offered by the minority when the tax bill was debated on the floor of the House and perhaps we might simplify things by simply stipulating to the debate that occurred on that motion and then we could just go to a vote.

But I am not sure that I am quite as eloquent as the gentleman from Oklahoma (Mr. WATTS); but I would say, Mr. Speaker, that the American people are caught in a tax trap. The longer they work, the harder they work, the more they pay. And that is wrong.

Now the American people are simply paying too much. Perhaps it was unexpected, but they are paying too much. And the strongest proof of this is that the IRS is now accumulating more cash and will accumulate more cash in the future.

Americans are sending too much money to Washington and there is actually more money than is projected for the government's needs in which to operate.

Mr. Speaker, the problem is not that Washington does not have enough money. The problem is that Washington does not spend money efficiently, prudently, productively. We should begin to cut out the waste instead of saying we have got to have

more money and more money and more money.

I know there are those who believe that Washington knows best how to spend the people's money and they should not be given the opportunity to do it because maybe they might make a mistake; but it is their money, not ours and I am proud that the House and Senate on a bipartisan basis think this is unfair and have passed good plans to let people keep more of their money. Yes, the plans are different, but they are both based on the principle that all Americans deserve to keep more of what they have earned. After all, it is their money. If we keep it in Washington, politicians will most surely spend it.

That has been the way it has been throughout history. And over the last hundred years right here in Washington, over 70 percent of all of the surpluses that have ever been generated into the Federal Government have been spent by politicians. Unfortunately, the motion before us is designed to keep hundreds of billions of dollars in excess taxpayer money in Washington to be spent. All along, we warned that there would be enormous pressure and great temptation to spend this budget surplus on more government programs, and it looks like we were right. But, Mr. Speaker, we do not need full-time government and part-time families. We need part-time government and full-time families.

This motion guts broad-based tax relief for the taxpayers who created the budget surplus in the first place. This motion threatens marriage penalty relief. This motion would make it tougher for people who care for elderly relatives at home by blocking health and long-term care insurance incentives. This motion would stand in the way of pension modernization that will help more men and women enjoy retirement security.

This motion would take away education incentives to make college more affordable and to give parents the ability to save for their children's education and that is what is fair.

Mr. Speaker, we can save Social Security, strengthen Medicare, and provide for prescription drug benefit for needy seniors, pay down the debt and provide tax relief for the American people. Mr. Speaker, 25 cents out of every dollar of surplus is what we are talking about in this tax relief bill. There is plenty to do all of these other things.

I hearken back again when I say deja vu to 1995, 1996, and the beginning of 1997 when the same people who offer this motion to instruct said, oh, we cannot give tax relief until after we have balanced the budget. First things first.

□ 1730

Yet, most of them voted for a tax relief bill when we did not even have a balanced budget. Most of them voted for a tax relief bill almost as big as this one today that they call risky and irresponsible when we had no surplus projections at all.

We heard not one word about Social Security. We heard not one word about Medicare. We heard not one word about paying down the debt. My how things change.

To my colleagues on the other side who say we cannot, I simply remind them of the Democratic Senator from Nebraska, BOB KERREY's comment about their argument. He said, ''To suggest that we cannot afford to cut income taxes when we are running a $3 trillion surplus is ludicrous.''

Mr. Speaker, I urge opposition to this motion to instruct conferees.

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

Mr. RANGEL. Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. MATSUI).

Mr. MATSUI. Mr. Speaker, I would just like to make a couple observations. As the ranking member of the Subcommittee on Social Security who has studied the issue of Social Security now for 2½ years, I have to say that there was a lot of misleading information passed on by the House of Representatives last week when we discussed this bill.

There has been a lot of talk about a lockbox and $3 trillion. The fact that $2 trillion will be put in a lockbox, that in fact is Social Security money. That is payroll tax money coming in over the next decade, 15 years, the $2 trillion. The problem is that will not preserve Social Security.

The gentleman from Oklahoma (Mr. WATTS) said last week that that will save Social Security. That will not save Social Security. By putting the $2 trillion in a lockbox, all that does is make sure that Social Security problem does not get any worse, that it does not get any worse. That is what the issue is. But it will not solve that problem.

In fact, what will be needed, if we do not want to cut benefits, is general fund money going into the Social Security system. The bill of the gentleman from Texas (Mr. ARCHER) and the gentleman from Florida (Mr. SHAW) puts general fund money into the Social Security system.

Now, we have a $1 trillion dollars surplus that is projected, it is only projected over the next decade in the on-budget, non-Social Security surplus. If in fact this tax cut goes through and becomes law, and we all agree it probably will not, but assuming my colleagues vote for this tax bill, that essentially means that they are going to favor cuts in benefits over the Social Security system.

I have to say the purpose of this vote is to put Members on record so that the American public in the year 2000 will find out who wants to protect Social Security and maintain the level of benefits we have now or who wants to cut benefits. Because this vote, if my colleagues vote against this motion to recommit, they are saying, in the year 2001, when we try to deal with Social Security, that they are going to cut benefits, or an alternative, they may want to raise payroll taxes, although I do not believe that is true, so they are going to be cutting benefits.

So this vote against the motion to recommit will be to cut benefits and Social Security. What we are talking about here is a reduction in benefits of 25 percent of the Social Security benefits.

So I urge a ''yes'' vote on the motion of the gentleman from New York (Mr. RANGEL).

Mr. ARCHER. Mr. Speaker, I yield myself 1 minute simply to respond to the gentleman from California (Mr. MATSUI), and he is my friend.

This is the same sort of statement that we heard when we passed the last tax relief bill: One cannot balance the budget and pass tax relief. One will be cutting benefits. One will be doing all these awful things. But we did it.

I say, Mr. Speaker, today we can save Social Security, we can save Medicare, we can give a prescription drug benefit, and we can pay down the debt, and we can give a small amount in tax relief to the people who earned it.

Mr. Speaker, I yield 4 minutes to the respected gentleman from Illinois (Mr. WELLER), a member of the Committee on Ways and Means.

Mr. WELLER. Mr. Speaker, as Ronald Reagan once said ''Here we go again.'' Whenever Republicans want to lower the tax burden on families, my friends on the other side of the aisle always say it is going to somehow hurt people when they lower their taxes.

Now, where I come from, people tell me their tax burden is too high. Our tax burden today is 21 percent of our economy which is consumed by the Federal Government.

Since 1993, the tax burden has continued to go up. In fact, in 1993, the tax burden was less than 18 percent. Today it is 21 percent of our gross domestic product going to the Federal Government. That tax burden is too high.

When it comes to Medicare and Social Security, thanks to this Republican Congress, we have a balanced budget, the first balanced budget in 28 years. It is now projected to provide a $3 trillion surplus over the next 10 years.

Under our budget, of course we do something that Congresses of the past and Presidents of the past for the last 30 years have refused to do; and that is, we set aside 100 percent of Social Security for retirement security to save Medicare and Social Security.

Now these 3 dollar bills I have, each dollar bill represents $1 trillion. Under

our budget, we set aside $1 trillion, $2 trillion. In fact, we set aside two-thirds of the so-called surplus over the next 10 years for retirement security, leaving one-third for other purposes.

We believe the vast majority of that extra surplus, the non-Social Security surplus, should go to help working families, helping working families by lowering their taxes.

Now, folks complain their taxes are too high. That is a common concern. But folks also tell me back home that the tax code is too complicated. They are frustrated that they will have to hire someone else to do their taxes. They are frustrated about the unfairness of the tax code. Frankly, a lot of them are just plain angry that, under our tax code, a married working couple on average pays $1,400 in higher taxes just because they are married.

Under this packaged tax relief to help working families, we eliminate the marriage tax penalty for a majority of those who suffer it. I have an example here of a couple back in Joliet, Illinois, Michelle and Shad Callahan. They are schoolteachers in the Joliet public school district. In fact, Michelle here is due any day to have a baby, their first child.

They discovered when they got married that they now pay higher taxes just because they are married. In fact, they pay the average marriage tax penalty of $1,400. Their combined income is about $60,000.

Under our legislation we passed out of the House, 70 percent of taxpayers receive direct marriage tax relief. I believe by the time the House and Senate work out their differences, more families like Michelle and Shad will receive marriage tax relief.

We work to address the marriage tax penalty, addressing the unfairness in the tax code, and also simplify the tax code. Because in the House-passed tax relief, 6 million couples will no longer need to itemize.

I would also point out that, under our legislation, since Michelle is due to have a baby, like many moms like to do, she is a working mom, she may take some time off from being in the work force to be home with her baby. Under the legislation we passed out of the House, we are going to let Michelle make up missed contributions to her retirement accounts with catch-up provisions. That will help Michelle and Shad and working families just like Michelle and Shad Callahan.

This legislation is good legislation. We simplify the code by eliminating the marriage tax penalty for millions of working couples, by eliminating the death tax which is suffered by family farmers and family businesses, by providing alternative minimum tax relief to millions of middle class families that now suffer the alternative minimum tax. Also, if one is self-employed, an entrepreneur, we give 100 percent deductibility for one's health insurance, the same corporations get. Today, one only gets 60 percent, and we believe one should get 100 percent.

Mr. Speaker, lowering taxes in a time of prosperity is a good idea. In fact, let me quote a Democrat on the other side of the aisle, BOB KERREY. He says, ''To suggest we cannot afford to cut income taxes when we are running a $3 trillion surplus is ludicrous.''

Cutting taxes deserves bipartisan support.

Mr. RANGEL. Mr. Speaker, I yield myself 10 seconds to thank the gentleman from Illinois (Mr. WELLER) making this so personal in sharing the happiness of Shelly and Shad Callahan, and I would like to wish them well. But if they are really looking for a simplification from what is going on in the House and Senate conference, they are in for a nightmare.

Mr. Speaker, I yield 3 minutes to the gentleman from Maryland (Mr. CARDIN).

Mr. CARDIN. Mr. Speaker, first, let me correct the gentleman from Illinois (Mr. WELLER) in that we do not have a balanced budget. We do not have a balanced budget today unless they count the surplus for Social Security generated income, and none of us want to do that.

They talk about $3 trillion over the next 10 years. We do not have that. If they look at what is the on-budget surplus that we all acknowledge is money that could be used, we have a projected $1 trillion surplus over the next 10 years; and we have not seen dime one of it yet. Yet, the Republicans want to spend the surplus before we get the surplus. That is not responsible.

We are talking about what should the priorities be, and the Democratic motion makes it clear that our priorities should first meet our current responsibilities under Social Security and Medicare, not an expanded role, but they meet our current responsibilities. We think that should be our first priority.

Why do we say that? If they look at the Republican bill to pass this House, it not only spends the trillion dollars during the first 10 years, but then it explodes after that, because it is backloaded. It shoots up to $4 trillion over the next 10 years. Just as the baby boomers are reaching the age of eligibility for Social Security and Medicare, we are not going to be able to meet our obligations for Social Security and Medicare. That is why we say they cannot do both. We cannot do both.

Our priority is to protect Social Security and Medicare. And how about paying off some of the debt? That will help everybody. The Republicans on one hand offer tax relief, they say; and then, on the other hand, they are going to increase interest rates because of their irresponsibility.

That couple that was so nice that they are trying to help, they are going to lose all that money by increased interest costs if they have any credit responsibility under any charge accounts or financing a car. They are going to end up paying back more that is in the Republican tax bill.

This is an irresponsible and reckless proposal. That is why our motion to instruct is an attempt to try to bring some sanity to what left this House as far as the tax relief is concerned.

Fortunately, this bill will not become law. That is the good news. The President is going to veto it if it passes anywhere near its current form. We do not believe that we should go back to the 1980s when we tried trickle-down economics and we were told that tax cuts were going to help our economy, and all it did was grow our debt.

Now, I understand the Republicans did not support the 1993 economic program that brought about our prosperity. We understand that. But do not turn the clock backwards and try to accumulate large debt again.

We do have projected surpluses in the future. Let us use that to pay down our debt so that we can continue the economic prosperity that we have. Let us meet our obligations under Social Security and Medicare. Let us invest in the priorities that are important, including responsible tax legislation.

This bill is irresponsible. The motion to instruct corrects it. I urge my colleagues to support the motion.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. CUNNINGHAM).

Mr. CUNNINGHAM. Mr. Speaker, I want my colleagues to look up in the web page www.dsausa.org. It stands for Democratic Socialists of America.

In there, the Progressive Caucus, 58 Members of the Democratic party belong to that. What do they want, Mr. Speaker? This is their own 12-point agenda, not mine, but their 12-point agenda. They want government control of health care. They tried that when they had the White House, the House, and the Senate. They wanted government socialized health care. It failed miserably.

They want government control of education and environmental laws. They even want government control of private property. They want union over small business. They want the highest possible socialized spending, and they want the highest possible progressive tax that they can get. The highest progressive tax, income tax.

That is what the Democratic Party is controlled by, their leadership, the Democratic Socialists of America, the Progressive Caucus. Guess what, one of their agenda is also to cut defense by 50 percent to pay for that spending.

We fought to save Medicare, and the Democrats fought against it, dead fought against it, $100 million of union

ads against it. In 1993 when they had the White House, they had the Senate, and they had the House, they raised taxes. They promised a middle-class tax cut. What did they do? They increased the tax on the middle class. They increased the tax on Social Security.

Yeah, they made some cuts, and they showed what their real stripes were because they cut veterans' COLAs, they cut military COLAs, and they increased the tax on Social Security.

□ 1745

Now, we have a balanced budget, and we are going to have tax relief, not for the rich, as the Karl Marx-Engels class warfare Democrats talk about, but we are going to have a tax break for working Americans.

Mr. RANGEL. Mr. Speaker, I yield myself 10 seconds just to say that Herbert Hoover is still alive and Herbert Hoover is well. The same accusations that were made against President Franklin Roosevelt for the Social Security System we hear today.

Mr. Speaker, I yield 3 minutes to the gentleman from Michigan (Mr. LEVIN).

Mr. LEVIN. Mr. Speaker, I want to get back to the subject at hand. When the Republican leadership was trying to find the votes for the bill, the majority leader said this: ''You always know how many horses are in the herd, it is just a question of how long it takes to get them into the barn.'' Well, I hope that some of the horses that went into the barn will take a second look and get out of this barn before we get a roaring deficit once again that would burn it down.

The proponents of this bill like to talk about a $792 billion cost, but look at the second 10 years. It would be $3 trillion, $3 trillion. And the timing could not be worse, as this chart shows, because at the time there would be an explosion, an explosion, in terms of revenue loss that same second 10-year period, the Social Security surplus begins to fall. During the same period, Medicare runs out of money, 2015. And during that same period, non-Social Security budget surpluses begin to fall. Look, there could not be anything worse in timing. But to make it even worse, the projected surpluses do not even include recognition that there may be emergency supplementals.

Listen, I say to the Republicans, to a fellow Republican, Alan Greenspan, who serves in a nonpartisan position at the moment. Here is what he has said about the Republican bill. ''Hold off for a while,'' ''the timing is not right for your bill,'' ''allow the surpluses to run for a while.''

The chairman of the Committee on Ways and Means refers to the 1997 tax bill, $275 over 10 years. This is a $3 trillion tax cut over 20 years. This is a ridiculous, a reckless, and an irresponsible proposal. It would return our country to the days of borrow and spend.

I heard the chairman of our committee say we can do it all; it is easy. We can do everything. Do not worry, be happy. Well, if this law ever were enacted, this country would be very sad. The Republican Party is becoming the spendthrift party. The spendthrift party.

This is reckless, it is irresponsible, let us vote for the motion to instruct.

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

I would say to the gentleman from Michigan, I did not say it was easy. I did not say it would be easy to balance the budget and give tax relief, but we did it. And the President himself speaks over and over again about the accomplishment of a tax bill that we pushed, and a balanced budget that we pushed. He claims that.

I did not say it would be easy. It will not be easy. What I did say is it is not that Washington does not have enough money to spend, but if we get tough and we eliminate the waste and we become prudent and productive in the utilization of the taxpayers' dollars, we do not have to keep adding bushels and bushels of money by taxing the American people more and more and more. They earned it; they produced it; they worked hard for it; and Washington is enjoying a windfall. Maybe there should be a new windfall profits tax on the windfall to Washington to let the people keep more of their money.

As far as Alan Greenspan is concerned, a lot of what he said has been taken out of context and it needs to be set straight. He said, ''If you can save the money, save it.'' If.

And he knows full well what the halls of history teach this country and other countries that are democracies, and that is that politicians will spend the surplus. Let me repeat again that in the last 100 years every surplus generated by the Federal Government, 70 percent has been spent by the politicians. That is a history of surpluses that are left to ''ride'' unencumbered.

What does the President do? In his budget, and I now cite from the CPO documents, ''The President's proposals would spend most of the projected on-budget surpluses.'' Would spend them. And the debt would increase by a greater amount than under the budget that we Republicans passed this year and is now the congressional budget for the United States of America.

Will it be easy? No, it will not be easy. We need to assure the taxpayers that the money that they send here is spent right and not wastefully, instead of merely saying we have to throw more money at it. And there is more than enough money in the Social Security surplus to pay down the Federal debt, to save Social Security, to save Medicare.

The charts that my friend from Michigan used are a little outdated. I am sure he did not prepare them recently, in the last 24 hours. The Senate already, by their rules, prohibits any additional revenue losses outside of the 10-year window. They are shut off totally. Not $1 is permitted to be used for tax relief outside of the 10-year window.

Besides that, there are no official projections for the years after 10 years, so one can only guess. There are not official government documents, but under the Senate provisions that must be complied with, there is not $1 of revenue loss outside of the 10-year window. So the gentleman needs to find a new chart for his next speech.

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

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. CROWLEY).

Mr. CROWLEY. Mr. Speaker, I rise to support the Democratic motion to instruct conferees on the Republican tax bill.

America needs a fiscally responsible tax bill, not an excessive and reckless $800 billion tax cut, almost a trillion dollar tax cut. A tax bill of this magnitude stands in the way of strengthening Medicare and Social Security and threatens the progress we have made in eliminating the deficit and reducing the national debt, and it does nothing, it does absolutely nothing, to help our crumbling schools.

My constituents have demanded this Congress strengthen and protect Social Security and Medicare as well as to continue to pay off the national debt, rather than give tax breaks to the top 1 percent of Americans. I am not arguing there are no Americans who need tax relief, but let me just add that no one on this side of the aisle has said no one in this country needs some tax relief, we are saying just do not give it to the 1 percent richest people on this planet. Many middle income families would greatly benefit from affordable tax cuts, however, these families are not the ones assisted by the Republican tax bill.

Mr. Speaker, please listen to the American people. And if my colleagues will not listen to them, they should listen to the chairman of the Federal Reserve, Mr. Greenspan, who has vocally denounced a massive tax cut initiative such as the ones passed by the House and the Senate as potentially harmful to our Nation.

This bill does not strengthen Social Security and Medicare and it does not assist our school districts with building new schools and modernizing their old, outdated, and ofttimes unsafe existing structures.

In closing, Mr. Speaker, I ask my colleagues to envision one classroom in my district. A single-room classroom with 50 kindergarten students in it, two teachers, and no funds under this tax proposal to improve the situation in the near future.

Mr. Speaker, I urge my colleagues to support this motion to instruct conferees.

Mr. ARCHER. Mr. Speaker, I yield myself such time as I may consume, because again Mr. Greenspan's comments are taken out of context. He said that as between tax relief and spending, he would far prefer tax relief. In fact, he said, ''It is not even a close call.''

The Congressional Budget Office has just certified that the President proposes to spend almost all of the projected on-budget surplus. Mr. Greenspan would most certainly say that tax relief is better than spending from the surplus. In fact, he did say it and he will continue to say it.

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

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Kansas (Mr. MOORE).

Mr. MOORE. Mr. Speaker, I also would like to speak to the last gentleman who spoke and say that I also heard Mr. Greenspan in the Committee on Banking and Financial Services. I heard what he said, and what he said was, ''My first preference is to pay down debt.'' My first preference is to pay down debt. Now, maybe the majority knows something Alan Greenspan does not, but I do not think so. I do not think so.

We have a $5.6 trillion debt in this country. We have an opportunity for the first time in a generation to do the right thing and put our financial house in order. The question is whether we will step up to the plate and do that or we will take the money and run and hand the debt to our children and grandchildren.

It is simply not right. It is unconscionable and we should not do it. The fiscally prudent and the financially sound thing to do is to use 50 percent to pay down the debt, 25 percent for tax relief, and 25 percent for Social Security and Medicare.

Mr. ARCHER. Mr. Speaker, may I inquire how much time is remaining on each side?

The SPEAKER pro tempore (Mr. MILLER of Florida). The gentleman from Texas (Mr. ARCHER) has 14 minutes remaining, and the gentleman from New York (Mr. RANGEL) has 13 minutes remaining.

Mr. ARCHER. Mr. Speaker, I yield 3½ minutes to the gentleman from Ohio (Mr. PORTMAN), a respected member of the Committee on Ways and Means.

Mr. PORTMAN. Mr. Speaker, I thank the gentleman for yielding me this time, and I would like to say that he deserves a lot of credit for getting this bill through the House and for having spent this weekend working with the Senate to come up with a compromise package that will, in the end, be able to give taxpayers the relief that they so well deserve.

Mr. Speaker, I rise in strong opposition to the motion to instruct. I was watching it over in my office and thought I should come over and talk about the fact that the Financial Freedom Act that the gentleman from Texas (Mr. ARCHER) and others have put together, so many of us have had a part in this, is, in fact, not fiscally irresponsible but it is simply taking what is $3 trillion in projected surpluses over the next 10 years and allowing the taxpayers to keep a little more of their hard-earned money, roughly one-third of that amount, rather than spending it here in Washington on new programs.

It comes down to a philosophical difference, really. The philosophical difference is that Republicans believe people should be able to keep more of their hard-earned money, and the other side believes that it ought to be spent.

Now, we have talked about Alan Greenspan here a lot today. I heard Alan Greenspan testify before the Committee on Ways and Means, and I questioned him. He was very straightforward. He said if it is going to be spent or it is going to be sent back in terms of tax relief, he would far prefer tax relief. In fact, he said it is not even a close call.

Now, Alan Greenspan may believe if it were to stay here in Washington that it would be used to reduce the surplus. I find that hard to believe when I look at the President's own budget proposal, which in fact spends the money. In fact, in this tax bill there is more debt relief than there is in the President's proposal, based on what the Congressional Budget Office, the nonpartisan Congressional Budget Office, just told us last week.

Second, I believe that if we look simply at the record of the last 40 years, we will see that every time there is indeed a surplus in this town, Congress turns around and spends it, expanding Federal programs already in place and creating new programs.

□ 1800

So what we are saying is very simple, which is one dollar out of the three ought to go back.

Second, I want to make the point that this tax bill contains a number of wonderful provisions for the taxpayer in terms of relief from excessive complication of the Tax Code and also in various areas like the marriage penalty, and one I really want to focus on is retirement security.

In this bill our provisions are the most fundamental changes in retirement security in well over a generation that allow every American to have the ability to save more money for themselves for their own retirement. It lets everybody save more on their 401(k) account. It allows everybody coming back into the workforce at age 50 or above, particularly helpful to women who have stayed at home to raise kids, to put more into their defined contribution plans, 401(k)s, 457s, 403(b)s, and so on.

It expands all the defined benefit plans. These are plans that are, unfortunately, dying on the vine out there. There are fewer and fewer of them being offered. We go into these plans. We enable people to save more. We enable people to get more in terms of a benefit. We enable people who are in multi-employer plans, section 415, to be able to get more into their own retirement, taking away some limits that do not make any sense. It will help in the end every single American.

What I love about this is that 77 percent of pension participants are precisely the people we are trying to help the most who make under $55,000 a year. It is in this bill, and it is precisely what this Congress ought to be doing, in the context of tax relief, simplifying the Tax Code, increasing the savings rate in this country, and finally providing retirement security for millions of Americans.

Sixty to 70 million Americans do not have any kind of pension at all now. Millions of those Americans will be able to get immediate retirement security from the legislation that is contained within this tax bill.

Again, I commend the chairman. I hope we can move on from this motion to instruct, get this legislation together between the House and the Senate, and get it to the President where, hopefully, he will change his mind and sign it for the American taxpayer.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. TURNER).

Mr. TURNER. Mr. Speaker, the Republican tax message is one that we cannot trust Congress to act responsibly with the surplus.

They say, get the money out of town before it even arrives here yet. Is it not a little bit ironic to think their theme is one cannot trust the Congress to manage money wisely, when they in fact are in the majority? Do my colleagues not think that we could be disciplined enough just to run one true budget surplus before we spend what we do not even have yet?

If a business had borrowed money from a bank to operate for 25 years straight and for the first time in 25 years showed a small profit, would we not think we would try to pay down that huge debt?

Two weeks ago this House had a historic opportunity that every businessman and woman understands. That is, when faced with a choice of paying down the debt or spending the surplus, we should pay down the debt. We had a motion on the floor that would dedicate 50 percent of the on-budget surplus to paying down the debt, 25 percent to tax cuts, 25 percent to priority spending needs such as Medicare and Social Security.

Today we are trying again.

Where have all the fiscal conservatives gone in the Republican Party? Fiscal conservatives do not spend money that we do not even have yet. Fiscal conservatives do not ignore the advice of Federal Reserve Chairman Alan Greenspan. Fiscal conservatives do not gamble with our economic security, our health security, our retirement security. Fiscal conservatives understand that paying down the debt means lower interest rates. Fiscal conservatives do not pass on debts to our children and our grandchildren. And fiscal conservatives do not backload tax cuts into an uncertain future.

The President is right to veto this bill. We can take it up next year. What is the rush anyway? There is only $5 billion in tax cuts next year out of the $792 billion in the bill, and half of that is extenders.

Only six-tenths of 1 percent of the tax relief will be effective next year, fiscal year 2000. The 10 percent across-the-board tax cut, the increase in standard deduction to reduce the marriage penalty, those could not even happen next year. There is little tax relief in the bill next year, so what is the rush?

I say pay down the debt. Do what is right for our children, right for Social Security, right for Medicare, and right for America.

Mr. ARCHER. Mr. Speaker, what is the time proration again, please?

The SPEAKER pro tempore (Mr. MILLER of Florida). The gentleman from Texas (Mr. ARCHER) has 10½ minutes remaining. The gentleman from New York (Mr. RANGEL) has 11 minutes remaining. The gentleman from New York has the right to close.

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

Mr. RANGEL. Mr. Speaker, I yield 2½ minutes to the gentleman from California (Mr. BECERRA), a member of the Committee on Ways and Means.

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

Mr. Speaker, I rise in support of the motion to instruct. I hope we will vote for this motion to be responsible and to be prudent.

We have to remember, we are not at a crap table in Washington, D.C. This is not Vegas. And I have seen the trick made with the $3. I hope that all Americans understand that the $3 we keep hearing about, these $3 which represent $3 trillion, when we talk $2 trillion being saved for Social Security, we are not saving it for Social Security; we are just telling all the people who contributed this money, the Social Security contributors, the taxpayers who give out of their payroll taxes that money, that we are going to reserve it.

Because that is what it was supposed to go for. It was never meant to be spent for tax cuts or something else. So when my colleagues talk about the three, take the two off the table. Because no one would want us to play with that money.

When we take out of people's paycheck every month Social Security taxes, we do not tell them it is for tax cuts or anything else. We tell them it is for their retirement.

So we are left with $1 trillion, this $1 bill. Most of that, under this Republican bill, would go to tax cuts, some $800 billion dollars.

Now, if we take that $800 billion tax cut, two-thirds of all that money, two-thirds of this $1 trillion is going to go to 10 percent of all of America. The 10 percent wealthiest tax filers get two-thirds of this dollar. That means the remaining one-third is left 90 percent of America. That is what we get with this tax bill.

But forget about all that because all this is just projections. We do not know what kind of surplus we will have. The projection is we will have a large surplus. But this is all like playing craps on a crap table. They are shooting and hoping and praying that they win.

But what happens if they do not? Let me put it to my colleagues this way: the average tax cut for someone who earns about $50,000, a couple who earns about $50,000 under the Republican tax bill is about $200 per year. And that is when we have got some of these provisions fully phased in. Because, by the way, in the year 2000 no one is going to get $200 in tax relief if they earned about $50,000. They have got to wait until all these provisions are phased in.

But say they are all phased in. They get about $200 in tax cuts. They are not going to have it. Because all they have to do is save that money, use it for debt relief; and if they have a $20,000 debt, interest rates go down by one percent, they will save $200. Do not vote for the tax bill. Vote for this motion to instruct.

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

Mr. RANGEL. Mr. Speaker, I have so many speakers, perhaps the distinguished chairman of the Committee on Ways and Means might yield some time to us so that we could allow the Members to speak out.

Mr. ARCHER. Mr. Speaker, will the gentleman yield?

Mr. RANGEL. I yield to the gentleman from Texas.

Mr. ARCHER. Mr. Speaker, I would be happy to yield adequate time to anyone on the side of my colleague who wants to speak against the motion to instruct.

Mr. RANGEL. Mr. Speaker, reclaiming my time, that does not sound fair.

Let me say this. Would the chairman want me to have all of the Democrats speak and then close the argument debate?

Mr. ARCHER. Mr. Speaker, if the gentleman will continue to yield, I served in the minority for 24 years, where I was greatly outnumbered. So I feel very comfortable today being by myself here.

Mr. RANGEL. Well, I guess that makes sense. But what I am trying to do is to find out whether or not my colleague intends to be the last speaker before I close the debate. Because I have half a dozen people here and I just want to know, with the time being what it is, I have 8 minutes and my colleague has 11, I do not know how to space it.

Mr. ARCHER. Mr. Speaker, if the gentleman will continue to yield, when he gets to his last speaker, then I will be glad to yield the balance of my time.

Mr. RANGEL. Very good. I understand.

Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Texas (Mr. DOGGETT), a member of the committee.

Mr. DOGGETT. Mr. Speaker, this Republican tax bill has declared Christmas while it sizzles.

On this Christmas tree that has been erected here in Washington, one will find a package wrapped up for anyone who has a lobbyist and a political action committee.

There is one break after another. They think nothing of having the taxpayers subsidize 80 percent of the cost of a $100 bottle of cabernet or a two-martini lunch. They want the taxpayers to subsidize our defense contractors to go out and start more arms races around the world. And these conferees will even be considering a tax subsidy for chicken manure, something that many people have said symbolizes this entire bill.

Instead of simplifying the Tax Code, this bill makes the Tax Code even more complex, and it certainly does not reduce the abusive billions of dollars that occur in corporate tax shelters that all the rest of us end up having to pay. And of course when it comes to fairness, this Christmas tree, while it sizzles, is one that provides a third of its proposed individual tax benefits to the wealthiest one percent of Americans.

It is truly amusing to listen to this debate about Alan Greenspan. After all, what difference does it really make? Well, the difference I think centers on the fact that he is a President Ronald Reagan appointee, an admitted Republican, who has been given credit by many people, Democrats and Republicans, for the success of our economic expansion.

It has been said he would prefer tax cuts to spending. My guess is he prefers tax cuts to death, as well. But that is not the alternative that he was presented. There is the alternative instead of this massive tax cut bill of reducing the Federal debt. When he was asked last week about this House and Senate Republican approach to taxes, he said

it would be ''creating a risk that I don't think we need.''

We do not need to jeopardize either Social Security or our economic success. And the leading Republican economic expert in this country is the one who said we ought not to do it. If he were here tonight, he would be endorsing the motion of the gentleman from New York (Mr. RANGEL), which is only a motion to assure a fiscally responsible bipartisan alternative; and it ought to be preferred over this tax break and borrow-more scheme that is being advanced by our Republican colleagues.

Mr. ARCHER. Mr. Speaker, I yield 3 minutes to gentleman from Arizona (Mr. HAYWORTH), A respected member of the Committee on Ways and Means.

Mr. HAYWORTH. Mr. Speaker, I thank my colleague, the esteemed chairman of the House Committee on Ways and Means, for yielding me the time.

As I walked onto the floor, Mr. Speaker, I was greeted by the familiar incendiary rhetoric of my friend from Texas. While I appreciate his ability to frame in the most extreme terms what is a reasonably prudent bill and action to give the American people more of their hard-earned dollars, give it back to them, I do find it interesting that my friend from Texas supported tax reduction in 1997 when this government was still in a deficit and yet he would use all matters of extreme rhetoric to try and mischaracterize the essence of what we are doing here as the responsible majority in the United States House of Representatives as we prepare to go to conference with our friends from the other body.

I think the motion offered from my good friend from New York (Mr. RANGEL), the ranking member of the committee, shows the length to which the minority will go to separate the American people from their hard-earned money. It is sad but true, and the rhetoric indicates it and so does the motion to recommit.

Mr. Speaker, as we have documented before, we talk so much about billions and trillions of dollars in this body and on the airwaves across America that sometimes we tend to lose focus about what it is our common sense majority proposes.

I think the best way to characterize it, Mr. Speaker and my colleagues, is to ask us to take a look at these $3 bills and let them represent the $3 trillion of surplus that this government will have in the years to come. This is what we propose to do, to lock away almost $2 trillion dollars to save Social Security and Medicare. And that leaves the remaining trillion dollars.

This is the crux of the question, when we get through all the legislative legerdemain and the name calling, this question remains at the end of the day.

□ 1815

To whom does this money belong? We would say, in the common sense majority, this money belongs to the people who earned it, not to the Washington bureaucrats. Let us take this money and return it to the hardworking taxpayers who have been called on again and again and again to feed the gaping maw which is this insatiable Washington bureaucracy.

And so the gentleman's motion to instruct conferees again asks us, after we have seen the largest tax increase in American history, so extreme a tax increase that over 10 years' time it asked for an additional $800 billion from the pockets of every American, we are told somehow that is responsible, a tax increase so extreme that it was retroactive, to take money from taxpayers beyond the grave in terms of the death tax.

What we simply say is, Americans have had enough of this. We should put the death tax to death, we should reduce the marriage penalty, and I am glad my friend from Texas mentioned the special interests. Because, as we have seen throughout the years, no one accedes to the special interests more than the previous liberal majority.

Mr. Speaker, I stand with my friends on the right. Reject the motion to instruct conferees.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentlewoman from Texas (Ms. JACKSON-LEE).

Ms. JACKSON-LEE of Texas. Mr. Speaker, I thank the gentleman from New York for yielding me this time. I rise to support the motion to instruct.

Mr. Speaker, I wish we had time for a philosophical debate as was just given by my esteemed colleague, but we have business to do. I would simply tell him that from the far reaches of my district and the people that I have spoken to, businesspersons, they say they do not want a tax cut that is so enormous that it damages Social Security and Medicare, they do not want a tax cut that will increase the national debt by $1 trillion over the next 10 years, will increase the national debt by an additional $4.4 trillion over the next 10 years. What they want is a family-friendly, middle-income tax cut and what the Harris County citizens want is the ability to be able to support the Harris County Hospital District with Medicare and Medicaid dollars so that we do not have to cut 165 beds, cut the treatment for AIDS and cancer, and I would imagine the public hospital systems around this Nation are crying now because we are taking $800 billion away from treating sick people, closing beds, denying them service.

What we want is a motion to instruct to protect Social Security, Medicare, and provide more Medicaid dollars. I would hope my colleague from Texas and all of my colleagues, Republicans and Democrats, will come down on the side of middle-income tax cuts and saving Social Security, Medicare and Medicaid.

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

Mr. Speaker, the one thing that has not been debated tonight yet is what is in the Democrats' motion to instruct.

One thing that is not in it is a 10 percent across-the-board tax relief to all working Americans and families, men and women who made this surplus possible. What is not in it is marriage penalty relief for millions of Americans who are being punished simply because they got married. That is not in their motion to instruct. They do not include education incentives on student loan interest payments, education savings accounts, and making prepaid college tuition plans tax-free. Those education provisions are not in their motion to instruct. Health care provisions, providing a tax deduction for people who buy their own health insurance, and for long-term care, including help for people who take care of their elderly in their own homes. Our plan has those provisions. It is nowhere to be found in the Democrats' motion to instruct. The Democrat motion has no strengthening of our pension system to help more American workers, particularly women, get a pension and have greater retirement security. No, that is not in their motion.

To 100 million American investors, the Democrats say, ''Sorry, you've got to keep paying taxes on your savings every time you sell an asset.'' To 68 million Americans who have small savings accounts, the Democrats have no provision in their motion to instruct to help. And the Democrats' tax hike, because that is what they proposed in their substitute, and this motion does not even lessen the unfair death tax or the punitive alternative minimum tax. This motion is a turnback to the days of more taxes and more spending and away from the days of economic growth and opportunity for every American.

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

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Virginia (Mr. MORAN).

Mr. MORAN of Virginia. Mr. Speaker, I think the biggest problem with this tax cut is that it is built upon a false assumption, a false assumption that at least the majority party is not willing to admit, and, that is, that of the $792 billion tax cut, $720 billion is attributable to cutting the existing level of Federal spending by 29 percent below today's current spending level. It is not going to happen.

The majority party is not going to cut veterans spending by 28 percent, agriculture by 33 percent, the FBI by 28 percent. Are you going to cut transportation by 23 percent, are going to cut defense by $68 billion? You are not going to do it.

The Committee on Appropriations met last week. It did not do it. It will not do it. And so if you do not do it, $720 billion of the $792 billion tax cut is not there. It evaporates because it is built upon a false assumption. You know it and we know it and that's why you should support this truthful instruction to the conferences.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan (Mr. CAMP).

Mr. CAMP. I thank the distinguished gentleman for yielding me this time.

Mr. Speaker, I think it is important to point out that we are here talking about this measure only after we have a balanced budget. We have passed legislation to set aside the surplus to save Social Security and Medicare. We have locked that Social Security surplus away in a lockbox, and we are talking about part of what is left.

I think it is important to point out that the average American family, and I repeat, the average American family today pays double in taxes what it paid only in 1985. Today's tax burden is the highest ever in peacetime history.

I think the key question is, should your hard-earned tax dollars stay here in Washington to be spent on new Federal programs? Or should they be returned to you, the taxpayer, who sent them here in the first place? I think the answer is pretty clear that you, the taxpayer, deserves the money.

We have over $1 trillion in non-Social Security surplus, and I think we absolutely must return the taxpayers' money to the people who sent it here. Our bill means that the average Michigan factory worker and his family will save $1,000 in income taxes. Our across-the-board rate reduction will save the seniors who live in my district over $500 in income taxes, and, if that senior has a mutual fund, will cut her investment tax rate so that more of her savings can stay with her, not the government.

Mr. Speaker, I believe tax relief is needed. There is no doubt about that. We have balanced the budget, we have set aside money for Social Security which pays down the debt, and I think now is the time for the American people to reap the rewards of their hard work. I urge that we vote against the motion to instruct.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. STENHOLM).

Mr. STENHOLM. Mr. Speaker, my friend from Texas left off a few other things that are not in the motion to instruct. There is not a $200 billion increase in the national debt over the next 5 years. There is not a $3 trillion increase in our national debt from 2011 to 2020, or $4.5 trillion of additional debt when you add in interest. That is also not in the Democratic motion to instruct.

The motion to instruct is truly a debate about priorities and values. The priorities, we believe very strongly this is the time for us to use that which we have the opportunity to do, and, that is, to pay down our national debt. We do have a surplus. This is the time for us to be fiscally responsible and pay down the national debt. This is the time for us to be dealing with a very serious problem of 2014 and Social Security, of which the gentleman from Texas certainly knows and the gentleman from Florida (Mr. SHAW) here knows that unless we do some things of a responsible nature soon, we will have deeper problems in 2014. That is what we ought to be doing. That is what the motion to instruct is all about. Do not have a tax cut today. What we should be debating this week before we go home is Social Security reform. What we ought to be dealing with is Medicare and Medicaid reform. We ought to have the debate on this floor right now dealing with the problems of our hospitals around the country that are saying to me, ''Unless you deal with some of our problems by October the 1st, we must close.'' That is what we ought to be doing.

Really and truly what this motion to instruct is all about is just saying ''no'' to a tax cut first, let us deal with Social Security, let us deal with Medicare first and then let us bring a tax cut to the floor.

If we would only do that, we would send the kind of message to our children and grandchildren that they need to hear. We should not be spending their future inheritance today based on our desires and all of the wonderful things that we say today. We ought to be paying down the debt so that they will have an opportunity for the same kind of future.

Although a lot of numbers get thrown around in the budget discussions, this is really a debate about priorities and values. This motion to instruct is based on the value that has guided generations of Americans: the value that we should leave our country stronger for children and grandchildren. This motion simply says that meeting our obligations for Social Security and Medicare and first reducing the debt burden on future generations should be a higher priority than current consumption for tax cuts or new spending.

We should put our fiscal house in order before we talk about tax cuts or new spending. We should agree to lock up a substantial portion of the surpluses outside of the Social Security trust fund to pay down national debt and deal with Social Security and Medicare before we start talking about how to carve up the surplus between tax cuts and new spending. How can we talk about having surpluses to spend when we still have a $5.6 trillion national debt and huge unfunded liabilities facing Social Security and Medicare?

The tax bills passed by the House and Senate do not deal with these obligations and do not reduce the burden on future generations at all. Even if we stick with the lock box and save the Social Security surplus, this will not reduce the total national debt—it just shifts the debt from one part of the ledger to another.

While my Republican colleagues are correct when they say that the lockbox requires us to use the $2 trillion in Social Security surpluses to pay down the debt held by the public, they forget to mention the rest of the story: that we will be accumulating $2 trillion in IOUs to the Social Security trust fund at the same time. If the lockbox is successful in requiring us to save future Social Security surpluses, it will prevent us from digging the hole deeper, but it won't do anything about the $5.6 trillion hole we have already dug for ourselves.

Despite all of the talk about the debt reduction trigger added to the tax bill, the debt left for future generations to pay would not be one dime smaller than the tax bill passed by the House. In fact, the national debt would increase by $200 billion over the next five years under the Republican tax bill according to their own numbers.

My Republican friends will say that the President's budget will increase the debt as well because his budget uses some of the surpluses for new spending. I agree with much of those criticisms, but that is not what we are talking about today. The motion before us today provides that we should reduce the debt and deal with Social Security and Medicare before we talk about tax cuts or new spending.

The only way to truly reduce burden on future generations is to lock up a significant portion of the non-Social Security surpluses to reduce debt held by public. That is what this motion to instruct calls on our conferees to do.

Paying down the national debt is the most important thing Congress can do to maintain a strong and growing economy with low inflation and providing working men and women with a tax cut in the form of lower mortgages, lower credit card payments, etc. Reducing our $5.4 trillion national debt will reduce the burden left to future generations by reducing the amount of the federal budget that will be consumed by interest payments.

The motion to recommit will provide an opportunity to begin a bipartisan process to achieve a responsible budget agreement. Members on both sides of the aisle have said they agree with the Blue Dog budget approach of paying down our national debt, dealing with Social Security and Medicare, and then dealing with tax cuts.

Voting for the motion to instruction would send a strong message to the conferees, the leadership in Congress and the President that we are committed to a fiscally responsible, bipartisan budget that is based on the principles of paying down the national debt and dealing with our obligations before agreeing to tax cuts or new spending.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Arkansas (Mr. BERRY).

Mr. BERRY. Mr. Speaker, I rise today in support of the motion to instruct on the Republican tax cut bill. This motion will urge conferees to take responsibility and commit to reducing the debt. I am for a tax cut. I think we all are. But not with funny money. We should be sure that we really have a surplus before we commit to these tax cuts, put the budget on a long-term path, take the so-called surplus and

pay down the debt, deal with Social Security and Medicare first, and then talk about tax cuts. Do not spend projected surpluses that may not ever exist and certainly do not exist today.

Let us take this terrible burden of a $5.6 trillion national debt off our children. Vote for the motion to instruct.

Mr. ARCHER. Mr. Speaker, I yield the balance of my time to the gentleman from Florida (Mr. SHAW), the chairman of the Subcommittee on Social Security.

The SPEAKER pro tempore (Mr. MILLER of Florida). The gentleman from Florida is recognized for 2 minutes.

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

In looking at what is before us and the guidelines in which the tax bill that is presently going to conference is drawn, and looking at that in comparison with the motion to instruct, these tax bills, both the House and the Senate, were very carefully drawn and crafted within the budget limitations. I think it is very important for this House to realize that the budget that passed this House and the Senate and, under which this tax bill is tailored, pays down the debt more than the President's budget.

We have heard a lot of rhetoric this afternoon regarding Social Security.

□ 1830

There is a bill, that will be filed shortly, that the people on both sides of the aisle are fully versed in, that is the Archer-Shaw bill that could save Social Security for all time. There is ample money to save Social Security and save Medicare and pay down the debt and give the taxpayers some relief.

The previous speaker, I know he did not mean to be flip, but he talked about funny money. This is not funny money. This is the taxpayers' hard-earned dollars, and I think when my colleagues find that we are moving forward, that we have created a surplus, I think it is important that we not only pay down the debt, which I agreed with, the accumulated debt must be reduced; But I think it is also important that we let the taxpayer keep some of their own money.

This is hard-earned dollars. The taxpayers are paying far too much money today, and when we put all the taxes together that the taxpayers pay, let us reject this motion to instruct, and let us let the conferees go about their task of conferencing this most important bill and give the taxpayers some relief that they so richly deserve.

Mr. RANGEL. Mr. Speaker, I yield the balance of my time to the gentleman from Wisconsin (Mr. KLECZKA) to close the debate on the motion to instruct the conferees.

Mr. KLECZKA. Mr. Speaker, I would like to respond to some of the items that have been brought up in debate. Let me start out by saying I support the motion to instruct, and my Republican colleagues know full well that after their tax bill is vetoed, we are going to be back to precisely what we are talking about today, a tax cut which would give back about 25 percent of the projected, projected surplus.

My good friend from Florida talks about funny money. The thing that is funny about the money is it is not here yet. I have heard this afternoon Members come up and say, give it back, it is not easy to balance the budget, but we did it. My friends and colleagues, as we close out this fiscal year, the budget is not in surplus, but in a $5 billion deficit, and for those who say, give it back, we do not have it. It is a projection over the next 10 years based on some very rosy assumptions, very low inflation. One economic downturn, Mr. Speaker, and those dollars will not be here.

In fact, I said it before, and I will say it again. I have a better chance at winning the lottery than this government having a trillion dollars surplus over the next 10 years.

We have had unheralded economic success over the last 4 years. To think it is going to continue for 14 and then for another 10 to make it 24 is totally absurd.

The motion before us says, let us pay down the debt. The gentleman says already we are paying down the debt. If the Congress will go home for 2 years, that debt would be paid down because it is a double counting of the Social Security surplus. Do not kid a kidder. That is going to happen with or without the Congress doing anything.

But what we are saying in our motion is let us take it down even further. It is in excess of $5 trillion. The Republican tax bill expands all the money and leaves no room for modernizing Medicare. What happens to the extra dollars that are there? We spend it on increase on the national debt. So to say that we are doing Social Security and Medicare is totally false.

The bill will be vetoed. I ask my colleagues to vote for the motion to recommit, vote for the motion to instruct because in October that is exactly what we are going to do any way.

Mr. PACKARD. Mr. Speaker, I would like to express my extreme concern over the President's threat to veto H.R. 2488, the Financial Freedom Act of 1999. This legislation offers nearly $800 billion in tax relief for America's families, including eliminating the death tax, reducing the marriage penalty tax and capital gains tax, a 10 percent across the board income tax reduction for all Americans.

The President opposes the Financial Freedom Act because he claims this legislation does not secure Social Security. This is false. The fact is, H.R. 2688 leaves more than $2 trillion for Social Security and Debt Reduction, which exceeds the amount requested in the President's own budget.

Mr. Speaker, tax relief is the right thing to do. H.R. 2688 gives the surplus back to those who created it, the American taxpayer. Over the next ten years, the government will receive an average $5,307 more in taxes from each American family than it needs to operate. If families continue to overpay the federal government in taxes, Washington will just spend it on more big government programs. Mr. Speaker, it is time we let those who worked for the money spend it as they see fit.

I urge the President to reconsider his position against American taxpayers and support the Financial Freedom Act. Government should do more for its citizens than raise their taxes and feed the federal bureaucracy.

The SPEAKER pro tempore (Mr. MILLER of Florida). Without objection, the previous question is ordered on the motion to instruct.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to instruct offered by the gentleman from New York (Mr. RANGEL).

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. RANGEL. 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 Chair announces that proceedings will resume immediately following this vote on two motions to suspend the rules postponed from earlier today. The first vote on the motion to suspend the rules and pass H.R. 747 will be not less than 15 minutes in length, followed by a 5-minute vote on the motion to suspend the rules and pass H.R. 1219.

The vote was taken by electronic device, and there were—yeas 205, nays 213, not voting 15, as follows:

[Roll No. 356]

YEAS—205

Ackerman	Condit	Frost
Allen	Conyers	Gejdenson
Andrews	Costello	Gephardt
Baird	Coyne	Gonzalez
Baldacci	Cramer	Gordon
Baldwin	Crowley	Green (TX)
Barcia	Cummings	Gutierrez
Barrett (WI)	Danner	Hall (OH)
Becerra	Davis (FL)	Hall (TX)
Bentsen	Davis (IL)	Hastings (FL)
Berkley	DeFazio	Hill (IN)
Berman	DeGette	Hilliard
Berry	Delahunt	Hinchey
Bishop	DeLauro	Hinojosa
Blagojevich	Deutsch	Hoeffel
Blumenauer	Dicks	Holden
Bonior	Dingell	Holt
Borski	Dixon	Hooley
Boswell	Doggett	Hoyer
Boucher	Dooley	Inslee
Boyd	Doyle	Jackson (IL)
Brady (PA)	Edwards	Jackson-Lee
Brown (FL)	Engel	(TX)
Brown (OH)	Eshoo	Jefferson
Capps	Etheridge	John
Capuano	Evans	Johnson, E.B.
Cardin	Farr	Jones (OH)
Carson	Fattah	Kanjorski
Clay	Filner	Kaptur
Clement	Forbes	Kennedy
Clyburn	Ford	Kildee

Kilpatrick
Kind (WI)
Kleczka
Klink
Kucinich
LaFalce
Lampson
Larson
Lee
Levin
Lewis (GA)
Lipinski
Lofgren
Lowey
Lucas (KY)
Luther
Maloney (CT)
Maloney (NY)
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McGovern
McIntyre
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Moran (VA)
Murtha
Nadler
Napolitano
Neal
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Peterson (MN)
Phelps
Pickett
Pomeroy
Price (NC)
Rahall
Rangel
Rivers
Rodriguez
Roemer
Rothman
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Schakowsky
Scott
Serrano
Sherman
Shows
Sisisky
Skelton
Slaughter
Smith (WA)
Snyder
Spratt
Stabenow
Stark
Stenholm
Strickland
Stupak
Tanner
Tauscher
Taylor (MS)
Thompson (CA)
Thompson (MS)
Thurman
Tierney
Towns
Traficant
Turner
Udall (CO)
Udall (NM)
Velazquez
Vento
Visclosky
Waters
Watt (NC)
Waxman
Weiner
Wexler
Weygand
Wise
Woolsey
Wu
Wynn

NAYS—213

Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Biggert
Bilirakis
Bliley
Blunt
Boehlert
Boehner
Bonilla
Bono
Brady (TX)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Castle
Chabot
Chambliss
Chenoweth
Coble
Coburn
Collins
Combest
Cook
Crane
Cubin
Cunningham
Davis (VA)
Deal
DeLay
DeMint
Diaz-Balart
Dickey
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Everett
Ewing
Fletcher
Foley
Fossella
Fowler
Franks (NJ)
Frelinghuysen
Gallegly
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Goodling
Goss
Graham
Granger
Green (WI)
Greenwood
Gutknecht
Hansen
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (MT)
Hilleary
Hobson
Hoekstra
Horn
Hostettler
Houghton
Hulshof
Hunter
Hutchinson
Hyde
Isakson
Istook
Jenkins
Johnson (CT)
Johnson, Sam
Jones (NC)
Kasich
Kelly
King (NY)
Kingston
Knollenberg
Kolbe
Kuykendall
LaHood
Largent
Latham
LaTourette
Lazio
Leach
Lewis (CA)
Lewis (KY)
Linder
LoBiondo
Lucas (OK)
Manzullo
McCollum
McCrery
McHugh
McInnis
McKeon
Metcalf
Mica
Miller (FL)
Miller, Gary
Moran (KS)
Morella
Myrick
Nethercutt
Ney
Northup
Norwood
Nussle
Ose
Oxley
Packard
Paul
Pease
Petri
Pickering
Pitts
Pombo
Porter
Portman
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)
Souder
Spence
Stearns
Stump
Sununu
Sweeney
Talent
Tancredo
Tauzin
Terry
Thomas
Thornberry
Thune
Tiahrt
Toomey
Upton
Vitter
Walden
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson
Wolf
Young (AK)
Young (FL)

NOT VOTING—15

Abercrombie
Bilbray
Clayton
Cooksey
Cox
Frank (MA)
Ganske
Lantos
McDermott
McIntosh
Peterson (PA)
Pryce (OH)
Reyes
Scarborough
Taylor (NC)

□ 1855

Messrs. TANCREDO, VITTER, and LAHOOD changed their vote from ''yea'' to ''nay.''

So the motion to instruct conferees was rejected.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated against:

Mr. McINTOSH. Mr. Speaker, on rollcall No. 356, I was detained at the airport. Had I been present, I would have voted "no."

The SPEAKER pro tempore (Mr. CALVERT). The Chair will announce conferees at a later date.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to clause 8, rule XX, the Chair will now put the question on each motion to suspend the rules on which further proceedings were postponed earlier today in the order in which that motion was entertained.

Votes will be taken in the following order:

H.R. 747, by the yeas and nays; and

H.R. 1219 by the yeas and nays.

The Chair will reduce to 5 minutes the time for the electronic vote on the second motion to suspend the rules.

ARIZONA STATEHOOD AND ENABLING ACT AMENDMENTS OF 1999

The SPEAKER pro tempore. The pending business is the question of suspending the rules and passing the bill, H.R. 747.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New Jersey (Mr. SAXTON) that the House suspend the rules and pass the bill, H.R. 747, on which the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 416, nays 0, not voting 17, as follows:

[Roll No. 357]

YEAS—416

Ackerman
Aderholt
Allen
Andrews
Archer
Armey
Bachus
Baird
Baker
Baldacci
Baldwin
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Bentsen
Bereuter
Berkley
Berman
Berry
Biggert
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brady (TX)
Brown (FL)
Brown (OH)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Capps
Capuano
Cardin
Carson
Castle
Chabot
Chambliss
Chenoweth
Clay
Clement
Clyburn
Coble
Coburn
Collins
Combest
Condit
Conyers
Cook
Costello
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
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gejdenson
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green (TX)
Green (WI)
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (IN)
Hill (MT)
Hilleary
Hilliard
Hinchey
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Hooley
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inslee
Isakson
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson, E.B.
Johnson, Sam
Jones (NC)
Jones (OH)
Kanjorski
Kaptur
Kasich
Kelly
Kennedy
Kildee
Kilpatrick
Kind (WI)
King (NY)
Kingston
Kleczka
Klink
Knollenberg
Kolbe
Kucinich
Kuykendall
LaFalce
LaHood
Lampson
Largent
Larson
Latham
LaTourette
Lazio
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Lucas (OK)
Luther
Maloney (CT)
Maloney (NY)
Manzullo
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McGovern
McHugh
McInnis
McIntosh
McIntyre
McKeon
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Mica
Millender-McDonald
Miller (FL)
Miller, Gary
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Nadler
Napolitano
Neal
Nethercutt
Ney
Northup
Norwood
Nussle
Oberstar

Obey
Olver
Ortiz
Ose
Owens
Oxley
Packard
Pallone
Pascrell
Pastor
Paul
Payne
Pease
Pelosi
Peterson (MN)
Petri
Phelps
Pickering
Pickett
Pitts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Quinn
Radanovich
Rahall
Ramstad
Rangel
Regula
Reynolds
Riley
Rivers
Rodriguez
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Royce
Rush
Ryan (WI)
Ryun (KS)
Sabo
Salmon
Sanchez
Sanders
Sandlin
Sanford
Sawyer
Saxton
Schaffer
Schakowsky
Scott
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Shuster
Simpson
Sisisky
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (WA)
Snyder
Souder
Spence
Spratt
Stabenow
Stark
Stearns
Stenholm
Strickland
Stump
Stupak
Sununu
Sweeney
Talent
Tancredo
Tanner
Tauscher
Tauzin
Taylor (MS)
Terry
Thomas
Thompson (CA)
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
Weiner
Weldon (PA)
Weller
Wexler
Weygand
Whitfield
Wicker
Wilson
Wise
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NOT VOTING—17

Abercrombie
Bilbray
Clayton
Cooksey
Cox
Frank (MA)
Gephardt
Lantos
McDermott
Metcalf
Peterson (PA)
Pryce (OH)
Reyes
Scarborough
Smith (TX)
Taylor (NC)
Weldon (FL)

□ 1912

Mr. THOMAS changed his vote from ''nay'' to ''yea.''

So (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to the provisions of clause 8 of rule XX, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device may be taken on each additional motion to suspend the rules on which the Chair has postponed further proceedings.

CONSTRUCTION INDUSTRY PAYMENT PROTECTION ACT OF 1999

The SPEAKER pro tempore. The pending business is the question of suspending the rules and passing the bill, H.R. 1219, as amended.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion of the gentleman from California (Mr. HORN) that the House suspend the rules and pass the bill, H.R. 1219, as amended, on which the yeas and nays are ordered.

This will be a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 416, nays 0, not voting 17, as follows:

[Roll No. 358]

YEAS—416

Ackerman
Aderholt
Allen
Andrews
Archer
Armey
Bachus
Baird
Baker
Baldacci
Baldwin
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Bentsen
Bereuter
Berkley
Berman
Berry
Biggert
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brady (TX)
Brown (FL)
Brown (OH)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Capps
Capuano
Cardin
Carson
Castle
Chabot
Chambliss
Chenoweth
Clay
Clement
Clyburn
Coble
Coburn
Collins
Combest
Condit
Conyers
Cook
Costello
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
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gejdenson
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green (TX)
Green (WI)
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hastings (FL)
Hayes
Hayworth
Hefley
Herger
Hill (IN)
Hill (MT)
Hilleary
Hilliard
Hinchey
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Hooley
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inslee
Isakson
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson, E.B.
Johnson, Sam
Jones (NC)
Jones (OH)
Kanjorski
Kaptur
Kasich
Kelly
Kennedy
Kildee
Kilpatrick
Kind (WI)
King (NY)
Kingston
Kleczka
Klink
Knollenberg
Kolbe
Kucinich
Kuykendall
LaFalce
LaHood
Lampson
Largent
Larson
Latham
LaTourette
Lazio
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Lucas (OK)
Luther
Maloney (CT)
Maloney (NY)
Manzullo
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McGovern
McHugh
McInnis
McIntosh
McIntyre
McKeon
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Metcalf
Mica
Millender-McDonald
Miller (FL)
Miller, Gary
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Moran (KS)
Morella
Murtha
Myrick
Nadler
Napolitano
Neal
Nethercutt
Northup
Norwood
Nussle
Oberstar
Obey
Olver
Ortiz
Ose
Owens
Oxley
Packard
Pallone
Pascrell
Pastor
Paul
Payne
Pease
Pelosi
Peterson (MN)
Petri
Phelps
Pickering
Pickett
Pitts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Quinn
Radanovich
Rahall
Ramstad
Rangel
Regula
Reynolds
Riley
Rivers
Rodriguez
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Royce
Rush
Ryan (WI)
Ryun (KS)
Sabo
Salmon
Sanchez
Sanders
Sandlin
Sanford
Sawyer
Saxton
Schaffer
Schakowsky
Scott
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Shuster
Simpson
Sisisky
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Souder
Spence
Spratt
Stabenow
Stark
Stearns
Stenholm
Strickland
Stump
Stupak
Sununu
Sweeney
Talent
Tancredo
Tanner
Tauscher
Tauzin
Taylor (MS)
Terry
Thomas
Thompson (CA)
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
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
Whitfield
Wicker
Wilson
Wise
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NOT VOTING—17

Abercrombie
Bilbray
Clayton
Cooksey
Cox
Frank (MA)
Gephardt
Hastings (WA)
Lantos
McDermott
Moran (VA)
Ney
Peterson (PA)
Pryce (OH)
Reyes
Scarborough
Taylor (NC)

□ 1922

So (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The result of the vote was announced as above recorded.

The title of the bill was amended so as to read: ''A bill to amend the Miller Act, relating to payment protections for persons providing labor and materials for Federal construction projects.''

A motion to reconsider was laid on the table.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 987, WORKPLACE PRESERVATION ACT

Mr. REYNOLDS, from the Committee on Rules, submitted a privileged report (Rept. No. 106–280) on the resolution (H. Res. 271) providing for consideration of the bill (H.R. 987) 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, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 2031, TWENTY-FIRST AMENDMENT ENFORCEMENT ACT

Mr. REYNOLDS, from the Committee on rules, submitted a privileged report (Rept. No. 106–281) on the resolution (H. Res. 272) providing for consideration of the bill (H.R. 2031) to provide for injunctive relief in Federal district court to enforce State laws relating to the interstate transportation of intoxicating liquor, which was referred to the House Calendar and ordered to be printed.

ANNOUNCEMENT REGARDING AMENDMENT PROCESS FOR H.R. 417, BIPARTISAN CAMPAIGN FINANCE REFORM ACT OF 1999

Mr. REYNOLDS. Mr. Speaker, a ''Dear Colleague'' letter will be sent to all Members informing them that the Committee on Rules is planning to meet this week to grant a rule which may limit the amendment process for floor consideration of H.R. 417, the Bipartisan Campaign Finance Reform Act of 1999.

The Committee on House Administration ordered H.R. 417 reported this evening, and is expected to file its committee report on Wednesday, August 4.

Any Member wishing to offer an amendment should submit 55 copies and a brief explanation of the amendment to the Committee on Rules in room H–312 of the Capitol by 4 p.m. on Wednesday, August 4. Amendments should be drafted to the bill as ordered reported by the Committee on House Administration. Copies of the bill may be obtained from the Committee on House Administration, and is also expected to be posted on that committee's web site.

Members should use the Office of Legislative Counsel to ensure that their amendments are properly drafted, and should check with the Office of the Parliamentarian to be certain their amendments comply with the rules of the House.

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 further consideration of the bill (H.R. 2206), making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2000, and for other purposes.

The SPEAKER pro tempore (Mr. CALVERT). Is there objection to the request of the gentleman from Alabama?

There was no objection.

REQUEST FOR CONSIDERATION OF S. 1467

Mr. SHUSTER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 1467) and ask for its immediate consideration in the House.

Mr. OBEY. Mr. Speaker, I object.

The SPEAKER pro tempore. The Chair is not able to entertain the gentleman's request at this time.

Mr. SHUSTER. Mr. Speaker, the gentleman from Minnesota (Mr. OBERSTAR), I understand, is reserving the right to object.

The SPEAKER pro tempore. The gentleman from Pennsylvania (Mr. SHUSTER) is not recognized for that purpose.

Mr. SHUSTER. May I ask why the gentleman is objecting? Is it in order, Mr. Speaker, for me to ask why the gentleman is objecting?

The SPEAKER pro tempore. Under the Speaker's guidelines, the Chair is not recognizing the gentleman from Pennsylvania for that purpose at this time.

APPOINTMENT OF CONFEREES ON H.R. 2488, FINANCIAL FREEDOM ACT OF 1999

The SPEAKER pro tempore. Without objection, the Chair announces the Speaker's appointment of the following conferees on the bill (H.R. 2488) to provide for reconciliation pursuant to sections 105 and 211 of the concurrent resolution on the budget for fiscal year 2000:

For consideration of the House bill, and the Senate amendment, and modifications committed to conference:

Messrs. ARCHER, ARMEY, CRANE, THOMAS, RANGEL, and STARK.

As additional conferees for consideration of sections 313, 315–316, 318, 325, 335, 338, 341–42, 344–45, 351, 362–63, 365, 369, 371, 381, 1261, 1305, and 1406 of the Senate amendment, and modifications committed to conference:

Messrs. GOODLING, BOEHNER, and CLAY.

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.

□ 1929

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.

□ 1930

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose on Thursday, July 29, 1999, amendment No. 3 printed in part B of House Report 106–269 by the gentleman from Pennsylvania (Mr. PITTS) had been disposed of.

Under the order of the House of that day, it is now in order to consider amendment No. 6 printed in the CONGRESSIONAL RECORD by the gentleman from New Jersey (Mr. ANDREWS).

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.

The CHAIRMAN. Pursuant to the previous order of the House, the gentleman from New Jersey (Mr. ANDREWS) and a Member opposed each will control 15 minutes.

Does the gentleman from Alabama (Mr. CALLAHAN) seek to control the time in opposition?

Mr. CALLAHAN. Yes, I do, Mr. Chairman.

Mr. Chairman, I ask unanimous consent that my time be halved with the gentlewoman from California (Ms. PELOSI), and that she be given the authority to yield the time for her 7½ minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The CHAIRMAN. The gentleman from New Jersey (Mr. ANDREWS) is recognized for 15 minutes.

Mr. ANDREWS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, in 1996, this House voted to end welfare as we know it for single moms and for people struggling to raise families across America. This amendment says that it is time for us to end corporate welfare as we know it.

The amendment says that the Overseas Private Investment Corporation, OPIC, will be precluded from initiating new deals, new transactions, with the money that is in this underlying bill. It says that DuPont and General Electric, and McDonald's, and some of the largest corporations in the world, ought to risk their capital in risky international investments, not the capital of the American taxpayers.

Now, I have had the opportunity to outline my views previously on Thursday night, but I want to quickly summarize them before yielding to supporters of my amendment.

We will no doubt hear that this will cause chaos at OPIC. It will not. This amendment does not interfere with the ongoing operation and the wind-down of the entity. It simply says that funds should be used to effectuate that wind-down rather than to initiate new deals.

We will hear that this will have a devastating effect on U.S. investment overseas. Frankly, the huge majority, the immense majority of private investments by U.S. corporations overseas have nothing to do with OPIC. They have to do with the judgments of entrepreneurs and investors in the global market every day.

We will hear that somehow or another this is unilateral disarmament in the war on trade. It is nothing of the sort. It is the recognition that the real engine of international growth for the U.S. economy is not the taxpayers' pockets, but the entrepreneurs taking a risk.

This is one of the few amendments I have ever seen that is supported by Ralph Nader and Milton Freedman. And that is probably all people need to know about why they should support it.

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

Ms. PELOSI. Mr. Chairman, I ask unanimous consent to yield the 7½ minutes that has been yielded to me to the gentleman from New Jersey (Mr. MENENDEZ) and that he be allowed to control that time.

The CHAIRMAN. Is there objection to the request of the gentlewoman from California?

There was no objection.

The CHAIRMAN. The gentleman from New Jersey (Mr. MENENDEZ) will control the 7½ minutes.

Mr. MENENDEZ. Mr. Chairman, I yield 1 minute to the gentleman from New York (Mr. RANGEL), the distinguished ranking Democrat on the Committee on Ways and Means.

Mr. RANGEL. Mr. Chairman, I oppose this amendment. It really puts a damper on American entrepreneurship as we try to transfer technology to the least developed countries that we have in the world.

Recently, this House passed the African Growth and Opportunity bill. It was not just out of compassion that we did it, but we wanted to make certain that we have people that are able to be able to be productive, to have disposable income, to have jobs, to have dignity, and not to be looking for welfare and to be looking for foreign assistance.

What OPIC does is encourage private investment to have partnerships so that we are able to say that all over the world, especially in developing nations, that our great Republic will be able to have meaningful commercial trade relations.

I have been to Africa. I have been there with Eximbank. I have been there with OPIC. I have been there with the State Department. Believe me, OPIC really encourages foreign investment, and we need it now more than ever.

Mr. CALLAHAN. Mr. Chairman, I yield 2 minutes to the gentleman from Nebraska (Mr. BEREUTER), the chairman of the Subcommittee on Asia and the Pacific of the Committee on International Relations.

Mr. BEREUTER. Mr. Chairman, I rise in strong opposition to the amendment. While the amendment might make for catchy so-called cost-cutting sound bites, in reality it would significantly hurt U.S. foreign policy, result in a revenue loss for the Federal Government, and cost American jobs and American export opportunities. This amendment has only costs, in my judgment, and no benefits.

First, contrary to some things that have been said, OPIC has contributed $3.3 billion to deficit reduction and the Function 1050 account. In fiscal year 2000, OPIC anticipates it will contribute approximately $200 million to deficit reduction. OPIC is self-sustaining and generates an annual increase in funding. If OPIC were eliminated, the budget would lose revenues rather than achieve savings. In fact, this amendment would put the Federal Government $200 million in the red for just the next year.

Since OPIC's operating costs are covered by user fees, eliminating OPIC does not mean these resources are available for other programs or can be considered as cut spending. There are no millions of dollars in savings as claimed by the amendment's supporters, just lost jobs and export opportunities without any offsetting benefit.

OPIC supports new, high-paying, export-oriented jobs in the United States. More than 237,000 jobs have been created as a result of OPIC-supported projects. In 1998 alone, nearly 7,000 U.S. jobs were created by OPIC projects. Without OPIC, it is estimated that 70,000 job opportunities could be lost in the next 4 years.

To those who express concern about OPIC supported investment abroad luring jobs away from America to foreign countries, this Member recommends they examine closely what kind of investments OPIC is supporting and what kind of so-called foreign jobs are being created. The United States cannot supply raw electric power to Egypt. We can supply American-made power generating equipment and services. How is selling power generating equipment and years of spare parts and services taking jobs away from Americans? If we don't sell the Egyptians these power plants, the Europeans, Japanese, Canadians, or other foreigners will.

The United States does not grow tea. Therefore, how does investing in a tea plantation in Rwanda steal American jobs? Indeed, it supports U.S. jobs insofar as that tea operation needs tools, machines, trucks and other services—and these are products and services made by American labor.

The United States is not home to the great African savannah and giraffes, lions, zebras, and baboons are not native wildlife. Therefore, how does supporting the eco-tourism industry in Botswana by investing in new hotels and tour operations take away American jobs? On the contrary, this development requires all kinds of infrastructure, construction materials, furnishings, vehicles, and services—these goods and services Americans produce and sell.

OPIC-backed projects around the world are U.S. small businesses. Over the next 4 years it is estimated that OPIC projects will generate $23 billion more in America exports. $6 billion of those exports are to be from over 150 American small businesses.

OPIC has proven itself to be a successful supporter of American foreign policy. OPIC mobilizes private sector investment in support of U.S. foreign policy at no cost to the American taxpayer. The Andrews amendment would mean no support for U.S. investment in high priority foreign policy areas. It would eliminate an estimated $9 billion in increased trade and investment with Sub-Saharan Africa, $4 billion in Central America and the Caribbean, and $8 billion for development of Caspian Sea energy resources.

Since 1971, OPIC supported projects which have resulted in the export of $58 billion of American products. More than $2.8 billion in American exports were generated by OPIC supported projects in 1998 alone.

With respect to the Andrews-Sanders-Sanford amendment, I would have to say that it hurts American competitiveness and benefits our foreign competitors. Most of our developing nations, like France, Germany and Japan, offer a comprehensive array of export and overseas investment support. They clearly understand the importance of such programs in supporting jobs and economic growth at home. The U.S. spends less per capita, as a percentage of GDP, and in dollar terms on supporting private sector investment in developing countries than any other major competitor country.

Mr. Chairman, the support OPIC provides is not corporate welfare and has not eliminated American jobs as the ''Dear Colleague'' letter circulated recently complained. Caterpillar was

cited. It makes tractors in Illinois, and that is the epitome in Peoria of an American city. The Member, I suspect, would be surprised to find among the Caterpillar workers any of them who believe they are fat cats.

These are hard-working Americans. OPIC helps promote the sale of the tractors they make at no cost to the American taxpayer. Given the significant support foreign competitors receive from their governments, without OPIC, America's Caterpillar is in many instances at a real disadvantage to Japan's Komatsu or Korea's Hyundai. Let us not ignore the consequences—ultimately, this Amendment benefits foreign competitors like Komatsu at the expense of American workers in all 50 states.

Mr. Chairman, in response to the charges by some OPIC critics that OPIC is not even authorized, this Member would remind his colleagues that the House International Relations Committee, the appropriate authorizing body, has already considered and marked up a new reauthorization for OPIC. This legislation is pending on the Union Calendar.

Mr. Chairman, I urge opposition to the Andrews amendment.

Mr. ANDREWS. Mr. Chairman, I yield 4 minutes to the gentleman from South Carolina (Mr. SANFORD), one of the co-authors of this amendment and a person who has been very diligent about cutting costs for the American public.

Mr. SANFORD. Mr. Chairman, I thank the gentleman for yielding me this time. I support this amendment and am, indeed, a cosponsor on this amendment because it makes sense to the United States taxpayer.

This amendment is not about the inefficiency of OPIC. As government organizations go, it is quite efficient. It is not about the management. It has a good management. I have met with George Munoz, who is head of OPIC. The issue that this amendment gets to is not is OPIC able to handle the mandate that it has been given, but rather is that mandate in the best interest of the United States taxpayer. And I think if we look under the hood on this, we would come to the conclusion that no is the answer.

First, Mr. Chairman, there is a financial risk to the U.S. taxpayer with OPIC. OPIC was given a billion dollars of seed money in 1971 when OPIC was begun, and yet if we look, since 1971 there has not been, for instance, a world war. These loans or guarantees are backed with the full faith and credit of the United States Government. If there was a war, we would see the cost to those guarantees. There has not been a global depression since 1971. If there was a severe economic downturn, we would see the cost to those guarantees.

In fact, if we look in Brazil, where there is $1.9 billion of taxpayer exposure, OPIC itself has said that fully half of their portfolio could be affected by the crisis there. The same could be said, for instance, in Russia. So, one, there is a contingent liability that goes back to the United States taxpayer. Two, there is a direct cost.

With the money that was originally provided, interest is earned on that money. And if we look at the income statement of last year, $139 million was the net income and $193 million came as a result of these interest payments. That leaves a loss of $54 million.

Admittedly, $54 million is not a lot of money in Washington, but back home that is a lot of money. In fact, I did a back-of-the-envelope calculation, and it would take 13,500 taxpayers, average taxpayers, working and paying taxes for a full year, to send Washington $54 million.

Third consideration is that it does cost American jobs. And that is not my opinion or the opinion of the gentleman from New Jersey (Mr. ANDREWS). That is the opinion of Time magazine. They did a three-part series on corporate welfare. What they found was, for instance, a $29 million loan guarantee for Levi Strauss and Company to build a manufacturing plant in Turkey, while, at the same time, the Labor Department was handing out unemployment and training benefits for 6,400 American workers who had been laid off in 11 American plants with Levi Strauss and Company. The point of that article was saying that the two were directly correlated.

Finally, I would just make mention of the fact that this changes markets. If we change a market, we change where an investment can be made. And so what we are doing is subsidizing development off our coast. And as well, what we are doing is preventing a marketplace from developing with other insurers.

This is a need that needs to take place, but it could be easily handled by the Lloyds of London, who are not in this business right now because OPIC is.

Mr. MENENDEZ. Mr. Chairman, I yield myself 2¼ minutes.

First, let me thank the distinguished gentlewoman from California (Ms. PELOSI), the ranking member of the committee, for yielding me this time.

I join my colleague the gentleman from New Jersey (Mr. ANDREWS) in saying that I am against corporate welfare, but this, the subject of his amendment, is not about corporate welfare. It is hard to understand how anyone can object to a program that returns money to the U.S. Treasury while at the same time furthering our foreign policy goals and helping to increase foreign investments and exports overseas.

Last year, OPIC earned a profit of $139 million. And in fiscal year 2000, OPIC will contribute an estimated $204 million in net negative budget authority. In fact, OPIC has had a positive net income for every year of operation with reserves now totaling $3.3 billion.

All that we do through the appropriation process is to allow OPIC to spend money that it has already earned to cover its administrative costs. We do not save money for the taxpayers by cutting OPIC's appropriations. In fact, quite to the contrary. By supporting this amendment, we will forfeit an estimated over $200 million in net budget authority for the next fiscal year.

At a time when Congress is trying to adhere to the constraints of a balanced budget, OPIC stands apart as a revenue-earning program. And at a time that we are facing record high trade deficits, we need to be looking at ways to expand our export promotion programs, not contract them.

More American exports mean more American jobs. More than 237,000 American jobs have been created as a result of OPIC's supported projects. In our home State of New Jersey, OPIC has provided over $1 billion in financing and insurance, generating $3 billion in U.S. exports and creating over 10,000 jobs.

We should not be so shortsighted. We live in a global economy and only those who can compete will succeed. This is not corporate welfare. OPIC is one of the ways that we ensure that American companies and American jobs thrive in the next century. We cannot afford to be so naive as to believe that American companies, large and small, can compete without this type of support when their competitors have the full economic and diplomatic support of their governments.

Mr. Chairman, I urge my colleagues to oppose the Andrews amendment.

Mr. CALLAHAN. Mr. Chairman, I yield 30 seconds to the gentleman from Illinois (Mr. MANZULLO).

□ 1945

Mr. MANZULLO. Mr. Chairman, we have OPIC because there is no private sector that can fill that gap. Lloyds of London, nobody could come in and fill that gap.

In fact, OPIC has been partnering with Lloyds of London on being able to come up to a relationship whereby part of this type of insurance can be privatized. The reason we need OPIC is so that we can be on an even keel with our exporting partners around the world.

Mr. ANDREWS. Mr. Chairman, I am pleased to yield 4 minutes to the gentleman from Vermont (Mr. SANDERS), one of the coauthors of the amendment with a leading voice for progressive issues in America.

Mr. SANDERS. Mr. Chairman, I thank the gentleman for yielding me the time.

Mr. Chairman, I strongly support this amendment, which would strike a good blow against the $125 billion a year we are currently spending on corporate welfare.

My, this is a strange debate. I am hearing conservative Republicans tell

us they believe in government insurance. This is what it is.

Now, it is interesting, however. This is not government insurance for middle-class homeowners. This is not government insurance for those people who are paying outrageous premiums for automobile insurance. No, no, no. We do not get government insurance for that.

But if they are J.P. Morgan, they can get government insurance for a $200 million investment in an oil field in Angola. If they are Texaco, they get government insurance for $139 million for investment of a power generating project in the Philippines. If they are the Chase Manhattan Bank, they get socialized insurance.

Here we have conservative Republicans, corporate Democrats telling us government insurance for the multinationals. I think that that is pretty strange.

Mr. Chairman, it seems to me that we should note that in Indonesia right now OPIC officials are in that country, and they are in that country because the government there is suggesting that an American-backed company may not be able to make as much money as they wanted; and if that in fact takes place, it is going to be the American taxpayer through OPIC that bails out that particular company that invested in Suharto's dictatorship.

Mr. Chairman, another disturbing aspect of this situation is that the United States Government is providing financial incentives to the largest corporations in this country to invest abroad.

Now, some of us think that it would be a very good idea for these corporations that are investing tens of billions of dollars abroad to maybe bring that investment back to the State of Vermont and other States around this country to put our people to work at decent paying jobs.

I hear our friend say that OPIC makes money, OPIC makes money. Well, if OPIC makes money, then maybe we better think about government insurance in other areas. And I would yield right now to any person who is opposing the Andrews amendment to tell us that they are prepared to support government insurance for homeowners, government insurance for automobile people who need automobile insurance.

Are they in favor of that, Mr. Chairman? Not. I ask the gentleman from New Jersey (Mr. MENENDEZ).

Only government insurance for the large multinational corporations. Let us stop corporate welfare. Let us support the Andrews amendment.

Mr. MENENDEZ. Mr. Chairman, I yield 1 minute to the distinguished gentleman from Connecticut (Mr. GEJDENSON), ranking Democrat of the Committee on International Relations.

Mr. GEJDENSON. Mr. Chairman, I would join my friend from Vermont (Mr. SANDERS) in having universal health coverage, but that is not the debate today. The debate today is whether this program helps or hurts Americans and American workers.

I would argue that $52 billion in exports that OPIC facilitated helps American workers, that almost $3 billion in the U.S. the Treasury in fees from these corporations, not welfare, but charges to these corporations giving us profits in every year that OPIC has operated in, $20 million in 1970, in excess of $200 million in 1997, and even during the Asian financial crisis $138 million, and anticipated back over to $200 million next year.

What this does is help American jobs, helps us export manufacturing, helps America's international national foreign policy get executed. It is cheaper than a Marshall Plan and it helps American jobs.

The gentlemen who are opposing this amendment have good intentions, but they are dead wrong.

Mr. CALLAHAN. Mr. Chairman, I yield 1 minute to the gentleman from New York (Mr. GILMAN), chairman of the Committee on International Relations.

Mr. GILMAN. Mr. Chairman, I thank the gentleman for yielding me the time.

Mr. Chairman, I rise in strong opposition to the amendment offered by the gentleman from New Jersey prohibiting OPIC from supporting any new investment projects.

This amendment would not only close down any future OPIC investments in Africa, but it would eliminate billions of dollars of OPIC-related hurricane assistance for Central America and the Caribbean. The adoption of this amendment would prevent billions of dollars of future U.S. exports from ever taking place. Thousands of jobs now held by American workers would be lost, and millions of dollars in tax revenue would be unavailable to our States and local communities.

Since its inception in 1971, OPIC generated over $58 billion in U.S. exports, created more than 237,000 jobs. It operates on a self-sustaining basis and actually provides funding authority to pay for the humanitarian development and anti-narcotics programs contained in the legislation we are now debating.

Accordingly, I urge my colleagues to oppose the Andrews amendment.

Mr. ANDREWS. Mr. Chairman, I yield 3 minutes to my friend, the gentleman from Alabama (Mr. BACHUS).

Mr. KASICH. Mr. Chairman, will the gentleman yield?

Mr. BACHUS. I yield to the gentleman from Ohio.

Mr. KASICH. Mr. Chairman, let me just make one thing very clear about OPIC making money. OPIC holds government bonds. The Department of the Treasury of the United States then pays interest on the government bonds.

So when we talk OPIC making profit, the profit is being paid for by taxpayers to an organization that holds government bonds. It has nothing to do with making money or having a profit.

So let us just be clear about the fact that we use this terminology carefully. We know this is a very tough fight here because it is right at the heart of subsidies to the most powerful, and we understand that it is hard to win that. But I think it is very important that when we have this debate that we be clear about it.

I am not suggesting for a second that anybody is trying to distort the truth. We have just got to get the facts about what profits are all about. It is not about any government operation making money in the marketplace. It has to do with taxpayers giving them money that then gets scored as extra money, which some call profits. That is in error. So we ought to be clear about what this organization actually does.

Mr. BACHUS. Mr. Chairman, reclaiming my time, I would say, as chairman of the Subcommittee Domestic and International Monetary Policy, I would join the chairman in his assessment on the profit it makes.

Now, we have heard that OPIC helps American workers, and we have heard that it hurts American workers. I want to focus on that one claim.

Let us look at one of these transactions. In 1997, OPIC financed the building for Levi Strauss of a garment-making factory in Turkey, a $29-million guarantee, because they did not want to finance it themselves and private insurers would not do it.

Well, what happened when Levi Strauss built that factory? They laid off 6,400 workers at U.S. garment-making factories in 11 locations in the United States.

Now, do my colleagues think that those 6,400 employees, if any of them are listening today, that they will buy this argument that we are creating jobs? We lost those jobs. And not only did we lose those jobs, but the Labor Department had to go in, and let me tell my colleagues what they had to do. They had to provide unemployment assistance, and they also had to provide trade adjustment assistance because of the Levi Strauss factory which had been built in Turkey, financed by OPIC.

I strongly urge support of this amendment.

Mr. CALLAHAN. Mr. Chairman, I am pleased to yield 2 minutes to the gentleman from Missouri (Mr. BLUNT), the chief deputy whip.

Mr. BLUNT. Mr. Chairman, I thank the gentleman for yielding me the time.

Mr. Chairman, I rise in opposition to the amendment.

As the gentleman from New Jersey (Mr. MENENDEZ) and others have talked about, we are in a global economy.

OPIC does open markets. OPIC has helped create jobs in this country. And OPIC charges premiums. OPIC charges premiums.

One of the big criticisms of OPIC is that the premiums are too high and that is why they have $3.3 billion in reserves. Now, if the premiums are too high and the private sector would be interested in going into these areas, why is it not there?

OPIC fills a void that the private sector will not go into if OPIC is eliminated. They will go into troubled countries. They go into countries that insurance companies of a private nature will not go into. These premiums have generated $139 million last year. They are expected to generate $200 million this year.

OPIC's claims because of the way OPIC is funded become a priority whenever these troubled countries try to reestablish relationships with the United States.

No private company would have that great advantage in settling claims. That is why OPIC does not lose money. That is why OPIC does encourage trade. That is why OPIC works. That is why the private sector will not replace it if it is eliminated.

I urge my colleagues to vote against this amendment.

Mr. ANDREWS. Mr. Chairman, I yield 2 minutes to the gentleman from Texas (Mr. PAUL).

Mr. PAUL. Mr. Chairman, I thank the gentleman for yielding me the time.

Mr. Chairman, I rise in strong support for this amendment. If it were true that this agency is profitable, we would not be here. They would be making profit, and OPIC would not need to come here every year.

They are asking for $55 million. Where does the profit come from? It was stated earlier very clearly; from the interest they earn. They have a portfolio of $3 billion of U.S. securities.

But these did not reduce the national debt. That is part of the national debt. We pay interest on that $3 billion. And this agency gets $194 million from it, four times the amount of the requested appropriation.

No wonder on paper it looks profitable. And they say, well, the private companies will not insure some of these projects. That means it is probably risky. Why should the taxpayer assume the risk? Why should these corporations be protected with this corporate welfare?

This is the reason why jobs are exported at a cost to the American taxpayer. It is bad economics. And it is a lot of twisting of the facts if we call this agency profitable at the same time they are getting $194 million that we barely talk about.

How many other agencies of government get interest like this? This is almost a government unto itself, the fact that it has that much financing without even a direct appropriation because it is paid out of the interest budget.

This is indeed a very important amendment. I believe that we should definitely vote for this. If we care at all about the taxpayer of this country, we should expose what is happening with corporate welfare.

The little people are not coming to us today begging us to vote against this amendment. It is the corporations, the giant corporations, not our small mom-and-pop businesses. They are not coming and saying, please, please protect OPIC. No, it is the giant corporations that have been able to manipulate and get benefits from programs like this.

The CHAIRMAN. The gentleman from Alabama (Mr. CALLAHAN) has 2 minutes remaining. The gentleman from New Jersey (Mr. ANDREWS) has 2 minutes remaining. The gentleman from New Jersey (Mr. MENENDEZ) has 3½ minutes remaining. The gentleman from Alabama (Mr. CALLAHAN) has the right to close.

Mr. MENENDEZ. Mr. Chairman, I yield 1 minute to the gentleman from Texas (Mr. BENTSEN).

Mr. BENTSEN. Mr. Chairman, the reason why we have this insurance program is the same reason why we have the HUD insurance program for homeowners in this country, low-income homeowners, because the marketplace does not provide for it, just as my colleague from Missouri just said.

The other reason we have this program is because our trading partners around the world do this and do it a lot more. So if we are to pass this amendment and unilaterally withdraw from being a competitive trading Nation, we will only drive up the imports in this country, drive down the exports from this country, and cost Americans jobs.

By passing this amendment, we will not do anything to bring capital back into this country. OPIC is used in my district where we have companies that are looking for new markets to get into.

The Stewart & Stevenson Company builds turbine engines and then sells them throughout the world. And when they sell more engines, they hire more Americans to build them in my district.

□ 2000

That is what this is about. So if you want to try and find some pure philosophy that only the United States is going to do, it will be at the expense of the American worker.

Mr. MENENDEZ. Mr. Chairman, I yield 1½ minutes to the gentleman from Oregon (Mr. WU).

Mr. WU. Mr. Chairman, I rise today on behalf of small business owners and workers in my home State of Oregon and in opposition to the amendment offered by the gentleman from New Jersey (Mr. ANDREWS). This amendment to abolish OPIC would damage the efforts of Oregon's small businesses in emerging markets overseas. In Oregon, OPIC has financed and insured projects worth $27 million. These efforts have generated over $33 million in Oregon exports. Many new jobs come through businesses that supply goods and services to projects insured or financed by OPIC, businesses like Hyster Sales Company in Tigard, Oregon, and Interwrap Industries in Portland, Oregon.

OPIC helps level the playing field for American businesses of all sizes which compete for overseas projects. OPIC offers American businesses essential risk insurance for their investments in high-risk emerging markets. It provides temporary financing for investments when private sector support is lacking.

But OPIC does all of this in a fiscally sound manner. Customers which benefit from OPIC repay the full principal amount.

I urge my colleagues to vote ''no'' on the Andrews amendment.

Mr. ANDREWS. Mr. Chairman, I yield 1 minute to the gentleman from Nebraska (Mr. TERRY), a very articulate freshman Member.

Mr. TERRY. Mr. Chairman, I rise in support of the Andrews amendment. I am not debating whether or not it is corporate welfare, but I want to talk about how OPIC must get its own house in order first as I lack confidence in this program.

I am going to tell my colleagues a story about a company in my district, Mid-American Energy, who has been working with OPIC, had used OPIC to build a power plant in Indonesia.

The government did a bait and switch. They put in a claim. Now they are pursuing to recover this lost investment. In May 1999, OPIC required an arbitration. Mid-American won in the United Nations Commission on International Trade Law, 3–0.

What next? OPIC said, ''That's not good enough. We need you to do it again. We want you to go somewhere else for another arbitration.''

When OPIC loses this time, will they change the rules again? Will they require this company to go three out of five arbitrations?

Mr. Chairman, Mid-American has followed OPIC guidelines. Now it must fulfill its obligations. I urge the support of this amendment.

Mr. MENENDEZ. Mr. Chairman, I yield the balance of my time to the gentleman from Illinois (Mr. DAVIS).

The CHAIRMAN. The gentleman from Illinois is recognized for 1 minute.

Mr. DAVIS of Illinois. Mr. Chairman, I am opposed to corporate welfare. I am opposed to giving away taxpayers' money. I am even opposed to fattening

fat cats. But I am not opposed to stimulating business growth and development in sub-Saharan Africa, the poorest region of the world. I am not opposed to saying that in order to facilitate the development of opportunity in areas that unless there was some private investment, nothing would happen. And so while generally I would be on the other side of an issue like this one, but because of the need in areas of the world for business development, I find myself in opposition to this amendment because I want to see Africa have an opportunity to grow and develop, and I support investment in countries like sub-Saharan Africa. I oppose the amendment.

Mr. Chairman, I rise in strong opposition to this amendment to prohibit any funds for new projects by the Overseas Private Investment Corporation. Cutting OPIC's administrative budget will hurt our nation's 22 million small businesses who export directly or by contract to other countries.

Specifically, cutting funds would cut what little business assistance sub Saharan Africa, the poorest region of the world receives.

During this decade OPIC has increased its effectiveness in helping Africa. For instance, OPIC has currently four privately managed investment funds available to support investment in Africa. These programs focus on mining, manufacturing, broadcasting, information technology and I hope to see soon healthcare.

The point I am trying to make here is that if we cut OPIC'S budget we would hurt small business, decrease our nation's exports, and cut jobs. For the past three years, OPIC's budget has been effectively frozen. We already have this organization working on a shoestring budget.

OPIC is not a giveaway program, it is not a subsidy and it is not general assistance. It is not corporate welfare. This is an investment and I might add, an investment that is paying off. OPIC projects have generated $58 billion in U.S. exports and created more than 237,000 U.S. jobs.

I must confess that I am at a loss to understand how or why we would want to cut funding for an effort that is producing results, and effectively carrying out its mission. Why would you cut the budget on an agency whose budget is funded from user fees? Why prevent new investments? Why eliminate $9 billion in trade and investment in sub Saharan Africa? Why eliminate $4 billion in hurricane rebuilding resources in Central America and the Caribbean? Why undercut private sector rebuilding initiatives for the war torn Balkans? There is no reason to, and there is no reason to support this amendment.

Mr. Chairman, I have always been told, if it ain't broke, don't fix it!

OPIC is not broke, let's not try to fix it.

Mr. ANDREWS. Mr. Chairman, I yield myself the balance of my time. I appreciate the opportunity to summarize our point of view in the debate. I share with my friend from Illinois a real desire to develop Africa and other less developed areas. I just think we should do it openly and directly and not through the Trojan horse of corporate welfare which I believe is what OPIC is.

Here is what OPIC really says. If someone wants to build a plant or a factory in New Jersey or Oregon or Texas, they are on their own, they have to go to a bank and take a risk and borrow the money themselves. But if they want to build the plant in a foreign country, another continent, then the United States taxpayers, if they are big enough and powerful enough, will have to reach into our pockets and subsidize it. The idea of us subsidizing these operations is wrong.

Let us end corporate welfare as we know it and support this amendment.

Mr. CALLAHAN. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman, let me say that I know the distinguished gentleman from New Jersey is well-intended in his beliefs, but I do believe him to be absolutely wrong.

He mentioned the fact that plants have already spent their own money in his home State without government assistance, which is wrong to begin with, but the plants that are already there, like AT&T, like Berger International, like Schick, like Johnson & Johnson, Nabisco, Squibb and Ingersoll-Rand are all using OPIC, and I am sure that the thousands of employees who are benefitting from the fact that they are exporting the products could probably convince their fellow New Jerseyan that he was making a mistake.

The same with the gentleman from Alabama who stood up and talked about it. Yet in his hometown of Birmingham, Alabama, Mr. Chairman, they utilize OPIC more than any other city in the entire State. But the good thing about that is they ship those products through the port of Mobile and enhance the ability of the people in my district to benefit from exporting these products.

They say OPIC is not really making any money and how the books say that, but OPIC is making $200 million a year, period. That is the fact. They are not losing money. It is true that when our countries go now into a foreign country, they are on a levelized playing field with all of the other industrialized nations because all of the other nations have similar programs. These are insurance programs that for the most part insure that if the government expropriates all of the properties there, that OPIC, the United States of America, will guarantee payment to the bank from which most of this money comes from for their guarantees.

This is not corporate welfare. This is a sensible export program that is vital to American industry. I would urge my colleagues to vote ''no'' on the Andrews amendment.

PARLIAMENTARY INQUIRY

Mr. CALLAHAN. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CALLAHAN. Mr. Chairman, is it the Chair's understanding that after this vote, there will be no more votes tonight, that the rest of the amendments that we debate tonight will be carried over until tomorrow so that this would be the last vote of the night?

The CHAIRMAN. The gentleman is correct. Under the rule the Chair has the authority to postpone votes on amendment and intends to do so after the vote on the Andrews amendment.

Mr. CALLAHAN. Mr. Chairman, I would urge my colleagues to vote ''no'' on this last amendment.

Mr. FRELINGHUYSEN. Mr. Chairman, I rise today in opposition to the Andrews amendment and in support of the Overseas Private Investment Corporation, or OPIC.

Let me tell you what OPIC has meant to companies, large and small, in my state of New Jersey. With the help of risk insurance provided by OPIC since the program began, New Jersey companies have generated $3 billion in exports which supported 10,000 jobs.

I hope my colleague from New Jersey will take note of the companies from New Jersey who needed OPIC insurance in order to sell their products abroad and thus support jobs here at home in our state of New Jersey.

Many New Jersey companies have benefited from OPIC financing and insurance. They include, among others, Copelco Capital of Mahwah, Croll Reynolds Co. of Westfield; Engelhard Pollution Control of Iselin; Guest Supply Inc. of Monmouth Junction; H.W. Baker Linen Co. of Mahwah; Ingersoll-Dresser Pump Co. of Liberty Corner; Ingersoll-Rand of Woodcliff Lake, ITT of Midland Park; Maersk Inc. of Madison; Regal International of Closter.

And what have these companies been able to do with OPIC Insurance? Let's just talk about some of the small New Jersey companies that have benefited. Misco America from Holmdel supplied products for a project in Ethiopia; Casale Industries from Garwood was involved in an electrical service project in Turkey; GAR International from Red Bank was a supplier for the privatization of a copper mine in Peru.

So, again, I hope my colleague from New Jersey takes note of the importance of OPIC to New Jersey companies, large and small, and their employees.

OPIC is a key component in our efforts to open up markets all over the globe to U.S. products and services.

Again, Mr. Chairman, I urge my colleagues to oppose this amendment and support OPIC.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey (Mr. ANDREWS).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. ANDREWS. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 103, noes 315, not voting 15, as follows:

[Roll No. 359]

AYES—103

Andrews
Archer
Armey
Bachus
Baldwin
Barcia
Barr
Barrett (WI)
Bartlett
Bass
Berkley
Bono
Brown (OH)
Burton
Campbell
Cannon
Chabot
Chenoweth
Coble
Coburn
Collins
Condit
Cox
Crane
DeFazio
DeMint
Dickey
Doolittle
Duncan
Ehrlich
Evans
Farr
Fletcher
Goode
Goodlatte
Graham
Hayworth
Hefley
Herger
Hilleary
Hinchey
Hobson
Hoekstra
Holden
Hostettler
Hunter
Jones (NC)
Kanjorski
Kaptur
Kasich
Kingston
Kucinich
Largent
Linder
Lipinski
LoBiondo
Luther
McInnis
McIntosh
McIntyre
McKinney
Metcalf
Mica
Miller (FL)
Miller, George
Myrick
Nadler
Norwood
Obey
Pascrell
Paul
Pease
Peterson (MN)
Petri
Pombo
Ramstad
Rangel
Rivers
Rogan
Rohrabacher
Royce
Ryun (KS)
Salmon
Sanders
Sanford
Schaffer
Sensenbrenner
Shadegg
Smith (MI)
Souder
Stark
Stearns
Strickland
Stupak
Sununu
Tancredo
Terry
Tierney
Toomey
Traficant
Visclosky
Wamp
Woolsey

NOES—315

Ackerman
Aderholt
Allen
Baird
Baker
Baldacci
Ballenger
Barrett (NE)
Barton
Bateman
Becerra
Bentsen
Bereuter
Berman
Berry
Biggert
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brady (TX)
Brown (FL)
Bryant
Burr
Buyer
Callahan
Calvert
Camp
Canady
Capps
Capuano
Cardin
Carson
Castle
Chambliss
Clay
Clayton
Clement
Clyburn
Combest
Conyers
Cook
Costello
Coyne
Cramer
Crowley
Cubin
Cummings
Cunningham
Danner
Davis (FL)
Davis (IL)
Davis (VA)
Deal
DeGette
Delahunt
DeLauro
DeLay
Deutsch
Diaz-Balart
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Dreier
Dunn
Edwards
Ehlers
Emerson
Engel
English
Eshoo
Etheridge
Everett
Ewing
Fattah
Filner
Foley
Forbes
Ford
Fossella
Fowler
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gejdenson
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goodling
Gordon
Goss
Granger
Green (TX)
Green (WI)
Greenwood
Gutierrez
Gutknecht
Hall (TX)
Hansen
Hastings (FL)
Hastings (WA)
Hayes
Hill (IN)
Hill (MT)
Hilliard
Hinojosa
Hoeffel
Holt
Hooley
Horn
Houghton
Hoyer
Hulshof
Hutchinson
Hyde
Inslee
Isakson
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson, E.B.
Johnson, Sam
Jones (OH)
Kelly
Kennedy
Kildee
Kilpatrick
Kind (WI)
King (NY)
Kleczka
Klink
Knollenberg
Kolbe
Kuykendall
LaFalce
LaHood
Lampson
Larson
Latham
LaTourette
Lazio
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Lofgren
Lowey
Lucas (KY)
Lucas (OK)
Maloney (CT)
Maloney (NY)
Manzullo
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McGovern
McHugh
McKeon
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Miller, Gary
Minge
Mink
Moakley
Mollohan
Moore
Moran (KS)
Moran (VA)
Morella
Murtha
Napolitano
Neal
Nethercutt
Ney
Northup
Nussle
Oberstar
Olver
Ortiz
Ose
Owens
Oxley
Packard
Pallone
Pastor
Payne
Pelosi
Phelps
Pickering
Pickett
Pitts
Pomeroy
Porter
Portman
Price (NC)
Quinn
Radanovich
Rahall
Regula
Reynolds
Riley
Rodriguez
Roemer
Rogers
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Rush
Ryan (WI)
Sabo
Sanchez
Sandlin
Sawyer
Saxton
Schakowsky
Scott
Serrano
Sessions
Shaw
Shays
Sherman
Shimkus
Shows
Simpson
Sisisky
Skeen
Skelton
Slaughter
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Spence
Spratt
Stabenow
Stenholm
Stump
Sweeney
Talent
Tanner
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Thomas
Thompson (CA)
Thompson (MS)
Thornberry
Thune
Thurman
Tiahrt
Towns
Turner
Udall (CO)
Udall (NM)
Upton
Velazquez
Vento
Vitter
Walden
Walsh
Waters
Watkins
Watt (NC)
Watts (OK)
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
Whitfield
Wicker
Wilson
Wise
Wolf
Wu
Wynn
Young (AK)
Young (FL)

NOT VOTING—15

Abercrombie
Bilbray
Cooksey
Frank (MA)
Gephardt
Hall (OH)
Lantos
McDermott
Peterson (PA)
Pryce (OH)
Reyes
Scarborough
Sherwood
Shuster
Waxman

□ 2028

Mr. WATKINS and Mr. EVERETT changed their vote from ''aye'' to ''no.''

Mr. FLETCHER changed his vote from ''no'' to ''aye.''

So the amendment was rejected.

The result of the vote was announced as above recorded.

Stated against:

Mr. SHERWOOD. Mr. Chairman, on rollcall No. 359 I was inadvertently detained. Had I been present, I would have voted "no."

□ 2030

Mr. CALLAHAN. Mr. Chairman, I move to strike the last word in order to enter into a colloquy with the gentleman from Georgia (Mr. DEAL).

Mr. Chairman, the gentleman from Georgia has a very serious problem that he brought to the attention of the committee. When we went to the Committee on Rules, we found that probably it would be better suited in the bill of the gentleman from Kentucky (Mr. ROGERS) which is to come up later on this week.

In any event, the seriousness of the problem in Georgia actually impacts all others. I thought that we could enter into this colloquy with the gentleman from Georgia (Mr. DEAL) so that he might explain the problem, so in the event that the measure cannot be handled successfully in the Commerce, State, Justice bill, that we may consider it in conference.

I would like yield to the gentleman from Georgia (Mr. DEAL) to explain the problem and his request.

Mr. DEAL of Georgia. Mr. Chairman, will the gentleman yield?

Mr. CALLAHAN. I yield to the gentleman from Georgia.

Mr. DEAL of Georgia. Mr. Chairman, as the chairman indicated, we have a serious problem in this country with regard to individuals who are noncitizens who have been arrested for serious felonies and have been ordered deported.

They are then in the custody of the Immigration and Naturalization Service pending the acceptance back by their country of their citizenship. Unfortunately, we have many countries, well over 100 countries now, who have either refused to accept their citizens back or are unduly delaying the process of accepting them back, over 3,300 people, and we are adding approximately 60 every month to this list. These are individuals who are having to be detained in our Federal detention facilities at a cost of about $67 a day, and the cost on an annual basis is somewhere in the neighborhood of about $80 million.

My amendment would have addressed that by simply saying to those nations, many of whom do receive assistance under this particular bill, that they would not be able to receive that assistance unless they cooperated, which is the responsibility and the comity of nations to accept your citizens back once they have been ordered deported from another country, and that that would be a condition for their receiving assistance under this bill.

As the chairman has indicated, unfortunately, we did not receive the waiver from the Committee on Rules, but it is a serious problem, not only in my district, but in many other parts of the country. We cannot criticize the INS for not issuing deportation orders when we run into the problems of these over 100 countries who refuse to cooperate with that deportation process.

I want to thank the chairman for his cooperation in making the matter a matter before the House tonight. I appreciate his cooperation and look forward to working with the gentleman as we approach the Commerce, Justice and State appropriation, as hopefully we can find wording that will address the issue there. I also appreciate his willingness that if we are not successful there, to continue to work with us to find a solution.

I think the American people expect when we order a person deported, that

their country will accept them back, and, if they do not, that they should not expect to receive foreign aid at the same time they are costing the American taxpayers over $80 million a year.

Mr. CALLAHAN. Mr. Chairman, reclaiming my time, I would also say I believe this is the law of the land anyway. It is my understanding we are just not adequately enforcing it; that the State Department and the Justice Department have the authority already to enforce this, and yet they are failing to do so. It is an issue that needs to be addressed by this Congress, and I am very appreciative of the gentleman from Georgia for bringing it to our attention.

AMENDMENT OFFERED BY MR. BURTON

Mr. BURTON of Indiana. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment offered by Mr. BURTON of Indiana:

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.

The CHAIRMAN. Pursuant to the order of the House of Thursday, July 29, 1999, the gentleman from Indiana (Mr. BURTON), and a Member opposed each will control 25 minutes.

Mr. CALLAHAN. Mr. Chairman, I rise in opposition to the Burton amendment and claim all time in opposition to the Burton amendment.

The CHAIRMAN. The gentleman from Alabama (Mr. CALLAHAN) will control 25 minutes.

Mr. CALLAHAN. Mr. Chairman, I ask unanimous consent to yield half of the time allocated to me to the gentlewoman from California (Ms. PELOSI), and that she be allowed to control said time.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Ms. PELOSI. Mr. Chairman, I thank the distinguished gentleman for yielding me time.

Mr. Chairman, I ask unanimous consent to yield my time to the gentleman from New York (Mr. ACKERMAN), and that he be allowed to control said time.

The CHAIRMAN. Is there objection to the request of the gentlewoman from California?

There was no objection.

The CHAIRMAN. The gentleman from Indiana (Mr. BURTON) is recognized.

Mr. BURTON of Indiana. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, our foreign policy in our country has been concerned about human rights violations around the world for a long time. However, Mr. Chairman, we have been concerned about human rights around the world on a very selective basis in this country.

Recently we were in Yugoslavia, in Kosovo, trying to help the people who were being persecuted on both sides, and there were about 10,000 deaths in Kosovo. In Haiti, we sent in our troops a few years ago, and there were only a few hundred people killed, and it cost us probably several hundred million dollars to have our troops down there, but we thought it was a good cause in this country. Yet in places like the Sudan, where 2 million people have been killed, 2 million, in the struggle for freedom, we have not done a thing. Our role is almost nonexistent.

In other parts of Africa, Rwanda, Burundi and Burma, where thousands and thousands, hundreds of thousands of people have been killed, we have not done a thing. We do not even talk about it.

In a place called Kashmir, where there are half a million Indian troops occupying that area, women are being gang raped and men are being tortured and killed. Amnesty International calls the policy of the Indian government ''An official policy sanctioning extrajudicial killings,'' and we do not even talk about it.

In Punjab, since 1984, the last 14 to 15 years, a quarter of a million, 250,000 Sikhs, have been killed, not to mention those who have been tortured and maimed. In Kashmir, since 1988, a mere 10 years ago, 60,000 Muslims have been killed. Thousands of so-called untouchables, Dalits, the blacks in India, have been killed.

As result of some of these problems, there is a conflict going on on the border between India and Pakistan that could lead to a real problem for that part of the world, and, yes, the whole world itself, because both of those countries have nuclear weapons. According to our own State Department, India paid over 41,000 cash bounties to police for killing innocent Sikhs between 1991 and 1993. In July of 1998, police picked up Kashmir Sing, a man in Punjab. They said they arrested him for theft. Then they tortured him for 15 days. They rolled logs over his legs so he could not walk. They submerged him in a tub of water and slashed his thighs with razor blades and put hot peppers into the wounds.

Sikhs are routinely found floating dead in canals with their hands and feet bound together. One thousand cases of unidentified bodies were cremated not too long ago by the military.

Of course, I talked to you about the Muslim persecution in Kashmir where there are 500,000 troops. Women are gang raped while their husbands are forced to wait outside at gun point. The Christian persecution, since Christmas Day of 1998, there has been a wave of attacks on Christian churches, prayer halls, schools, including the murder of priests, one of which was beheaded.

Our State department agrees. They said, ''There was a sharp increase in attacks against Christians just last year.'' Some of the things that are going on I cannot even talk about. They parade Dalit women, the blacks, around naked, and they are gang raped as well in many cases.

The State Department report on page 22 says, ''The Human Rights Commission is prohibited by statute from directly investigating allegations of abuse involving army and paramilitary forces.'' They are talking about the Human Rights Commission in India. They are specifically prohibited by statute from directly investigating allegations of abuse involving the army and paramilitary forces.

The human rights organizations around the world, such as Human Rights Watch says, ''Despite government claims that normalcy has returned to Kashmir, Indian troops in the state continue to carry out summary executions, disappearances, rape and torture.'' This report was written in July of 1999, this year.

Methods of torture include severe beatings with truncheons, rolling a heavy log on the legs, hanging the detainee upside down, and the use of electric shocks. Indian security forces have raped women in Kashmir during search operations.

I can go on and on.

Amnesty International, another human rights group says, ''Torture, including rape and ill-treatment continue to be endemic throughout the country.'' This is in their annual report, 1999. ''Disappearances continue to be reported during the year, predominantly in Punjab and Kashmir,'' 1999. ''Hundreds of extrajudicial killings and executions were reported in many states, including Kashmir and Punjab,'' 1999, this year.

I talk about this year after year after year. My colleagues who defend India's government policies keep coming down saying, ''Oh, well, it is a big country, the second biggest in the world. We have to keep those economic doors open. We have got to make sure that we do business with them.''

Well, okay, let us do business with them, but let us at least send them a signal, send a little-bitty signal to them that these kinds of atrocities cannot be tolerated, should not be tolerated. $11 million cut from our foreign aid to India is a drop in the bucket. They are getting foreign aid from all over the world. So if we cut them by a mere $11 million, one-fourth of the developmental aid we are going to give them, to send a little signal that they should stop these human rights abuses, is that wrong? I think not.

But if the persecution of these people were not enough, let me talk to you about something else, something that I think is extremely important that we have not talked about for a while.

Last week, my colleagues who support these atrocities in India by not sending them a signal, last week the Indian oil minister attempted to circumvent the United Nations embargo on Iraq by extending a $25 million loan to Iraq in a deal that knowingly violated, or were going to knowingly violate the U.N. trade sanctions imposed on Iraq for invading Kuwait in 1990. It was not until international pressure was put on India that they reluctantly bowed and complied with the U.N. rules governing these transactions.

India's minister of oil and gas said, granted his agreement would violate U.N. sanctions, but he said his country would never allow a friend like Iraq to suffer. He went on to say India is deeply concerned about the situation in Iraq, adding that the Indian government would offer Iraq all the political, material, and moral support that they needed.

India also wants to help Iraq rehabilitate some Iraqi oil refineries and a lubricant oil plant. India and Iraqi officials have said they would like to soon sign a contract to develop two oil fields in southern Iraq.

So India wants to help one of the worst tyrannical regimes in the world, Saddam Hussein's, at a time when we are participating in a U.N. embargo. And we are going to continue to send the same amount of foreign aid or almost the same amount. We are not going to send any signal about the human rights violations or about them breaking this embargo, or wanting to break this embargo, about their intention to work with Saddam Hussein to develop the oil fields in southern Iraq? And I say to my colleagues, do you not want to say anything about this? Do you not want to send any kind of a signal to India?

Eleven million dollars is a drop in the bucket, but it will tell the whole world that the United States is paying attention to the horrible human rights abuses that are taking place, the atrocities that are taking place, the killings that are taking place, and, yes, the violations of the U.N. embargo that they want to take place.

□ 2045

So I would say to my colleagues, who I know have their minds already made up and who are going to be out here en masse tonight opposing this amendment, have a heart. Show a little bit of heart for these people who are suffering over there. Because unless we say something, nobody will.

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

Mr. CALLAHAN. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, I wish to point out to Members and to the author of the amendment that the intent of his amendment is unclear. The amendment places a ceiling of $33.5 million on the amount of development assistance aid available to the government of India. However, the President's fiscal year 2000 budget request for all development assistance to India, including both aid to the government and aid directly to nongovernmental organizations, is only $28.7 million. In fact, about 85 percent of all aid funding to India goes through NGOs, not the government.

Therefore, the amendment of the gentleman from Indiana (Mr. BURTON) would actually allow considerably more funding to the government of India than the President, the Secretary of State, USAID, and the committee is recommending. I do not think it was the intent of the gentleman from Indiana to increase funding for India, but based upon the reading of his amendment, it appears to me that it raises the level of assistance to India and he may want to withdraw it.

Mr. ACKERMAN. Mr. Chairman, I yield such time as he may consume to the gentleman from California (Mr. BERMAN).

Mr. BERMAN. Mr. Chairman, I rise in strong opposition to the Burton amendment.

Cutting development assistance for India at this time would be totally counterproductive because it would undermine U.S.-India relations just when we're starting to make some real progress.

India showed great restraint in the recent Kashmir crisis, and the Indian government has made a strong commitment to resuming bilateral discussions with Pakistan as soon as all militants have withdrawn behind the Line of Control.

India has also indicated that signing the Comprehensive Test Ban Treaty will be a high priority.

On both counts, India is moving in a direction that's totally consistent with U.S. security interests in South Asia. It would be foolish to put this progress in jeopardy by cutting India's development assistance.

Mr. Chairman, human rights abuses should be taken seriously wherever they occur. India, like most countries in the world, doesn't have a perfect record.

But according to the latest State Department report on human rights practices, India is making real progress. The Indian Supreme Court has acknowledged and condemned earlier human rights abuses in Punjab, and the independent National Human Rights Commission is conducting an investigation.

The best way to improve human rights in India is to continue an open and frank dialogue, not to cut programs that limit the spread of AIDS, improve access to reproductive health services, and provide basic health care for mothers and children.

With some 500 million Indians living below the poverty line, the modest amount of assistance we provide barely scratches the surface when compared to the overall need.

But it's an important symbol of the relationship between the world's two largest democracies and it should be continued.

I urge my colleagues to defeat the amendment.

Mr. ACKERMAN. Mr. Chairman, I yield 1 minute to the gentleman from Ohio (Mr. BROWN).

Mr. BROWN of Ohio. Mr. Chairman, I thank the gentleman from New York (Mr. ACKERMAN) for yielding me this time.

Mr. Chairman, I rise in strong opposition to the Burton amendment. We have heard a variety of arguments as to why we should abandon ties with India, and frankly none of them make sense. The fact is that India, the world's largest democracy, is becoming more closely aligned with the United States and is increasingly important to us as a trading partner and a strategic partner.

Over a quarter of a million people are expected to vote in India's fall elections, free and fair elections open to every citizen of every religion of every region of every race. Think about that. A nation of 1 billion people with a free and open press practicing democracy.

This amendment sends the wrong message to the billions of people around the world who yearn for a secular stable political system, a political system in this country that our Founding Fathers believed should be based on universal freedoms. It sends the wrong message to the best allies that the United States will ever have, the world's fledgling democracies, whether they are the people of India, the people of Taiwan, or the people of Mali.

Mr. Chairman, I ask for opposition to the Burton amendment.

Mr. BURTON of Indiana. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, the gentleman from Alabama (Mr. CALLAHAN), chairman of the committee, just said that our amendment only addresses developmental assistance when he knows full well that this amendment has been proposed in years past when developmental assistance and child survival and disease assistance was lumped into one category. Today he is trying to say that if our amendment passes, that we are actually increasing money to India, when I think they are trying to come up with a straw issue here to defeat the amendment and it is very disconcerting.

Mr. CALLAHAN. Mr. Chairman, I yield myself 15 second in which to respond by simply reading the gentleman's amendment. It says ''under the heading Development Assistance.'' The gentleman's amendment is drafted wrong. I know that is not his intent. I was telling the gentleman this to make him aware of the consequences. The amendment will actually increase the ability of the administration to increase development assistance.

Mr. ACKERMAN. Mr. Chairman, I yield 1 minute to the gentlewoman from New York (Mrs. MALONEY).

Mrs. MALONEY of New York. Mr. Chairman, I thank the gentleman from New York (Mr. ACKERMAN) for yielding me this time and for his great leadership on this issue and so many others.

Mr. Chairman, I rise in opposition to the Burton amendment which would cut aid to India. A similar resolution or amendment was defeated in 1997, and we should do so again tonight.

The last two State Department Human Rights reports praised India for the progress the country has made in the area of human rights. And in the wake of the recent Pakistani-backed incursion across the line of control into Kashmir, India has been praised by the international community for the restraint it demonstrated and for the steps it took to ensure that the situation did not escalate out of control.

The momentum gained in U.S.-India relations in recent years needs to be sustained and strengthened. It is the world's largest democracy and the world's strongest democracy should be supporting our friend and ally. I urge a ''no'' vote.

Mr. BURTON of Indiana. Mr. Chairman, I yield 4 minutes to the gentleman from California (Mr. ROHRABACHER).

Mr. ROHRABACHER. Mr. Chairman, I rise in support of the intent of the gentleman from Indiana (Mr. BURTON) to send a message to India. I really actually admire India. India is a very large country that was created in a period of turmoil after the decline and the dissolution of the British Empire, and India has managed over the years, with great hardship, to have some fundamentally democratic institutions; and we should all recognize that they have elections there and have struggled to have independent courts and free elections and some kind of freedom of speech.

There have been ups and downs. In fact, I believe that the American business community has made a tragic error in focussing on Communist China as being that country which would be the recipient of aid and the recipient of investment over the years, when India was there and ready and willing to be a country that could increase the standard of living of its people by industrializing and making itself more prosperous.

However, let us recognize that with that that India has made some major errors and some of them are based totally on ego. And when it comes to the Kashmir and the Punjab and Jammu, the Indian Government might as well not be a democracy. For people in those areas, India might as well be Nazi Germany. It might as well not have free elections at all, because those people are being denied their right and have been all along, especially in Kashmir, to determine their own destiny through a plebiscite that was required of them by the United Nations.

The Indian Government today has, as the gentleman from Indiana (Mr. BURTON) pointed out, hundreds of thousands of troops occupying Kashmir; and many of these troops have engaged in, as troops do when they are in hostile territory, engaged in major human rights abuses that have been documented time and again by Amnesty International. There is really no doubt.

Our own government's Human Rights department here and the State Department have documented these human rights abuses. And take a look at what is being said. The type of grotesque human rights abuses against the people of Kashmir is the very same things we saw Saddam Hussein committing and also Milosevic down there in Kosovo and against the Bosnians. These things require us to act and to treat India in a certain way to try to get them to change their behavior.

First of all, and again let me go back to, India is a democratic government. I would hope people would invest in India, and I hope that the United States has closer ties to India in the future. Nothing would make that more likely than for them to seek peace in Kashmir by permitting the people there to have a vote of plebiscite which India, because of ego, continues to say no, no, no. And as long as that happens, India will be spending tens of millions if not hundreds of millions of dollars on weapons.

Mr. Chairman, think of this. Today we are only talking about decreasing the foreign aid to India by $11 million, when the Indians themselves are spending hundreds of millions on conventional weapons and at least tens of millions, probably hundreds of millions, on nuclear weapons as well. That makes no sense at all for us to be subsidizing the weapons program of India. Instead, we should be sending this message to convince them to solve this long-festering problem in Kashmir and permit some of the democratic reforms to take place in Punjab and Jammu.

This would be a very positive message for us to send for only an $11 million reduction. I would hope that my colleagues join me. I am sorry if there has been some kind of a drafting problem with this amendment, and I would hope that the gentleman from Indiana is permitted to solve that drafting problem here on the floor with some minor alteration of the text.

Mr. Chairman, I ask support for the intent of the gentleman from Indiana (Mr. BURTON).

Mr. CALLAHAN. Mr. Chairman, I yield 2 minutes to the gentleman from Michigan (Mr. KNOLLENBERG), who is a member of our subcommittee.

Mr. KNOLLENBERG. Mr. Chairman, I thank the gentleman from Alabama (Mr. CALLAHAN) for yielding me this time.

Mr. Chairman, I rise in strong opposition to the amendment offered by the gentleman from Indiana (Mr. BURTON) as I have done for the last 5 years or so.

In light of the heightened tensions in Kashmir, the Burton amendment is the wrong approach at the wrong time. The gentleman from Alabama has mentioned the NGO situation. That is aside from some of the things that I want to say. It is important, obviously, but I want to say this amendment will have the inappropriate and ill-considered effect of ostracizing India at a critical point in the ongoing conflict over Kashmir.

Mr. Chairman, instead of risking further tension in the region, the United States should be actively engaged in promoting peace in the subcontinent of Asia. While the eventual resolution of the Kashmir conflict must be resolved bilaterally between India and Pakistan, the United States has an interest in facilitating meaningful negotiations between the parties. In fact, I believe so strongly in bringing peace to this region, that I have encouraged the administration to appoint a special envoy to serve as an honest broker to the conflict.

But in order to help bring a framework for peace, the U.S. must come to the table with clean hands. Supporting the Burton amendment would put the recent progress in relations between India and America at risk. Over the past year, we have seen increased dialogue on nuclear nonproliferation, a better understanding of India's security concerns, and an increase in U.S.-India trade and investment. This improvement in U.S.-India relations should be sustained and strengthened, not put at risk.

In order to address concerns we may have about India, it is important to focus on fostering a positive and constructive dialogue. This amendment would do the exact opposite by risking the progress we have made.

Mr. Chairman, I urge my colleagues on both sides to vote against the Burton amendment and in support of peace in Kashmir and engagement with India.

Mr. ACKERMAN. Mr. Chairman, I yield such time as he may consume to the gentleman from North Carolina (Mr. PRICE).

Mr. PRICE of North Carolina. Mr. Chairman, I rise in strong opposition to the Burton amendment and ask permission to include the full text of my remarks in the RECORD.

Mr. Chairman, I rise again this year to oppose the Burton amendment which would unfairly and unwisely cut foreign assistance to India. As this body has done repeatedly in the past, I urge my colleagues to reject this amendment.

Adoption of this amendment would send the wrong message at the wrong time. We have recently witnessed the de-escalation of a dangerous confrontation between the world's two newest nuclear powers, India and Pakistan. Rather than praising India for the restraint it demonstrated during the recent situation in

Jammu and Kashmir, the Burton amendment would rebuff India and, in targeting humanitarian aid, would punish the poorest and neediest people in a country where 500 million live below the poverty line.

We are all aware of tensions in our relationship with India because of the nuclear tests fourteen months ago. Over the past year, however, we have made significant progress in intense bilateral talks between the United States and India. India has expressed readiness to cooperate in developing a multilateral agreement to halt production of fissile materials and to sign the Comprehensive Test Ban Treaty. We need to be encouraging this sort of progress. The Burton amendment could stop it cold.

India has made significant progress in liberalizing her economy and increasing trade and investment. The momentum created by these reforms would also be impeded by passage of the Burton amendment. United States businesses are India's number one overseas investor. Some 107 Fortune 500 countries are currently invested in India, and United States high tech firms see India as one of the world's most important developing markets.

Mr. Chairman, the United States must work with India to limit the proliferation of nuclear weapons, to address the security concerns of the region, and to safeguard the progress that has been made in protecting human rights. This amendment would not merely affect the level of assistance, which is already extremely limited, but far more significantly, would stigmatize India at precisely the moment we need most to build trust. I urge my colleagues to vote no on this amendment.

Mr. ACKERMAN. Mr. Chairman, I yield such time as she may consume to the gentlewoman from North Carolina (Mrs. CLAYTON).

Mrs. CLAYTON. Mr. Chairman, I rise in opposition to the Burton amendment.

Mr. Chairman, I oppose the Burton amendment.

This amendment, whether it freezes, cuts, or caps foreign assistance to India, is a step in the wrong direction.

India's Government is moving in the right direction, at a rapid pace to strengthen its ties with the United States and the world.

The economic and diplomatic relationship between the United States, the world's oldest democracy, and India, the world's largest democracy, would receive a harmful blow with successful passage of this amendment.

Mr. Chairman, the Government of India has been on a constant pace of change since 1991.

Indeed, the most recent State Department human rights reports praised India for the substantial progress it has made.

India has established a process to receive and resolve complaints of human rights violations.

Those complaints are investigated.

And when officials and members of security forces are found to have violated human rights, India has taken swift and sure action.

Indeed, the human rights violations that Mr. BURTON alleges, no longer exist.

India is a strong and vibrant democracy, with an independent judiciary, a free press and an active voting population.

More than 650 million citizens are expected to vote in India's elections later this year.

There is no other nation that can boast of voter participation by that many citizens, and few that can match India's voter turnout which ranges around two-thirds of its voters.

And, there is no other nation that can boast of its economic ties to the United States in comparison to India.

U.S. business in India has grown at an astonishing rate of nearly 50 percent a year since 1991, from $500 million then, to more than $12 billion now, with the United States becoming India's largest trading partner and largest investor.

Some one hundred of America's Fortune 500 companies have invested in India, opened offices and plants there.

With so many large American companies that have now invested in India and opened operations there, it would be foolish to break those ties, ties that we have so diligently strived to assemble.

It is false and misdirected to say that India is not our friend.

I would remind my colleagues, Mr. Chairman, that our Government and the Government of India have negotiated on very sensitive matters of disarmament and non-proliferation.

Serious efforts have been made by our two countries to find common ground on these important security issues.

Any action by the United States to stigmatize India on inaccurate human rights allegations will likely complicate our efforts to create a lasting and meaningful friendship in a very dangerous part of the World.

It should also be noted that the aid we provide to India goes for very important projects. The aid we provide to India goes to the control of AIDS, to population control, disease control and rural development.

These are important and worthy causes, causes that not only benefits India, they benefit us and the rest of the world.

In 1997, we overwhelmingly defeated this amendment by a vote of 342 to 82.

We took the right position then, and we should take the right position now.

Mr. Chairman, let us as Members of Congress not view the Government of India as being callous to alleged human rights violations.

India has made great strides in their battle to bring together diverse states within its Region.

Vote NO! on the Burton Amendment.

Mr. ACKERMAN. Mr. Chairman, I yield such time as she may consume to the gentlewoman from Texas (Ms. JACKSON-LEE.

Ms. JACKSON-LEE of Texas. Mr. Chairman, I rise in strong opposition to the Burton amendment.

Mr. ACKERMAN. Mr. Chairman, I yield 1½ minutes to the gentleman from New Jersey (Mr. PALLONE).

Mr. PALLONE. Mr. Chairman, I just find it so sad to listen to my colleagues in support of this Burton amendment spread inaccurate information about India which has tried so hard to deal effectively with human rights problems within the country.

The true human rights problem in Kashmir is that of a violent separatist movement supported by outsiders, supported by Pakistan, carried out by the followers of bin Laden and other extremist terrorist leaders destroying the homes and lives of thousands of peace-loving Hindus and Muslims.

In Kashmir, and Kashmir is part of India, the Indian security forces are trying to maintain order and protect all the citizens of Kashmir, Muslims and Hindu alike, just like we would do in any State of the United States.

I heard mention of Punjab. In Punjab, there is a Sikh government elected by the Sikhs themselves which has been in place for over 2½ years.

Mr. Chairman, I heard mention of Dalits. The President of India is a Dalit, an untouchable. The President of India. The Indian Constitution specifically provides that the caste system is outlawed and not recognized in that state.

□ 2100

We have a national human rights commission in India that has been lauded by the State Department and other international agencies for going after human rights violations, bringing people to justice, jailing people who committed those kinds of violations.

The gentleman from Indiana (Mr. BURTON) talked about a loan to Iraq. The loan to Iraq, from what we understand, we have talked to the embassy, is nothing more than basically for humanitarian purposes. It is just totally inaccurate information that we are getting on the other side.

Mr. BURTON of Indiana. Mr. Chairman, I yield myself such time as I may consume.

Inaccurate information. Human Rights Watch. My colleagues, I hear them quoting from them all the time. Amnesty International, I hear my colleagues quoting them all the time. They quote them all the time. They sit over there, and they smile and they laugh.

Amnesty International Human Rights Watch, the 1999 report that just came out, 1999 report: gang raping women, gang raping women, torturing people, throwing people in canals with their hands tied behind their back and their feet tied, drowning them; and that is an error? Come on, guys.

My colleagues are obviously concerned about constituents of theirs who lobby them hard. I understand that. But the fact of the matter is these things are going on, and we are not doing a damn thing about it.

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

Mr. CALLAHAN. Mr. Chairman, I yield 1 minute to the gentleman from Nebraska (Mr. BEREUTER), who is chairman of the Subcommittee on Asia and the Pacific.

Mr. BEREUTER. Mr. Chairman, I rise in opposition to the amendment.

The amendment, according to the intent of the gentleman from Indiana (Mr. BURTON), would cut one-quarter of the development assistance aid to India. This would affect, of course, not only American national interests, but some of the neediest people in the world in South Asia.

Make no mistake about it, the purpose of the gentleman's amendment is punitive. It is designed to show our displeasure and our disapproval of the government of India. But India, a nation of a billion people, is too important to American interests to threaten or to punish in order to send a message or to show a pro-Pakistan tilt. Regrettably, despite his intent to the contrary, I have to submit that the gentleman's amendment does not serve our national interests, neither with regard to arms control nor in relationship to human rights.

It cuts off all aid except Public Law 480 Title II when it comes to humanitarian aid. Some of the most important things that we are trying to do to assist the poorest people in the world and those specifically in India in this instance would be cut off. We are talking about immunizations against communicable diseases, basic education, nutrition programs, programs relating to HIV/AIDS.

I urge opposition to the amendment of the gentleman from Indiana (Mr. BURTON).

India is already subject to a wide range of sanctions in accordance with Glenn Amendment to the Arms Export Control Act. As a result, all military assistance and even the commercial sale of defense articles are prohibited. All foreign assistance except humanitarian assistance has been terminated.

While this Amendment does not affect the $81 million in P.L. 480 Title II food aid provided by the United States, it does directly affect other kinds of humanitarian aid. Utilizing the waiver process, the remaining U.S. development aid program responds other non-food humanitarian aid which supports to two key U.S. national interests: (1) The global issues of population growth, infectious diseases and environmental conservation; and (2) the humanitarian concerns of alleviating poverty and supporting child survival.

This Amendment would directly affect these poverty alleviation and basis development programs. It would cut HIV/AIDs containment and cut immunizations against such communicable diseases as polio and tuberculosis. It would cut basic education and nutrition programs. The recipients of this aid, mostly poor Indian women and children, have absolutely nothing to do with their government's nuclear proliferation, human rights or foreign trade policies. Their lives should not be further jeopardized for the sake of making a symbolic political statement.

Our national interests in South Asia go beyond poverty alleviation. With India's and Pakistan's successful testing of nuclear weapons, it is in our own short term and long term national security interests to bring both South Asian countries into the regime of international arms control agreements. The chances for and consequences of nuclear warfare in this very volatile region are too great to belittle with symbolic political statements aimed at only party. In just the past few months, we have seen tensions escalate to a very dangerous level due to Pakistan's irresponsible provocations in Kashmir. The fact that India reacted in a relatively measured and internationally responsible way certainly helped contain and diffuse the conflict. While this Member doesnot support direct linkage between humanitarian aid and regional conflict resolution, to arbitrarily cut humanitarian assistance to India given these recent positive actions by New Delhi would, indeed, undermine the leverage we have and jeopardize our efforts to further engage India on critical nuclear proliferation issues that affect their own national security.

Human rights problems exist in India. It is appropriate for us to express concern about this issue. However, cutting humanitarian assistance is not an appropriate or effective way to influence human rights practices in India. On the contrary, it only punishes the poor in India, who unfortunately, are often the actual victims of human rights transgressions.

India is not our enemy. India is a friendly democracy. The United States continues to be India's largest trade and investment partner with trade between our two countries exceeding $10 billion annually.

Deep cuts in humanitarian assistance to some of the world's neediest people are not the way to go about addressing the gentleman's concerns and advancing American interests. Accordingly, this member urges his colleagues to reject the Burton Amendment.

Mr. ACKERMAN. Mr. Chairman, I yield 1 minute to the gentleman from Florida (Mr. HASTINGS).

Mr. HASTINGS of Florida. Mr. Chairman, I thank the ranking member for yielding me this time. This marks the fifth year that the gentleman from Indiana (Mr. Burton) has submitted an amendment that unjustly singles out India and hopefully the fifth year that we decide to vote it down.

The alleged claims of the gentleman from Indiana (Mr. BURTON) of India's human rights violations completely ignore the last two State Department human rights reports that praise India for its considerable progress in the human rights area.

Supporting the Burton amendment would not just weaken our dialogue with India but would undermine the strong economic relationship that both of our countries have achieved.

The United States is India's largest trading partner and largest investor. U.S. investment has grown from $500 million per year in 1991 to more than $12 billion in 1999. Many large American companies have seen the economic opportunities in India and have invested heavily there.

We clearly need to sustain and further strengthen the momentum that has been gained in U.S.-Indo relations, instead of proposing legislation that merely alienates an important ally.

Mr. Chairman, I rise today in opposition to the amendment offered by the gentleman from Indiana. This marks the fifth year that Mr. BURTON has submitted an amendment that unjustly singles out India, and hopefully, the fifth year that we decide to vote it down.

Mr. BURTON's alleged claims of India's human rights violations completely ignore the last two State Department human rights reports that praise India for its considerable progress in this area. The Burton amendment would substantially cut cricial U.S. humanitarian aid to India and would send the wrong message from the world's first democracy to the world's largest.

With the recent Pakistani incursion across the Line of Control into Jammu and Kashmir, India was praised by both the Administration and the International Community for the extraordinary restraint it displayed in confining its response to terrorist occupied territory. Mr. BURTON'S amendment has a peculiar way of showing our support.

The government of India has worked hard to address human rights issues. India has arrested and prosecuted more than 100 individuals associated with the recent string of religious attacks that occurred earlier this year and has passed laws to take action against those officials that have committed human rights violations. Truly, Mr. BURTON'S allegations continue to be based on outdated and inaccurate information.

Supporting the Burton amendment would not only weaken our dialogue with India but would also undermine the strong economic relationship that both of our countries have achieved. The United States is India's largest trading partner and largest investor. U.S. investment has grown from $500 million per year in 1991 to more than $12 billion in 1999. Many large American companies have seen the economic opportunities in India and have invested heavily there.

We clearly need to sustain and further strengthen the momentum that has been gained in U.S.-Indo relations. Instead of proposing legislation that merely alienates an important ally, I suggest the esteemed member from Indiana first take the time to travel to India and see its progress first-hand. Mr. Chairman, I urge all of my colleagues to help India continue its progress in spreading the ideals of democracy by voting no to the Burton amendment.

Mr. BURTON of Indiana. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would just like to point out that there are seven multilateral and 13 bilateral donors that provide assistance to India.

The United States is the seventh largest donor after the World Bank, the Asian Development Bank, the European Union, Japan, Germany, and the United Kingdom.

So there is a lot of people that are giving money to India. But nobody is sending any kind of a message to them that they ought to clean up their act as far as the human rights tragedies that are going on.

Christians are dying in Nagaland. Dalits, the blacks in India, are being

persecuted and are dying because of Indian repression, because of the caste system. In Punjab, Sikhs are dying and being tortured. In Kashmir, women are being gang raped and men are being tortured and dying. People are going to jail without proper judicial proceedings.

We ought to at least send a signal. That is all we are saying. They are getting money from all over the world. A signal. The signal is going to be sent tonight whether we pass this amendment or not because we are talking about it.

The Indian ambassador came to me and did not want me to introduce this amendment because of what is going on over there right now. But somebody said to me a little while ago, what about the signal this is sending because of the chaotic situation that is going on up there on the border between Kashmir and Pakistan or India and Pakistan?

But what about the signal that was sent when they were going to give $25 million to Iraq just the other day? When the Indian ambassador was in my office, they were planning to give $25 million to Iraq in violation of the U.N. embargo. Does not anybody care about that?

Do we want them to support and work with Saddam Hussein? They said they are planning to work with him in developing oil fields in southern Iraq. Saddam Hussein has not changed. He is a terror to that entire region. He is a blot on the world. India says they want to help them, and we are not going to send a signal? Let alone the human rights violations.

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

Mr. CALLAHAN. Mr. Chairman, I yield 2 minutes to the gentleman from New York (Mr. GILMAN), the chairman of the Committee on International Relations.

Mr. GILMAN. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Indiana (Mr. BURTON), cutting development assistance to India.

Democratic India is in a tough neighborhood. China occupies Tibet to India's north. China sells nuclear and ballistic technology to Pakistan on India's west, and China has sold over $1 billion worth of arms to the drug-running Burmese military junta to India east. Our Nation should be strongly supporting India, the only truly democratic nation of the subcontinent.

Passage of the Burton amendment would undercut our strategic goals of supporting peace and stability through the promotion of democratic governments in the region.

In regards to the point of the gentleman from Indiana (Mr. BURTON) that India will enter into a commercial arrangement with Iraq, I received information from the State Department that the Indian ministry of external affairs has issued a statement that India will only enter into contracts approved by the U.N. sanctions committee on Iraq.

Accordingly, I urge my colleagues to vote against the Burton amendment.

Mr. ACKERMAN. Mr. Chairman, I yield 1 minute to the gentleman from Illinois (Mr. DAVIS).

Mr. DAVIS of Illinois. Mr. Chairman, I want to thank the gentleman for yielding me this time.

India is the world's largest democracy, and I agree that she is not a perfect nation. But I really do not know any perfect nations.

India is a young democracy, much younger than our very own. We still have problems with human rights in America. But India is moving, moving positively and progressively to try and overcome some of the difficulties of a country that has been colonized, a country steeped in poverty, a country that is seeking, working, struggling to overcome. Let us not take them back. Let us help them, not hurt them.

There is an old African proverb that says ''When elephants fight, the grass gets hurt.'' Well, India will be hurt, 950 million of them. Let us help them, not hurt them.

Mr. Chairman, I rise in support of India and against the Burton amendment.

Today, India is the world's largest democracy with 950 million people. For half a century India has struggled to overcome colonialism, religious and ethnic conflicts and all of the problems of underdevelopment.

India has made tremendous progress in trying to address its human rights problems. India has instituted a process to receive complaints, initiate investigations of all claims, and passed laws to take action against those officials and members of security forces that have committed human rights offenses. The Burton amendment would eliminate U.S. assistance to help sustain these achievements.

Mr. Chairman, I know that India is not a perfect country. However, and perhaps unfortunately, there are none, or at the very least, none that I am aware of. Even in our own country, one whose democracy is much older, one that is more technologically advanced, we are still trying to form a more perfect union and so is India.

So why, why reduce or cut funding to the world's largest democracy? Why cut funds to a nation that is working hard and struggling to pull itself out of the depths of poverty and despair? Why cut back and or cut out the progress that is being made? W.E.B. Dubois is reported to have once said, when asked about the lack of progress being made by African Americans towards becoming a part of mainstream America, Dubois is reported to have said that "a people so deprived should not be expected to race with the wind," perhaps one could say that a young democracy like India should not be expected to progress at a much faster pace.

They are making progress in the human rights arena, but have not quite gotten there yet. They are moving in the right direction and I say, let's help and not hinder them, let us support and not oppose them, let us fund and not cut them.

Mr. Chairman, I have lived long enough to understand the African proverb that says when elephants fight it is the grass that suffers, in this case it is the people, 950 million of them. Today let us make a stand for the 950 million people who need our help.

Vote "No" on the Burton amendment and "Yes" for people of India.

Mr. CALLAHAN. Mr. Chairman, I yield 1½ minutes to the gentleman from Florida (Mr. MCCOLLUM).

Mr. MCCOLLUM. Mr. Chairman, I rise to oppose the Burton amendment this evening, as I have done several times over. A very similar amendment to make the same type of point was defeated in 1997 by a vote of 82 to 342 in this House, and I would hope that this amendment would be defeated by a similarly wide margin.

The reason I feel this way and so strongly is because it is our national security interest for the United States to have a strong relationship with India.

We do not need to be showing the kind of vote that a vote for this amendment would do right now when we are having the best relationships we have ever had with India in the entire history of the two countries; at a time when India is sharing a common fight with us against terrorism, terrorism spawned by radical Islamists in that region of the world which do terrorist acts, not only in India, but all over the world, and particularly against our interests in many parts and maybe against us ourselves; at a time when China is a growing presence that we are not quite sure of and India provides a democratic ballast in that part of the world; at a time when India has just rebuffed the Pakistani incursion across the line of control in Kashmir and, under very extreme pressure of invasion, did the right thing and limited itself in restraint and, in the end, prevailed. I think this is a time to reward India, not to attack it.

I personally have spoken with the Indian ambassador within the past week, and I am very aware that the activity level involving the question of the aid to Iraq is fully within the United Nations' parameters.

There is nothing involved about human rights that has not been hashed over before. The reality is, yes, there are human rights violations; but the reality is our State Department says it is improving, and it says so in its most current report.

Mr. ACKERMAN. Mr. Chairman, I yield 30 seconds to the gentleman from New Jersey (Mr. ANDREWS).

Mr. ANDREWS. Mr. Chairman, I rise in opposition to the Burton amendment. There is no higher priority in U.S. foreign policy than checking the potential of aggression by the People's Republic of China. There is no greater

interest in checking that potential aggression than the promotion of a stable, secure, and democratic India.

As the gentleman from Illinois (Mr. DAVIS) just said, no, India is not perfect. No one is. But India is essential to the future long-term interests of the United States.

This amendment takes us in the wrong direction. It should be defeated.

Mr. BURTON of Indiana. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the logic of some of the arguments tonight kind of eludes me. One of my colleagues was talking about India being such an essential ingredient in world peace and, for that reason, we ought to do everything we can to work with them.

The logic that we have used with China is that China is so big, and they are a nuclear power, we have to stay engaged with them. We cannot criticize them. We cannot do anything but appease them because it might lead to a conflict down the road. As a result, we accept things like nuclear espionage; we accept things like illegal campaign contributions coming to the United States.

Attitudes of appeasement usually do not lead to a solution. They lead to a conflict. We saw that in World War II when Lord Chamberlain went to Munich.

All I can say is we are not talking about destabilizing or causing a problem in India right now. What we are talking about is sending a message to them. We are talking about sending a message to them that human rights violations, that gang rapes by Indian soldiers who are occupying, imposing martial law on Kashmir and Punjab will not be tolerated.

I am not saying sever relations with India. I am not saying that we should not do business with India, trade with India. I am saying we should send them a strong signal like we should send to China. We do not want espionage from China. We do not want them stealing our nuclear secrets in our nuclear labs. We do not want them trying to influence our elections, like we do not try to influence theirs. We do not want India to violate human rights, or China.

So we should send signals to those countries around the world where that occurs. We are supposedly the superpower. We are supposedly the moral compass in this world. If we are the moral compass, then at least send a signal to them.

If we cut off just $11 million, and we did vote for that one year. We did pass that one year not too long ago, because I do remember debating Steven Solarz on this subject. I think sending that signal was the reason that India unleashed all of its resources that they possibly could to lobby this body so that we would not ever do it again. They evidently have been fairly successful.

But the feeling I have that is so strong and the reason I bring this up year after year is because I cannot go to sleep at night when I know that there are gang rapes taking place, people being tortured, people being put in jail for no good reason other than they do not like what is going on when we are supposed to be the people who really believe in freedom, democracy, and human rights.

Mr. Chairman, I yield such time as he may consume to the gentleman from New York (Mr. OWENS).

Mr. OWENS. Mr. Chairman, I have listened to the debate for the last 10 minutes, and I am appalled by the fact that the debate is taking place without any real examination of the question of Kashmir.

□ 2115

I have heard the various reasons that the gentleman has given for sending a signal to India, but the reason that all of us should be concerned about sending a signal to India is that the Kashmir bind that we have been in for almost 50 years is caused by the fact that India refuses to accept the simple route of Democratic self-determination for Kashmir.

Kashmir is a large body of people who ought to have the right to vote as to what they want to do, whether they want to be independent or join Pakistan, or maybe we will even let India cross that off and do not have annexation to Pakistan on the agenda. Let them vote either to join India or to become an independent state. They will not even agree to that.

If Kashmir were located in Europe or in Yugoslavia, we would all be concerned about the denial of self-determination by the people of Kashmir. It has gone on for decades now and nobody seems to care about the fact that the world's largest democracy, and India likes to call itself the world's largest democracy, and I applaud democracy in India, but it has great limitations and it is totally blind when it comes to democracy for Kashmir. Kashmir is not permitted to exercise the simple right to vote.

Now we have a situation where the situation has escalated because these two powers, which dispute about a number of things but mainly about Kashmir, are now nuclear powers. They are nuclear powers. And I hate to say, but as new nuclear powers or amateur nuclear powers, they may rush into something and cause havoc in that part of the world. And of course, once we start using nuclear weapons, we have a problem with the atmosphere, we have a problem with the ashes being blown and radioactivity, all kinds of things can be set off by a war over Kashmir between Pakistan and India.

I think that if we remove Kashmir as a point of contention between India and Pakistan, we would take a giant step toward promoting peace in that part of the world and toward avoiding a catastrophe which would pull in many other nations.

Now, I was all in favor of doing what we did in Kosovo, because I thought it was important to establish a new moral order and to send a message to predators like Slobodan Milosevic. But India does not have any evil person we can personify in the case of Kashmir. But they have a long-term policy, a long-term policy of just denying the right to self-determination to the people of Kashmir. Who can justify that? And why not send a signal to India? Why not do something?

I do not hear the United Nations debating it. I do not hear anybody proposing a sense of the Congress resolution. Why are we ignoring the problem of Kashmir? Why do we let it go on and on for decades? Are we waiting for an explosion? Are we waiting for something more serious that we will be drawn into? Are we waiting when we will have to take sides because of geopolitics, that China may be on one side, therefore we have to get on the other side? Why do we not proceed with a simple nonviolent solution.

People have said we should not have gone into Kosovo with bombs; we should not have gone into Kosovo with NATO; we should have had a nonviolent solution. Here is an opportunity for a nonviolent solution. And India, as a nation, has always been in favor of nonviolence in many instances. Gandhi was the founder of the whole nonviolent movement. Why do we not send a signal to India that we would like to see them change their ways and let Kashmir have a vote on self-determination. Any signal would be a good signal in my opinion.

I certainly will support the gentleman's amendment, because nothing else is being done.

Mr. CALLAHAN. Mr. Chairman, I yield 1½ minutes to the gentleman from Florida (Mr. STEARNS).

Mr. STEARNS. Mr. Chairman, I rise to oppose the amendment of my good friend the gentleman from Indiana (Mr. BURTON).

Without question, the U.S. relationship with India has been undergoing tremendous improvements in the last decade. With the rising influence of Communist China over Asia, it is in the vital national security interest of the United States to solidify our friendship and cooperation with India.

Not only is India directly threatened by the belligerent government in China, Pakistan gave military assistance to a band of terrorists who crossed into Indian territory of Kashmir and began a military assault.

The Indian military responded with equal force and fought to defend its territorial integrity. India was praised for demonstrating restraint and confined its military activities to recapturing its territory that was occupied by Pakistani-backed military forces. By adopting a

proper and proportionate military response to the violation of India's borders, India took steps to ensure that the situation did not spin out of control and escalate further.

The Burton Amendment would substantially cut critical U.S. humanitarian aid to India. Examples of humanitarian aid projects include: AIDS control, population and disease control, and rural development.

In regard to trade, the U.S. is India's largest trading partner and largest investor. U.S. investment has grown from $500 million per year in 1991 to $12 billion in 1998. Despite the collapse of various economies in Southeast Asia over the last two years, the Indian economy continued to grow at a rate of 6% in 1998.

India has been criticized in the past for human rights violations. The last two reports on human rights from the State Department praised India for the substantial progress the country has made in the area of human rights and, of course, as mentioned the creation of the independent National Human Rights Commission.

As many of my colleagues know, this is the world's largest democracy. Elections have been held in this country in a fair manner and they have made tremendous strides towards their democracy. In 1997, in the State of Punjab open and democratic elections were held and there was a 67 percent turnout. Elections in India are regular. They are contested by numerous parties and scrutinized by a free press.

Later this year, India will conduct the largest exercised democracy in the world. More than 250 million people are expected to vote. More than 100 national and regional political parties will be participating in the elections. India maintains an independent judiciary, a free press, and diverse political parties. The India press corps actively insists in investigating human rights abuses on a regular basis.

So I understand my colleague. Every year he comes to the House floor and offers this amendment. But in this case, I think his differences with the government of India should not harm the Indian people, especially those who are in need of the aid.

Mr. ACKERMAN. Mr. Chairman, may I inquire as to the time remaining?

The CHAIRMAN. The gentleman from New York (Mr. ACKERMAN) has 6½ minutes remaining, the gentleman from Indiana (Mr. BURTON) has 1½ minutes remaining, and the gentleman from Alabama (Mr. CALLAHAN) has 4½ minutes remaining.

Mr. ACKERMAN. Mr. Chairman, I yield 1 minute to the gentleman from New Jersey (Mr. HOLT).

Mr. HOLT. Mr. Chairman, I thank the gentleman for yielding me this time, and I rise in opposition to the Burton amendment.

As in the past, the gentleman from Indiana (Mr. BURTON) has cited human rights abuses in India as the reason for his legislative initiative. While human rights abuses have been uncovered in India, it is important to note the significant progress that India has made in resolving human rights problems.

As noted in the State Department's human rights report on India, India is addressing its human rights problems because it is a democracy, as noted, the world's largest. Although the country has confronted many challenges since gaining independence in 1947, it has stayed true to its founding principles.

For 50 years, India has been striving to build a civil society, to institutionalize democratic values of free expression and religion, and to find strength in the diversity of its land and its people, despite such things as outside insurgence in Kashmir.

I do not see why we would want to jeopardize this humanitarian aid. Withholding this aid would punish the same people this ill-conceived amendment seeks to protect, adequate nutrition, shelter, and education. These are human rights too.

I oppose the amendment, and I urge my colleagues to also oppose it.

Mr. ACKERMAN. Mr. Chairman, I yield 1 minute to the gentleman from California (Mr. SHERMAN).

Mr. SHERMAN. Mr. Chairman, I rise in opposition to the Burton amendment as I have in the past.

We have heard India attacked for spending money on its own defense and yet it is subject to attack by the Pakistani army in an action of aggression as Kashmir. And just as importantly, China, one of the world's emerging powers, occupies a small part of India's territory.

We have heard talk of the Iraqi potential loan, and yet that loan would go through only with the approval of the U.N. Sanctions Committee, which means that India will do nothing without the consent of the United States which has a veto on that committee.

We are told that India should just allow Kashmir to secede, but there have already been elections in Kashmir. The chief minister is a Muslim. And we should hesitate a minute before we announce that every country should allow any province at any time to hold a referendum on secession, because when South Carolina wanted to secede, that was a rather bad idea.

The Burton amendment is the wrong approach at the wrong time. In the wake of the recent Pakistani incursion across the line of control, the U.S. and India have a new opportunity to build a broad-based relationship. Instead of applauding India for the admirable restraint shown in the recent Kashmir crisis, this amendment would punish India by cutting crucial humanitarian assistance.

The Burton amendment would substantially cut critical U.S. humanitarian aid to India. These programs limit the spread of HIV/AIDS, improve access to reproductive health services, and provide supplemental feeding and basic health services to mothers and children. A similar amendment was defeated in 1997 by a vote of 342–82. No similar amendment was offered in 1998.

India is addressing the human rights violations cited by Mr. BURTON. The last two State Department Country Reports on Human Rights praised India for making substantial progress in the area of human rights and for its independent National Human Rights Commission. The Government of India has also continued to allow the International Committee of the Red Cross to visit prisons in Kashmir.

As further evidence of progress on human rights, India has arrested and prosecuted more than 100 individuals associated with the recent string of religious attacks that occurred earlier this year. In addition, India has passed laws to take action against those officials and members of security forces that have committed human rights violations.

India is under constant terrorist attacks from the followers of people like Osama bin Ladin, who have training camps set up across India's borders in Pakistan. Groups like Harkat ul-Mujahidin, an organization officially designated as terrorist, by the State Department, routinely attack Indian citizens with car bombs, sniper attacks, kidnappings and wholesale slaughter of towns in an attempt to disrupt any kind of peace in the Indian state of Jammu and Kashmir.

The greatest violations of human rights in Kashmir are being committed by the Pakistani sponsored terrorist groups which in the last several months have targeted dozens of entirely innocent civilians, from participants in wedding parties to passengers on buses.

India is a strong and vibrant democracy that features an independent judiciary, free press and diverse political parties. In fact, the Indian press corp, among the most active in the world, assists in investigating human rights abuses, as do Indian non-governmental organizations.

The U.S. is India's largest trading partner and largest investor. U.S. direct investment has grown from $500 million per year in 1991 to $12 billion in 1998. Despite the collapse of various economies in Southeast Asia over the last two years, the Indian economy continued to grow at a rate of 6% in 1998. In the first half of 1999, new foreign investment in India totaled $600 million.

Many large American companies have invested in India and opened plants and offices there. More than 100 of the U.S. Fortune 500 have invested in India. Among those companies are General Electric, Boeing, AT&T, Citigroup, Morgan Stanley, Ford Motor Company, Microsoft, IBM, Coca Cola, Pepsico, Eli Lilly, Merrill Lynch, McDonnell Douglas, US West, Bell Atlantic, Sprint, Raytheon, Motorola, Amoco, Hughes, Mobil, and Enron.

Later this year, India will conduct the largest exercise of democracy in the history of the world. More than 250 million people are expected to vote and more than 100 national and regional parties will be participating in the elections.

The best way for us to help India continue to improve its human rights record is to engage in positive and constructive dialogue, one democracy to another. Not with punitive sanctions and cuts in assistance.

The Burton amendment will run counter to the progress that has been made in bilateral

relations between the U.S. and India. During the past year, U.S.-India relations have been marked by increased dialogue on nuclear nonproliferation, a better understanding of India's security concerns, and an increase in U.S.-India trade and investment. India and the United States worked very closely to repel the Pakistani regulars and Pakistani-backed terrorists from the Indian side of the Line of Control.

The momentum gained in U.S.-India relations needs to be sustained and strengthened. A vote for the Burton amendment would send the wrong signal to the people of India.

Proponents of the Burton Amendment will make note of reports that India has offered Iraq a $25 million line of credit. India has said that they will only do this in the context of UN guidelines on the Iraqi sanctions. That means they will need unanimous approval by the Sanctions Committee, which is essentially the Security Counsel, before they will go forward with the loan. The US can stop it and India will abide by the decision of the UN.

Mr. BURTON of Indiana. Mr. Chairman, I yield myself the balance of my time, and I think I will make just a couple of points and then I will withdraw the amendment, because I have been convinced that since 2 years ago they changed the way the developmental assistance was provided and that there has been a misprinting or miswriting of the amendment, which I truly regret, but I do not think I will get unanimous consent to change it, so I will not even ask.

Mr. Chairman, the previous speaker talked about India's minister of oil and gas, and he said that India was only going to allow that loan if the U.N. said that it was all right. The fact of the matter is India's minister of oil and gas, and I am quoting him now, acknowledged the grant would violate U.N. sanctions but said his country would never allow a friend like Iran to suffer. So the intent of India was very clear. They were going to violate the embargo. They were going to violate the U.N. sanctions.

Let me just end by saying that the reason I come down here year after year is not because I like to argue with my colleagues, because I know the other side outnumbers me. And though I really liked Cyrano de Bergerac, where he fought hundreds of people by himself and emerged victorious, I come down here with no false illusions. I know when I come down, my colleagues will beat me into the ground. But I think it is important that we bring this issue up, because human rights are being violated in Kashmir and Punjab; because U.N. agreements have been violated, going back to 1948 and the plebiscite that was agreed to.

All I can say to my colleagues is that someday I hope that we will see fit to send some kind of signal to India that will bring about some positive change.

Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

Mr. ACKERMAN. Reserving the right to object, Mr. Chairman, I will not object if we do that after the closing statements.

Mr. BURTON of Indiana. Mr. Chairman, I withdraw my request to withdraw the amendment.

The CHAIRMAN. The gentleman withdraws his request.

The gentleman from New York (Mr. ACKERMAN) has 6½ minutes remaining.

Mr. ACKERMAN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I think we are seeing a rather unique occurrence here on the floor today. Indeed, we usually enjoy doing battle with the gentleman from Indiana (Mr. BURTON). He sometimes is really a lone warrior on this issue, the overwhelming majority of the House of Representatives voting against his amendment. But, nonetheless, we have never come to the point where we have forced him into a full retreat on the floor of the House, and that is too bad, because we do appreciate hearing his point of view, in the minority though it might be.

The gentleman's amendment is being withdrawn because it is flawed, as is his logic, as are his arguments. The gentleman's intent, as it usually is, is to come to the floor, as he has time and time again, to bash India. And his intent here was to cut aid. And, instead, the flawed amendment would indeed allow an increase in aid to be sent to India. Instead of sending a letter bomb, had his amendment passed, he would have sent a Valentine's card.

The gentleman's intent was basically to hurt the most vulnerable people of the Indian society. Our assistance programs help children and the elderly and pregnant women. The gentleman from Indiana comes to the floor as a champion of human rights. Does he not know that in Kashmir there is an elected government, democratically elected; a government that is under continuous assault from secessionist terrorists who are responsible for numerous serious abuses, including extrajudicial executions, torture, kidnapping and extortion?

Mr. Chairman, the fountainhead of human rights violations in Kashmir is state-sponsored terrorism from across the border in Kashmir. Just recently, we bore witness yet again to the fact that India was being victimized by an egregious invasion of forces from across the border in Pakistan. This invasion would have become a full-fledged war but for the commendable restraint shown by New Delhi. India has demonstrated that it is a responsible nuclear power, that it does not get provoked easily, and it knows that real power means acting with restraint.

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India should be recognized for its exceptional conduct during the recent Kargil aggression. This amendment of the gentleman from Indiana (Mr. BURTON) does just the opposite.

Who are the people terrorizing that he speaks of? These people are terrorizing the peace-loving people of the Indian state of Jammu Kashmir, Hindus and Muslims alike. They are the victims of terrorism for the last several years. It is terror that is unbridled and violent, and it is let loose by the Mujahidin members brought in from all over the world from overseas and aided and given arms by the Pakistanis. That is the real cause for human rights abuses in Kashmir.

Mr. Chairman, the real violators of human rights in Kashmir are the numerous terrorist outfits owing allegiance for the fundamentalist religious groups. It is these religious fanatics belonging to such groups as the Harkat-ul-Mujahideen, recruited, trained and unleashed by Osama bin Laden and his terror network, who are fanning the flames of human rights violations in Kashmir. The Indian troops that are there are there to maintain the peace and stability of their State of Jammu and Kashmir.

The rights that the gentleman from New York (Mr. BURTON) would seek to protect are the rights of Mr. Bin Laden, who has blown up U.S. embassies all over the world. Is that who we are concerned about? I think not. It is these terrorist groups and training camps that we have to target, not Democratic India, as violators of human rights.

India is a beacon of unity and diversity. It is a multi-ethnic, multi-lingual, multi-cultural, and multi-religious civilization with a commendable record of tolerance.

This is not the time, as the gentleman of Indiana (Mr. BURTON) recognizes, to bring this amendment up. It is not the time to bash India and to reward Pakistan. It is not time to punish the victims and to reward the aggressors.

Mr. CALLAHAN. Mr. Chairman, how much time do I have remaining?

The CHAIRMAN. The gentleman from Alabama (Mr. CALLAHAN) has 4½ minutes remaining.

Mr. CALLAHAN. Mr. Chairman, I yield myself 2½ minutes.

First of all, Mr. Chairman, and to my colleagues in the House and to those that might be watching on television, if we were to have a vote on the floor of this House tonight or anytime and we would ask the Members of Congress as to whether or not they condone atrocities that are created anyplace in the world by any people, it would be 435 against. That is not really the question here tonight.

I do not question the motives of the gentleman from Indiana (Mr. BURTON). As a matter of fact, I applaud him for bringing this issue to our attention, an issue of great concern to him. But my

observation is India is the largest democracy in the world, and there are 300 million people who live in poverty in that largest democracy. And 85 percent of the monies that we appropriate in this bill goes to private, volunteer organizations who spend it on making things better for the poverty stricken people of India.

There are other monies that go to India indirectly through this committee. For example, we fund UNICEF, and we also fund indirectly the Rotary International, which is in the process today of immunizing every child in India so there will not be a polio epidemic there and we will help to eradicate it.

So I do not question the fact that the gentleman from Indiana (Mr. BURTON) is concerned. I do not question his motives at all. None of us agree with any atrocities that are committed.

If we look at the situation that the gentleman from New York (Mr. OWENS) mentioned in Kosovo, the KLA is murdering people in Kosovo. Yet, within the next few months, we are going to appropriate some more money for Kosovo for humanitarian efforts.

We have already appropriated hundreds of millions of dollars already, and yet we still see the KLA now slaughtering the Serbs as they try to exit Kosovo and back into Serbia.

So it is not an indication of tolerance. It is not an indication of no concern. It is an indication of we are doing the right thing, in my opinion, by appropriating this small amount of money, of which only probably less than $3 million goes to the Government of India and it is restricted in its use.

So, in my opinion, we are doing the right thing with the money we have agreed to give to the President in order that he can handle the international affairs as he sees fit, as the Constitution says he will.

Mr. Chairman, I yield the balance of my time to the gentleman from Indiana (Mr. BURTON).

Mr. BURTON of Indiana. Mr. Chairman, let me just close by saying to my colleague, the gentleman from New York (Mr. ACKERMAN), that I am not in full retreat. Withdrawing the amendment was because of a technicality, and I think my good friend knows that. And we are good friends. We worked together on other issues.

But the thing that motivates me is 200,000 Christians that have died over the past 30, 40, 50 years in Nagaland; the 250,000 Sikhs that were killed in Punjab in the last 15 years; the 60,000 Muslims that were killed in Kashmir in the last 10 years; and the thousands of Dalits, who are lower cast people, the blacks, who are mistreated and killed in India.

Maybe we are jousting windmills here. I do not know. But we have got to do what we think is right.

So I would just like to say to my colleague, we will be back another time to fight this battle. And I am sure I will have some formidable opponents like my colleagues over there, but we will do the best we can.

Just remember what Arnold Schwartzenegger said, ''I'll be back.''

Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

Mr. ACKERMAN. Mr. Chairman, reserving the right to object, I just want to understand that the gentleman from Indiana (Mr. BURTON), under the unanimous consent request of last Friday I believe, has the right to offer an amendment, that this being withdrawn does not give the gentleman the right to offer a different amendment, and that that is not his intent.

Mr. BURTON of Indiana. Mr. Chairman, that is correct.

Mr. ACKERMAN. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Without objection, the amendment offered by the gentleman from Indiana (Mr. BURTON) is withdrawn.

There was no objection.

AMENDMENT OFFERED BY MR. HASTINGS OF FLORIDA

Mr. HASTINGS of Florida. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment offered by Mr. HASTINGS of Florida:

Page 116, after line 5, insert the following:

SENSE OF THE CONGRESS RELATING TO COLOMBIAN FLOWER INDUSTRY

SEC. ____. (a) FINDINGS.—The Congress finds the following:

(1) The flower industry of Colombia has been recognized on several occasions by the Department of State, the Drug Enforcement Agency, and the United States Customs Service for its substantive part in reducing drug-related and other criminal activities while working closely with United States law enforcement agencies to establish extensive anti-smuggling programs.

(2) The flower industry of Colombia has been a leader as a major private industry in reducing corruption in the commercial sector and worked closely with the Government of Colombia to strengthen the commitment of such Government to preserve and advance its democratic institutions.

(3) The flower industry of Colombia employs directly and indirectly approximately 125,000 people in Colombia.

(4) The flower industry of Colombia has established numerous social programs for workers and their families such as nursing care, day care, subsidized food and nutrition programs, subsidized schooling, and most recently, a program and publication dedicated to reducing intra-family violence.

(5) This publication is designed to strengthen family value and human rights among the workers of the Colombian flower sector.

(b) SENSE OF THE CONGRESS.—It is the sense of the Congress that the flower industry of Colombia should be recognized for its contributions to strengthening United States and Colombian relations by insuring strong and healthy families, domestic stability, and promoting good government in the democratic nation of Colombia.

The CHAIRMAN. Pursuant to the order of the House of Thursday, July 29, 1999, the gentleman from Florida (Mr. HASTINGS) and a Member opposed each will control 5 minutes.

Mr. CALLAHAN. Mr. Chairman, I reserve a point of order on the amendment.

The CHAIRMAN. Does the gentleman from Alabama (Mr. CALLAHAN) also seek to control the time in opposition to the amendment?

Mr. CALLAHAN. Yes, Mr. Chairman, I do.

The CHAIRMAN. The gentleman from Florida (Mr. HASTINGS) is recognized for 5 minutes.

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

Mr. Chairman, I thank the chairman and the ranking member for their patience with this amendment.

I rise today to offer the amendment to the Foreign Operations bill. The amendment is designed to recognize members of the Colombian flower industry who have worked diligently to improve the living standard of all people in Colombia.

Known by their countrymen as Growers of Flowers, these business persons have been leaders in Latin American private industry in reducing corruption in the commercial sector, while working closely with the Colombian Government to bolster and advance its Democratic initiatives.

Programs being supported and funded by Growers of Flowers include corruption reduction in the private sector, the establishment of nursing care, daycare, subsidized food, nutrition, and educational programs, and a new program to eradicate domestic violence.

At this time there is scarce good news coming out of Colombia. On this past weekend, we read and saw further bombings taking place in Colombia.

The work that Growers of Flowers is voluntarily doing on the ground is, however, a bright little light.

I am offering this amendment this evening to acknowledge the contributions of Growers of Flowers, and I hope my colleagues will join me in this effort.

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

Mr. CALLAHAN. Mr. Chairman, continuing to reserve my point of order on the amendment, I yield such time as he may consume to the gentleman from California (Mr. FARR).

Mr. FARR of California. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I rise with concern over this amendment. The amendment expresses a sense of Congress. Colombia is in a very grave situation right now.

Its 40-year-old government guerrilla struggle and the latter day antidrug struggle is critical.

The Colombian flower growers have been one of its most successful enterprises in Latin America, but not without help from our country. Our country allowed Colombian flowers into this country duty free.

There is a downside to the Colombian success, the injury done to U.S. flower growers. We might note that since 1992, 50 percent of the U.S. carnation producers have left the business, 39 percent of the mini-carnation producers have left the business, 54 percent of the U.S. chrysanthemum producers have left the business, and 41 percent of the rose growers have left the business.

U.S. flower growers do not get acknowledged by U.S. Congress. Nor do they get any Federal help.

Well, I am here to congratulate those businesses in Colombia that are doing well. I think that the flower growers are a good enterprise for Colombia.

Let us not forget or let us not do this praise without remembering that there is a downside, because all of those Colombian flowers get into the United States free of duty.

Mr. CALLAHAN. Mr. Chairman, continuing to reserve my point of order, I yield such time as she may consume to the gentlewoman from California (Ms. PELOSI).

Ms. PELOSI. Mr. Chairman, I thank the gentleman for being so generous in yielding.

I support both of the gentlemen. I think they are both right. I think that the Hastings amendment is one that is an important one, and the recognition that he seeks to present to the flower industry of Colombia is important.

But our colleague from California (Mr. FARR) is also right. I do not think that that recognition does damage to the flower industry in the U.S.; the free market does. But we must be sensitive to those needs because we have a wonderful flower industry in our country. But that does not negate the facts that the gentleman from Florida (Mr. HASTINGS) presents. I thank him for his leadership on this, especially at this sensitive time in Colombia's future.

My colleague, the gentleman from California (Mr. FARR), has been a champion on that score. He has been a friend of Colombia and is sensitive to the concerns that are there, too.

So, hopefully, we will be able to find a way to recognize and also recognize our own industries here, as well.

Mr. CUNNINGHAM. Mr. Chairman, I rise not to oppose the gentleman's amendment, but to address the concerns many of us have about the impact that the Colombian flower industry is having on American flower growers. I won't disagree with the gentleman that the Colombian flower industry has made progress in Colombia. However, I ask Mr. Speaker, at what cost?

In 1991, Congress enacted the Andean Trade Preference Act (ATPA) which provided for duty-free treatment, or reduced duties, on many products, including fresh-cut flowers, imported from the four South American Andean countries of Bolivia, Colombia, Ecuador, and Peru. This legislation was proposed to promote alternatives to coca cultivation and production by offering broader access to U.S. markets for legal products. Unfortunately, the act has not accomplished these goals.

Since the enactment of ATPA, it is clear that Colombian fresh-cut flowers have been the greatest beneficiaries. In 1992, Colombia exported $87.7 million worth of fresh-cut flowers to the United States. By 1995, Colombian exports increased to more than $374.4 million. This represents a 427-percent increase over that 3-year period.

How does the growth in Colombian exports compare with the domestic-cut flower industry? Domestic growers of roses and carnations have been particularly hard hit. In 1996, Colombia exported approximately 1.7 billion roses and carnations to the United States. Colombia now controls more than 50 percent of the United States market for roses and 80 percent of the carnation market. Overall, Colombian flowers account for about 65 percent of the United States fresh-cut flower market.

Meanwhile, the total number of U.S. fresh-cut flower growers has plummeted from 932 in 1992 to 706 in 1995, a decline of over 10 percent a year. Specifically, since the passage of the ATPA, more than 52.52 percent of U.S. Carnation producers, 39.02 percent of U.S. mini carnation producers, 53.95 percent of the U.S. Chrysanthemum producers, 41.62 percent of the U.S. Pompon Chrysanthemum producers, and 41.3 percent of the U.S. rose producers have left the business. This impact on the domestic-cut flower industry has been disproportionately placed upon California, home of 58 percent of the United States cut flower growers.

The ATPA provides the preferential treatment for Colombian fresh-cut flowers only—not for flowers from the Netherlands, or from any other country. This preferential treatment, however, is not serving its other intended purposes of reducing illegal drug production in the nation of Colombia.

In 1996, an International Trade Commission (ITC) report found that the "ATPA had little effect on drug crop eradication in the Andean region." This is a major understatement. in fact, since ATPA's enactment illegal drug crop cultivation has increased in Colombia. The number of hectares devoted to coca cultivation in Colombia increased from 37,500 in 1991 to more than 50,000 in 1995. The ITC report also found that "[the] ATPA had a small and indirect effect on crop substitution during 1995." Thus, we have not achieved the intended goal of reducing drug crop cultivation by providing market access for alternative crops.

We must do all we can to encourage Colombia to seek alternatives to drug protection. However, the ATPA has neither effectively reduced drug crop production in Colombia, nor has it improved the economic situation of cut flower growers in the United States. If we are going to fight drug production at its source in Colombia, Members and the American people should be informed that the Andean Trade Preference Act is not up to the task.

Mr. HASTINGS of Florida. Mr. Chairman, I ask unanimous consent to withdraw the amendment. I thank the chairman and the ranking member for their indulgence.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

There was no objection.

The CHAIRMAN. The amendment offered by the gentleman from Florida (Mr. HASTINGS) is withdrawn.

AMENDMENT OFFERED BY MR. TANCREDO

Mr. TANCREDO. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment offered by Mr. Tancredo:

Page 116, after line 5, insert the following:

SEC. . None of the funds appropriated or otherwise made available by this Act may be provided for the United Nations Man and the Biosphere (MAB) Program or the United Nations World Heritage Fund.

The CHAIRMAN. Pursuant to the order of the House of Thursday, July 29, 1999, the gentleman from Colorado (Mr. TANCREDO) and a Member opposed each will control 5 minutes.

Mr. CALLAHAN. Mr. Chairman, I reserve a point of order on the amendment.

The CHAIRMAN. The gentleman from Colorado (Mr. TANCREDO) is recognized for 5 minutes on his amendment.

Mr. TANCREDO. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the amendment I offer today cuts nothing from the total appropriations for the Foreign Operations appropriations, but it does prohibit any use of funds for the Man and the Biosphere Program and the World Heritage Convention.

Currently, there are 47 Biosphere Reserves and 20 World Heritage Sites in the United States that in total make up a land area the size of my home State of Colorado. Creation of these reserves and sites has significant impact on non-Federal lands outside the designated areas and in several instances has caused major problems for private land owners.

In fact, several States have passed resolutions opposing U.S. Biosphere Programs.

Over the past several years in both the United States and Australia, the weight levied by World Heritage Sites has been brought to bear by private citizens carrying out the course of their industry.

In Yellowstone National Park, the environmental impact statement for the New World Mine was not even finished when the World Heritage Committee voted to place Yellowstone on the "In Danger" list for World Heritage Sites.

□ 2145

Likewise, the Jabiluka Mine in Kakido National Forest in Australia

came up against a similar threat by the World Heritage Committee, but this time the verdict was much more agreeable. What is ironic is that the decision was handed down in Paris.

Mr. CALLAHAN. Mr. Chairman, if the gentleman will yield, I withdraw my point of order.

The CHAIRMAN. The gentleman from Alabama withdraws the point of order.

Mr. TANCREDO. A decision affecting the land of private citizens in Australia was decided by bureaucrats in a country halfway around the world. These are decisions which should be handled by the government of the country in which the action in question takes place. It should in no way be given over to an international organization with foreign influence.

Similar amendments to the one I have proposed have been passed in previous appropriations bills because these programs draw from funds of over 10 governmental agencies. This House has gone on record before to deny funding to these two particular organizations, and I believe that we must come together again to make sure more American taxpayer money is not used for programs which do not serve the American people justly.

I believe that there are certainly better places for this funding to be spent than in UNESCO, an organization from which the United States withdrew over a decade and a half ago.

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

The CHAIRMAN. Does the gentleman from Alabama (Mr. CALLAHAN) seek to control the time in opposition?

Mr. CALLAHAN. I do seek to control the time, Mr. Chairman, but I also ask unanimous consent to give the time to the gentlewoman from California (Ms. PELOSI) and give her the authority to yield as she so deems necessary.

The CHAIRMAN. Without objection, the gentlewoman from California (Ms. PELOSI) will control 5 minutes.

There was no objection.

Ms. PELOSI. I thank the distinguished chairman for his generosity in yielding all the time to me.

Mr. Chairman, I yield such time as he may consume to the very distinguished gentleman from California (Mr. GEORGE MILLER), the ranking member on the authorizing committee.

Mr. GEORGE MILLER of California. I thank the gentlewoman for yielding me this time in opposition to this amendment.

Mr. Chairman, the World Heritage Convention is an international treaty conceived and spearheaded by the United States during the Nixon administration under which countries voluntarily identify culturally and environmentally significant areas within their own borders and promise to continue to protect them.

The program is totally voluntary. The land must be protected in order to be nominated. It is not protected after it is nominated. The only power that the World Heritage Committee has is if the country who nominated the site goes back on its promise to protect that area, the committee can drop the site from the list.

The Man and the Biosphere program identifies protected areas where scientists can study entire ecosystems and then sets up a framework where those scientists can share their information internationally.

The framework documents which control the Man and the Biosphere program and the World Heritage Convention both contain language making clear that they in no way alter the ownership or control of these lands.

Since we were the first signatory of the World Heritage Convention in 1973, 152 other nations have followed suit. This convention was not only a promise to live up to our own standards for protecting these sites, it was an invitation to other countries around the world to follow suit.

These two programs have established the United States as a world leader in environmental protection and scientific study and the sharing of that information. Killing these programs will not hurt these sites in the U.S. They are already protected and will remain so. Yellowstone and Glacier National Parks will still be national parks if we withdraw from the World Heritage Convention. The Everglades will still be protected if we stop our scientific study under the Man and the Biosphere program.

But this action will send a signal around the world that we no longer value the kind of environmental protection and scientific study that we as a Nation pioneered and asked the world community to join.

We have seen this amendment a number of times in the last several years and the House has rejected this amendment each and every time because in fact a majority of the House understands the nature of the scientific study, the importance of designating these sites as World Heritage areas, and they also understand that this is a voluntary program. The fact that the process takes place in Belgium or in Paris or somewhere else, this is an international body. This is an international body. So that should not be foreign to the Members of Congress and that is one of the reasons why it is in this legislation. This is an international organization to foster the protection of these huge, huge world class environmental assets. The size of these assets is immaterial. Some of them are there because nations decided that these landscapes, these huge areas should be protected as we did with the Everglades, as we did with Grand Canyon, as we did with Yellowstone. That is the purpose of this program. The international scientific study is there so scientists in one country can help other scientists learn about the kind of protections, about the kinds of programs that work to protect these environmental assets.

Mr. Chairman, I rise in strong, strong opposition to this amendment.

This amendment is a late-night, backdoor attempt to kill two programs that critics of those programs have been unable to kill in the light of day. Legislation to abolish the Man and the Biosphere and World Heritage Programs failed in 1996 and 1997 and looks like it may fail again this year. So we are here tonight to short circuit the process with a little amendment buried in a huge appropriations bill.

The World Heritage Convention is an international treaty, conceived and spearheaded by the United States during the Nixon administration, under which countries voluntarily identify culturally and environmentally significant areas within their own borders and promise to continue protecting them.

1. The program is totally voluntary.

2. The land must already be protected in order to be nominated, it is not protected after its nominated.

3. The only power the World Heritage Committee has is, if the country who nominated the site goes back on its promise to protect that area, the Committee can drop the site from the list.

The Man and the Biosphere program identifies protected areas where scientists can study entire ecosystems and then set up a framework where those scientists can share their information internationally.

The framework documents which control the Man and the Biosphere program and the World Heritage Convention both contain language making clear that they in no way alter the ownership or control of these lands.

So if these programs are so innocuous, what's the big deal if we abandon them?

Well, since the United States was the first signatory of the World Heritage Convention in 1973, 152 other nations have followed suit. This convention was not only a promise to live up to our own standards for protecting these sites, it was an invitation to other countries around the world to follow suit.

These two programs have established the United States as a world leader in environmental protection and scientific study. Killing these programs won't hurt these sites in the United States. They are already protected and will remain so. Yellowstone and Glacier National Park will still be national parks if we withdraw from the World Heritage Convention and the Everglades will still protected if we stop our scientific study of that area under the MAB program.

But, this action will send a signal around the world that we no longer value the kind of environmental protection and scientific study that we pioneered. We would be relinquishing our role as a world leader in the protection and preservation of culturally and environmentally important areas.

Why at a time when the Nation is justifiably proud of its role as a world leader in so many areas, would we want to abdicate our role as a world leader in perhaps the most important fight of all, the fight to protect and preserve this planet for generations to come?

This amendment is an attempt to short circuit the will of the Congress and it would send a terrible signal to the rest of the world. Oppose the Tancredo amendment.

Mr. TANCREDO. Mr. Chairman, I yield myself such time as I may consume. The opponents of the amendment have suggested that in fact we have seen this many times before and it has been turned down by the House. In fact, the House has passed and the Congress has passed this amendment more than once on other programs, on other appropriations. I refer specifically to the State Department authorizations for fiscal year 1998 and 1999, agreed to by recorded vote of 222–202. The Interior appropriations bill, fiscal year 1998, agreed to 222–203. The Department of Defense Appropriations Act, 1998, all of these.

For one thing Mr. Chairman, these two programs actually receive funding from a variety of different organizations and a variety of different departments, and so you have to go after them as you see them arise. That is why we have had to do this before. But each time, at least in the situations that I have identified, they have been passed by this House.

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

Ms. PELOSI. Mr. Chairman, I yield myself such time as I may consume. Mr. Chairman, I will defend the committee position in opposing reluctantly the distinguished gentleman from Colorado's amendment to our bill.

Mr. Chairman, I think it is important to note that the House Committee on Appropriations mark for the IO&P account is $167 million, which is $25 million below the administration's request. An additional reduction of $2 million to this account would further erode our ability to gain international cooperation in protecting the environment and natural resources.

A $2 million reduction to the IO&P account exceeds our voluntary contribution to the Man and the Biosphere program, $355,000, and the World Heritage Fund, $450,000. As a result, this amendment would force reductions in other worthwhile scientific and educational activities, such as the Intergovernmental Oceanographic Commission and the International Council of Scientific Unions at a time when we look toward science to increase our understanding of global environmental problems.

Mr. TANCREDO. Mr. Chairman, will the gentlewoman yield?

Ms. PELOSI. I yield to the gentleman from Colorado.

Mr. TANCREDO. I thank the gentlewoman for letting me interject here. The fact is that we have amended our own amendment. We do not strike any particular dollar amount, we just prevent funds from going for these two programs. It actually would go other places in the bill.

Ms. PELOSI. Reclaiming my time, I thank the gentleman. We need to make those contributions to the Man and the Biosphere program. Everything else is fully funded.

Mr. Chairman, I urge my colleagues to vote ''no'' on the amendment. I commend the distinguished gentleman from California (Mr. GEORGE MILLER) for his leadership on this issue.

Mr. TANCREDO. Mr. Chairman, I yield myself such time as I may consume.

There have been a number of comments made with regard to the original treaty obligations of the United States, but concerning the Man and the Biosphere program, Congress has never gone on record either authorizing or supporting such a program to be carried out. Furthermore, many people have raised the issue as to the treaty obligation for the World Heritage Fund. This, however, is not true.

In article 16, paragraph 2 of the convention concerning the protection of world cultural and natural heritage, it states that each state may declare at the time of ratification that it shall not be bound by the provisions of paragraph 1 which deals with the payment of regular contributions to the World Heritage Fund. Likewise on October 26, 1973, the Senate consented to the ratification of the convention subject to the declaration that the United States is not bound by provisions dealing with regular contributions to the World Heritage Fund. The Senate has the power to ratify, but this House has the responsibility of the public purse. We are not bound to contribute to the program with the hard-earned money of the American people.

I strongly urge support of this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Colorado (Mr. TANCREDO).

The question was taken; and the Chairman announced that the ayes appeared to have it.

Mr. GEORGE MILLER of California. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN. Pursuant to House Resolution 263, further proceedings on the amendment offered by the gentleman from Colorado (Mr. TANCREDO) will be postponed.

AMENDMENT OFFERED BY MR. KUCINICH

Mr. KUCINICH. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment offered by Mr. Kucinich:

At the end of the bill, insert after the last section (preceding the short title) the following new section:

SEC. . None of the funds made available in this Act may be used by the Overseas Private Investment Corporation for any category A Investment Fund project, as listed in Appendix E, Category A Projects, of the Corporation's Environmental Handbook of April 1999, as required pursuant to Executive Order 12114 and section 239(g) of the Foreign Assistance Act of 1961 (22 U.S.C. 2199(g)).

The CHAIRMAN. Pursuant to the order of the House of Thursday, July 29, 1999, the gentleman from Ohio (Mr. KUCINICH) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Ohio (Mr. KUCINICH).

Mr. CALLAHAN. Mr. Chairman, I reserve a point of order.

The CHAIRMAN. The gentleman from Alabama reserves a point of order.

Mr. KUCINICH. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, my amendment cuts funding to environmentally sensitive Overseas Private Investment Corporation fund projects, such as oil refineries, chemical plants, oil and gas pipelines, large scale logging projects, and projects near wetlands or other protected areas. Current OPIC investment funds are not subject to any transparency requirements. Furthermore, no specific information on these projects is contained in OPIC's annual reports.

As a consequence, Congress, the public and the residents living near OPIC projects have no knowledge of the potential environmental and related financial and political risks. What is the taxpayer's interest in these projects?

Taxpayers are liable for OPIC investments overseas if they fail. I want to repeat that. Taxpayers are liable for OPIC investments overseas if they fail. Private corporations and investors make investments in OPIC investment funds. OPIC-supported funds, in turn, make direct equity and equity-related investments in new, expanding and privatizing companies in ''emerging market'' economies. While taxpayer money is not actually invested in these funds, taxpayers are liable for the investments should they fail. These funds have invested in more than 240 business projects in over 40 countries. Recent estimates show that the total amount in Investment Fund programs will soon reach $4 billion.

Since taxpayers are exposed to millions of dollars of potential liabilities, I believe OPIC has a responsibility to Congress and to the public to operate in an open and transparent manner. The lack of environmental transparency conceals environmentally destructive investment of these funds not only from Congress and the American public but also to locally affected people in the countries where OPIC projects are run.

For example, a 1996 Freedom of Information lawsuit focusing on OPIC activity in Russia revealed that an investment fund project was involved in a clear cutting of primary ancient forests in northwest Russia. Russian citizens, expecting democracy building assistance from the U.S. Government,

had not been provided with any environmental documentation. In fact, according to documents obtained in a lawsuit, an OPIC consultant had falsely documented the Russian citizens' support for the harmful, irreversible logging of pristine forests.

OPIC investment funds have also been involved in a gold mine in the Cote d'Ivoire in the area of a primary tropical forest which is opposed by local citizens. Reports of other troubling projects are also being circulated. Conservation groups have filed Freedom of Information requests to obtain the names, nature, location and environmental impact assessments for all OPIC investment fund projects. OPIC, however, continues to conceal the environmental consequences of these questionable investments from the public.

What little information has been uncovered about these funds reveals a checkered environmental record. With environmentally and socially sensitive projects being a main focus of the funds, public disclosure of environmental impact assessments is even more crucial.

Organizations such as the National Wildlife Federation, Friends of the Earth, Institute for Policy Studies, Environmental Defense Fund, Sierra Club, Center for International Environmental Law and Pacific Environment and Resources Center have long advocated increased transparency in OPIC investment fund projects.

Representatives of these organizations met with the new OPIC President in February, where he agreed with their assertion that these funds should be transparent when it comes to the environment. OPIC recently launched a $350 million equity fund for investment in sub-Saharan Africa which will include transparency and public disclosure provisions. But, Mr. Chairman, there are still 26 other funds which remain shrouded in secrecy. With almost $4 billion invested in these programs and OPIC's sketchy environmental record, it is ever more important that OPIC be held accountable to the public regarding its investment in environmentally sensitive projects.

□ 2200

Mr. CALLAHAN. Mr. Chairman, it is my understanding that it is the intent of the gentleman to withdraw his amendment.

That being the case, I will withdraw my reservation of objection and claim the opposition time.

The CHAIRMAN. The gentleman from Alabama is recognized for 5 minutes.

Mr. CALLAHAN. Mr. Chairman, I yield 1 minute to the gentleman from Ohio (Mr. KUCINICH).

Mr. KUCINICH. Mr. Chairman, I thank the gentleman for yielding this time to me. So with almost $4 billion invested in these programs and OPIC's sketchy environmental record, it is ever more important that OPIC be held accountable to the public regarding its investment in environmentally sensitive projects. The ideal legislation to correct the lack of transparency in investment fund projects would require the public disclosure of environmental impact assessments conducted on all new investment projects.

It would also allow for public commentary where citizens, especially those living in the affected area of the project, could voice their opinions of the project. In the case of projects already under way, a renegotiation of contracts to allow for public disclosure would be required to avoid breach of contract concerns. In the absence of legislation like this and because of the limitations of appropriations bills, my amendment simply cuts funding for environmentally sensitive investment fund projects. If we cannot have full transparency in all investment fund projects, then OPIC should not be involved in projects that are environmentally sensitive.

While projects like oil refineries, gas and oil pipelines, chemical plants that produce hazardous or toxic materials, and large-scale logging projects may be necessary for the industrial development of developing countries, holding the U.S. taxpayers liable for investments in projects that could pose serious environmental or health risks to local populations with no public oversight or disclosure is unacceptable.

It is OPIC's policy, as outlined in the Environmental Handbook to conduct rigorous internal Environmental Impact Assessments on all environmentally sensitive projects. Environmental impact assessments are also required by law as found in Executive Order 12114 and Public Law 99–204. However, while the assessments for insurance and finance projects are publicly disclosed, assessments on Investment Fund projects are not. Accountable government demands that these assessments be disclosed.

Mr. Chairman, my amendment is endorsed by Friends of the Earth, Environmental Defense Fund, U.S. Public Interest Research Group, Sierra Club, Defenders of Wildlife, Center for International Environmental Law, Pacific Environment and Resources Center, Rainforest Action Network, Institute for Policy Studies and Amazon Watch.

I urge my colleagues to support my amendment and shed some light on OPIC's environmentally sensitive Investment Fund projects.

Mr. BEREUTER. Mr. Chairman, as vice chairman of the International Relations Committee, this Member rises in strong opposition to the Kucinich amendment which would cut the funding of the Overseas Private Investment Corporation's (OPIC) Investment Fund program. While this Member shares the distinguished gentleman's concern about funding only environmentally responsible projects, given that OPIC already has an effective environmental review program, it appears that the underlying purpose of this amendment is to drastically cut and restrict OPIC under the guise of environmental protection. Mr. Chairman, we have already had this debate on the Andrews amendment.

Contrary to the claims of some OPIC opponents, all of OPIC's fund investments must meet stringent world class environmental standards. These standards are higher than any other bilateral export credit, investment or insurance agency in the world. In fact, no other investment funds program has higher standards. OPIC requires that each environmentally sensitive fund investment must undergo a complete environmental impact assessment and must meet OPIC obligations to mitigate potential environmental harm. Each funds project is subject to OPIC environmental monitoring over the life of the project. This includes the Russian forest project which has been cited and about which this Member has been informed did meet applicable World Bank Environmental Standards.

Moreover, by imposing new, additional standards by Congressional fiat and well beyond those established at the time the fund was established, this amendment could potentially expose the U.S. taxpayer to lawsuits for breach of contract.

The Kucinich amendment as written would directly undercut U.S. assistance programs to the neediest of developing countries and leave the environments of these countries open to unregulated exploitation. For example, the new $350 million Africa Infrastructure Fund would not be able to make the most of its potential investment because infrastructure, by definition, tends to involve environmentally sensitive programs. These investments, under current laws and regulations, must follow sound environmental standards. This initial $350 million investment is expected to leverage another $2 billion in investment in Sub-Saharan Africa. It is unlikely that the Africa Infrastructure Fund could even raise private sector money under the conditions required by the pending Amendment. As a result, the benefits that Africa so desperately needs will be lost. This includes environmental improvement projects in the areas of clean water, forest protection and conservation of natural resources. Indeed, if unable to access resources from the Africa Infrastructure Fund, African nations will be forced to run to other sources of investment including those that may not require the same standards of environmental responsibility as we do thereby resulting in further exploitation of and damage to Africa's fragile environment.

This Member would refer his colleagues back to all of the sound reasons detailed during the debate we just had on the Andrews amendment about why OPIC is an important and successful component of American foreign policy and trade promotion. While the approach of the Kucinich amendment may be somewhat different, the cost of it equals that of the Andrews amendment. Mr. Chairman, this Member urges his colleagues to strongly oppose this amendment.

Any projects supported by OPIC in what is called Category A that subsequently change in nature from the description provided in application materials, and will thereby cause material impacts to the environment, shall be required to submit additional EA documents to OPIC that must be acceptable to OPIC in its sole discretion.

Industrial categories:

A. Large-scale industrial plants.

B. Industrial estates.

C. Crude oil refineries.

D. Large thermal power projects (200 megawatts or more).

E. Major installations for initial smelting of cast iron and steel and production of non ferrous metals.

F. Chemicals:

1. Manufacture and transportation of pesticides;

2. Manufacture and transportation of hazardous or toxic chemicals or other materials.

G. All projects which pose potential serious occupational or health risks.

H. Transportation infrastructure:

1. Roadways;

2. Railroads;

3. Airports (runway length of 2,100 meters or more);

4. Large port and harbor developments;

5. Inland waterways and ports that permit passage of vessels of over 1,350 tons.

I. Major oil and gas developments.

J. Oil and gas pipelines.

K. Disposal of toxic or dangerous wastes:

1. Incineration;

2. Chemical treatment.

L. Landfill.

M. Construction or significant expansion of dams and reservoirs not otherwise prohibited.

N. Pulp and paper manufacturing.

O. Mining.

P. Offshore hydrocarbon production.

Q. Major storage of petroleum, petrochemical and chemical products.

R. Forestry/large scale logging.

S. Large scale wastewater treatment.

T. Domestic solid waste processing facilities.

U. Large-scale tourism development.

V. Large-scale power transmission.

W. Large-scale reclamation.

X. Large-scale agriculture involving the intensification or development of previously undisturbed land.

Y. All projects with potentially major impacts on people or serious socioeconomic concerns.

Z. Projects, not categorically prohibited, but located in or sufficiently near sensitive locations of national or regional importance to have perceptible environmental impacts on:

1. Wetlands;

2. Areas of archaeological significance;

3. Areas prone to erosion and/or desertification;

4. Areas of importance to ethnic groups/indigenous peoples;

5. Primary temperate/boreal forests.

6. Coral reefs;

7. Mangrove swamps;

8. Nationally-designated seashore areas;

9. Managed resource protected areas, protected landscape/seascape (IUCN categories V and VI) as defined by IUCN's Guidelines for Protected Area Management Categories; additionally, these projects must meet IUCN's management objectives and follow the spirit of IUCN definitions.

Mr. Chairman, this member will finally include with information as to why the Kucinich amendment on OPIC supports investment funds will kill the new Africa Infrastructure Fund.

I. The Kucinich amendment is a bullet to the heart of OPIC's $350-million New Africa Infrastructure Fund.

This amendment would:

Stop the fund from investing in a majority of infrastructure projects (since many infrastructure projects are environmentally sensitive).

Prohibit most investments in clean water, sewage treatment, transportation, electric power and other projects that improve the lives of African people.

Undercut the fund's ability to raise the private sector matching funds.

Make the fund uneconomical and less able to invest in women and microenterprises.

It would deny the benefits of the fund, including:

6,800 new jobs for Africans.

Almost $50 million in annual revenues for the countries of sub-Saharan Africa.

$2.5 billion in additional financing capital to Africa.

$350 million in exports from the United States.

II. This amendment undercuts the environmental protections and new transparency built into the New Africa Infrastructure Fund

OPIC has world-class environmental standards that apply to all OPIC programs and funds:

All environmentally sensitive projects must undergo a complete environmental impact assessment.

The New Africa Infrastructure Fund projects will provide for public notice and public comment period in the host country.

All environmentally sensitive projects must meet OPIC requirements to mitigate potential environmental harm.

All environmentally sensitive projects are subject to OPIC environmental monitoring over the life of a project.

The New Africa Infrastructure Fund must have at all times an environmental management system and a full-time qualified environmental expert supervising the implementation of OPIC requirements.

III. The amendment would jeopardize investments by two other OPIC-supported Africa funds totaling $270 million.

These funds:

Would be prohibited from investments in many manufacturing, agricultural, and processing projects as well as many basic services in sub-Saharan Africa.

Will generate more than $300 million in US exports (estimated).

Will create an estimated 5000 African jobs.

IV. The amendment would harm, rather than help, the environment in Africa.

Because OPIC funds would be prohibited from any environmentally sensitive investment:

Some infrastructure projects will go forward with no obligation or requirement to meet OPIC's world-class environmental standards.

Africa will lose the benefit of OPIC's world-class standards being applied to a broad range of infrastructure, manufacturing and natural resource projects.

V. This amendment will undermine OPIC's ability to fulfill its commitment to create another $150 million fund for Africa as called for in the House-passed Africa Growth and Opportunity Act.

Mr. KUCINICH. Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The CHAIRMAN. The amendment of the gentleman from Ohio (Mr. KUCINICH) is withdrawn.

AMENDMENT OFFERED BY MR. STEARNS

Mr. STEARNS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment offered by Mr. STEARNS:

Page 116, after line 5, insert the following:

REPORT ON ATROCITIES AGAINST ETHNIC SERBIANS IN KOSOVO

SEC. ____. None of the funds appropriated or otherwise made available by this Act in title III under the heading ''PEACEKEEPING OPERATIONS'' may be obligated or expended for peacekeeping operations in the Kosovo province of the Federal Republic of Yugoslavia (Serbia and Montenegro) until the Secretary of State prepares and submits to the Congress a report containing a detailed description of the atrocities that have been committed against ethnic Serbians in Kosovo, including a description of the incident in which 14 Serbian farmers were killed on or about July 25, 1999, and a description of actions taken by North Atlantic Treaty Organization (NATO) forces in Kosovo to prevent further atrocities.

The CHAIRMAN. Pursuant to the order of the House of Thursday, July 29, 1999, the gentleman from Florida (Mr. STEARNS) and a Member opposed each will control 5 minutes.

Mr. CALLAHAN. Mr. Chairman, I reserve a point of order.

The CHAIRMAN. A point of order is reserved.

Mr. OLVER. Mr. Chairman, I also reserve a point of order.

The CHAIRMAN. The gentleman from Massachusetts also reserves a point of order.

The Chair recognizes the gentleman from Florida (Mr. STEARNS).

Mr. STEARNS. Mr. Chairman, I yield myself such time as I may consume.

I come here tonight, Mr. Chairman, just to request a simple study. None of the funds that are appropriated under this act, under the title ''peacekeeping operations,'' they should not be obligated or expended for peacekeeping operations in Kosovo, province of the Federal Republic of Yugoslavia, until the Secretary of State prepares and submits to this Congress a report containing a detailed description of the atrocities that have been committed in this case against the Serbians in Kosovo.

Thirty-four churches, Mr. Chairman, have been bombed since the Air Force, since NATO has stopped their bombing exercise and we declared that we won the war, and of course recently 14 Serbian farmers were massacred on or about July 25, 1999; and my point this evening is that we are going to appropriate more money for peacekeeping

operations, and I really think it is appropriate that we get the State Department under NATO, State Department working with NATO, to start to tell us what actually occurred. Are Serbians now seeing reverse cleansing at the expense of the Albanians?

Now there was a recent U.S. Today article that raised so many questions about the Clinton administration talking about their numbers, and they said, quote, ''many of the figures used by the administration and NATO to describe the war-time plight of the Albanians in Kosovo now appear greatly exaggerated as allied forces took control of the providence. Instead of 100,000 ethnic Albanian men feared murdered by the rampaging Serbs the estimate now is only 10,000.''

So I am hoping to bring to light through the study that I have in my amendment that before we go any further let us find out what has happened in Kosovo and about these 34 churches that have been bombed and the number of people that have been killed and talking about these 14 Serbian farmers who are massacred. Why not? Let us hear the straight scoop now that we are in control of Kosovo and find out the real story.

Mr. Chairman, I yield 2 minutes to the gentleman from Ohio (Mr. KUCINICH).

Mr. KUCINICH. Mr. Chairman, I rise in support of the Stearns amendment that would call for a report on atrocities against Serbs. A report by the Secretary of State on the atrocities against Serbs in Kosovo and the July 25 massacre is necessary because there must be ongoing accountability for the ongoing atrocities against Kosovar Serbs and Albanians in Kosovo.

Security must be our top priority in the Balkans. Peacekeeping operations are supposed to keep the peace. But there was no peace when 14 Serbian farmers were killed on July 25, 1999, in one of the worst massacres since the end of the war. Who is accountable for this? Who did this? How did this atrocity happen amidst peacekeeping troops? How can we prevent this from ever happening again? We need answers.

A report describing these atrocities will provide answers. More than 146 Kosovar Serbs and Albanians have been killed since the end of the bombing campaign on June 10. More than 150,000 Serbs have fled Kosovo since NATO arrived on June 10. More than 20 Serbian Orthodox churches have been damaged or destroyed since June 10. Only yesterday a Serb Orthodox cathedral in the province's capital, Pristina, was bombed.

These are not signs of peace. For true peace to prevail, there must be accountability of these actions. Peacekeeping operations will amount to nothing if they cannot prevent continued ethnic cleansing. Peacekeeping operations will amount to nothing if the perpetrators of these and other crimes are not brought to justice. This report on atrocities committed against the Serbs including the July 25 massacre is necessary if the NATO-led peacekeeping force intends to prevent any further atrocities from happening in Kosovo.

Again, I support this important amendment, and I ask my colleagues to join me in voting for the Stearns amendment; and again I think we are all concerned about events in Kosovo. We are all concerned about what happened to the Kosovar Albanians. Let justice be consistent, and let us also be concerned about what is happening to the Serbians.

Mr. CALLAHAN. Mr. Chairman, still reserving my point of order, I yield myself such time as I may consume.

I would like to enter into a colloquy with the gentleman from Florida (Mr. STEARNS) about his concerns in Kosovo and mindless killing of innocent Serbian citizens who are trying to do the same thing that the Kosovars were doing when they actually did Kosovar into Albania. We are not going to tolerate that.

With respect to the gentleman's concern about reconstruction in Kosovo, as subcommittee chairman, along with the full committee chairman, we have a full hold on all money going to Kosovo until such time as the administration proves to us that the money is going to be spent for the intended purpose of refugee assistance.

The United States cannot tolerate the slaughter of Serbs. They are faced with the same problem, the same philosophical differences, but in the reverse of the Kosovars; and we cannot tolerate that, and we must insist with the administration at some point, which I think I can do that as chairman of this subcommittee, of accountability.

Give us the accountability of what is taking place there. How can we continue to tolerate this? Or how can we continue not to speak out so openly against the same atrocities that led this Congress to appropriate the millions of dollars that we sent to Kosovo and the front-line states.

So I share my colleagues' concerns, but I still reserve my point of order.

Mr. KUCINICH. Mr. Chairman, will the gentleman yield?

Mr. CALLAHAN. I yield to the gentleman from Ohio.

Mr. KUCINICH. Mr. Chairman, the gentleman is absolutely correct. And I am sure the gentleman is likewise aware of the fact that another, that other action has granted $20 million for security for Kosovo, and with the KLA being in charge of the province, it raises questions as to whether or not that money would actually be for the security of the people there or would be to advance the interests of the KLA.

So I thank the gentleman for expressing his concern that was raised by the gentleman from Florida (Mr. STEARNS), and I appreciate the gentleman's sentiments.

ORGANIZED CRIME GANGS RULE KOSOVO

(By Laura Rozen)

Around 30 people a week are being killed in Kosovo as organized gangs take advantage of the U.N.'s failure to police the province.

Nato spokesman Jamie Shea admitted yesterday a ''law and order vacuum'' has been created by a long delay in deploying U.N. civil administrators and an expected 3,000-strong police force. But he insisted the war-torn province was not yet out of control.

Western diplomats in Pristina say gangs, some of which are suspected of having links to the Kosovo Liberation Army, are taking apartments, real estate, businesses, fuel supplies and cars from Kosovo Albanians and Serbs, who have little recourse to justice.

A British K-For official in Pristina said: ''UNMIK (the U.N. interim administration) is unprepared to take over law and order. In the absence of police and legitimate rules, a vacuum has occurred.

''That vacuum is being filled by organized crime. Albanian gangs are inviting Kosovo Serbs to leave their apartments. Now Kosovo Albanians are being invited to leave.''

Because so many Kosovo Albanians had identity documents and license plates seized by Serb forces, and because there are now no border controls, many gangs are moving in unhampered by the 37,000 K-For soldiers.

While the U.N. plans to deploy 3,125 international police, only 400 have arrived. The police commander has decided not to put troops into active service until he has enough to patrol entire areas. Currently, the commander says, his most urgent need is for border police to keep out more gangs and smugglers.

The German K-For commander, General Fritz von Koriff, said his soldier stop cars to search for weapons and frequently come across smuggled items, such as massive amounts of cigarettes, particularly at the Morina-Kukes border crossing. But Nato's mandate does not permit his soldiers to confiscate any item except weapons, and the smugglers are permitted into Kosovo with their loot if it is believed they are from the province.

One of the biggest problems involves gangs showing up at homes to claim ownership and threatening to beat those who refuse to move out.

No statistics are available on the number of property seizures, but anecdotal evidence suggests a growing problem. And, while initially it seemed that seizures were ethnically motivated, and targeted at Kosovo Serbs in the capital Pristina, increasingly Kosovo Albanians are victims as well.

Kosovo's provisional prime minister, KLA leader Hashim Thaci, 31, denied his organization was behind seizures of Kosovo Serb apartments. ''We have no such information. We know there are those who have left Kosovo, but we have not forced anybody to leave, or put pressure on them to leave. That is propaganda. Any one who has not committed crimes is free to live in Kosovo.''

According to a U.N. police commander, who asked not to be identified, intelligence suggests there are three main types of organized criminal gangs in Kosovo: Russian, Albanian, and those linked to the KLA. Some analysts suggest that the seized apartments and other looted goods are the KLA's way of paying debts to arms procurers, funders and important soldiers and there relatives.

U.N. officials deny the organization's slowness is responsible for Kosovo's growing

crime problem. One senior U.N. commander said, unlike K-For, which has been preparing for a Kosovo mission since February, the U.N. wasn't told it was to take over civilian operations in Kosovo until June.

An American involved in the international police force warned that by the time the U.N. police are deployed, criminal gangs will already have their networks set up, and will be as much a menace for Kosovo's Albanian population as they are for the Serbs.

Ms. PELOSI. Mr. Chairman, will the gentleman yield?

Mr. CALLAHAN. I yield to the gentlewoman from California.

Ms. PELOSI. Mr. Chairman, I wish to associate myself with my colleagues' remarks, and I look forward to working with them to press upon the administration the concerns that were expressed here by the gentleman from Florida (Mr. STEARNS) and the gentleman from Ohio (Mr. KUCINICH), and I commend them for their leadership on this issue.

Mr. CALLAHAN. Mr. Chairman, to further comment, too, on my comments, as my colleagues know, I have a friend who is from greater Serbia. He now lives in French Guyana. His name is Mr. Nalvik, and Mr. Nalvik has kept me posted throughout this entire encounter on the feelings of a lot of Serbian people which are diametrically opposed to Mr. Milosevic. So we do have some people in Serbia who deserve some attention, some respect because they did not agree with Mr. Milosevic, but in any event the gentleman's point is taken. I hope he will withdraw it, and if so, I will remove my point of order.

Mr. STEARNS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I thank the distinguished gentleman from Alabama, and I will withdraw it. I just would like to make a final argument here.

I think the gentleman has touched upon it, and my good colleague from Ohio has touched upon it when he mentions the word ''accountability.'' We need to take taxpayers' money and help people; I understand that. But in the overall understanding of this project, we need to have accountability for the taxpayers' money, how it is being spent.

So with that in mind, and I am hopeful that the chairman will consider part of what I have in report language, if not at least to make the attempt to tell the administration that money will not be given, taxpayers' money will not be given until there is full accountability in this case and that we have balance and fairness.

Mr. CALLAHAN. Before, Mr. Chairman, I had forgotten I told the gentleman from Massachusetts that I would yield to him. Whatever time remaining I have on my point of order, I yield to the gentleman from Massachusetts (Mr. OLVER).

The CHAIRMAN. The gentleman from Massachusetts (Mr. OLVER) is recognized for 2 minutes.

Mr. OLVER. Mr. Chairman, I thank the gentleman for yielding this time to me, and I also would like to associate myself with the comments that have been made by the distinguished chairman of the subcommittee. There is no question that there is no shortage of hatred in Kosovo these days, and I would just point out that the first sizable delegation of Members of the Congress was led by the gentleman from Ohio, the chairman of the Subcommittee on Military Construction, of which I serve as the ranking member; and we saw the attempt on the part of American forces there, having detained some 10 or so Serbian Kosovars and some, almost 30, Albanian Kosovars for a variety of actions, but there are no courts in Kosovo to send those actions to, actions of looting and arson and, in fact, murder.

In this particular instance, the 14 Serbian farmers, and one can surely not condone that kind of activity, already three people have been arrested for that. On the other hand, there have been no arrests and may well never be. In fact, the perpetrators out of the Yugoslavian armed forces are probably quite free and among the elite of the military in Belgrade at this time for the atrocities; and I could go into a list of them, one after another, the atrocities of 30 and 40 and 50 people who had been killed and burned, hacked apart by machete attack, small children, children as young as 2 years shot in the head, along with aged people thrown into a well along with cows and rocks and so forth as part of the atrocities that were perpetrated there. So there is no shortage of atrocities, but we cannot condone those activities, and I thank the gentleman for withdrawing his amendment.

Mr. STEARNS. 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 amendment offered by the gentleman from Florida (Mr. STEARNS) is withdrawn.

AMENDMENT OFFERED BY MS. JACKSON-LEE OF TEXAS

Ms. JACKSON-LEE of Texas. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment offered by Ms. JACKSON-LEE of Texas:

Page 116, after line 5, insert the following:

SENSE OF THE CONGRESS RELATING TO RESOLUTION OF THE CONFLICT BETWEEN ERITREA AND ETHIOPIA

SEC. ____. The Congress—

(1) expresses its satisfaction with the decision of President Isais of the State of Eritrea and Prime Minister Meles of the Federal Democratic Republic of Ethiopia to agree to the Organization of African Unity (OAU) framework in settling the border dispute between Eritrea and Ethiopia and to enter into proximity talks in Algeria for implementing a cease-fire between the two countries;

(2) encourages the completion of the modality talks between Eritrea and Ethiopia as quickly as possible and encourages the two countries not to renew hostilities;

(3) appreciates the de facto cease-fire agreed to by Eritrea and Ethiopia;

(4) appreciates the efforts of the Organization of African Unity and the Government of Algeria for aiding in the negotiations between Eritrea and Ethiopia; and

(5) in order to more firmly move Eritrea and Ethiopia toward a resolution of the conflict between the two countries, expresses its intent to reconsider its position with respect to Eritrea and Ethiopia if there is a resumption of hostilities between the two countries.

Mr. CALLAHAN. Mr. Chairman, I reserve a point of order.

The CHAIRMAN. Pursuant to the order of the House of Thursday, July 29, 1999, the gentlewoman from Texas (Ms. JACKSON-LEE) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentlewoman from Texas (Ms. JACKSON-LEE).

□ 2215

Ms. JACKSON-LEE of Texas. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, just a few minutes ago I rose in opposition to the Burton amendment regarding cutting funds to India. Part of my reasoning for such strong opposition was to encourage opportunities for peace and the resolution of the conflict and to encourage India to engage in efforts to resolve the tragic conflict and to support India in that effort.

I now rise to express that same kind of support for the terrible tragedy that is occurring in Eritrea and Ethiopia. I rise with a sense of Congress to encourage a peaceful resolution of Eritrea and the Ethiopian conflict and to offer this amendment to acknowledge that there has been progress.

Currently negotiations are being conducted by the State of Eritrea and the Federal Democratic Republic of Ethiopia. These negotiations are in response to their governments' acceptance of the OAU framework, the Organization of African unity framework, to settle the dispute between these two critical on the Horn of Africa.

Our colleague, Mickey Leland, some 10 years ago was continuing to go back and forth to Ethiopia because of the tragedy of the famine. In a few days, it will be 10 years when we lost Mickey Leland in Ethiopia on a humanitarian mission.

I know that his continued efforts there were to ensure that Ethiopia would be a strong nation, peaceful nation, and a friend of the United States.

Now we have an opportunity to encourage Ethiopia and Eritrea to correct and resolve this latest conflict, and I applaud them for agreeing to engage in peace negotiations. The commitment the Prime Minister of Ethiopia and the President of Eritrea to

move forward and give their people peace and tranquility should be applauded. The Ethiopia-Eritrea conflict has substantially damaged the economic growth and development of the countries and has led to humanitarian suffering on both sides of the border.

For 30 years, a problem dividing Ethiopia and Eritrea was Eritrea's claim that its people have a right to self-determination. In 1991, this long and costly struggle ended through a coalition built to topple the Ethiopian dictatorship that was not acceptable to either country. For 7 years of peace, both neighbors pursued paths of economic and social development to give rise to the very idea of renaissance, establishing a path to economic growth and a better quality of life for the people.

The border dispute that ignited hostilities has smothered any confidence that things would be really better. The war has taken a vicious toll on the people in the countries. The number of casualties are almost surreal. We have seen reports of over 18,000 victims within 3 or 4 days of fighting. Individual border battles have involved over 90,000 soldiers fighting from various fronts. In Eritrea the army is estimated to be over 250,000 soldiers, men and women, a huge drain on a population of 3.5 people.

That is why I brought to the attention of this Congress my desire for a sense of Congress to acknowledge the movement, the progress, that has been made, the fact that the OAU agreement has been accepted or at least has been moved on and as well that there are efforts toward trying to resolve this.

Mr. GILMAN. Mr. Chairman, will the gentlewoman yield?

Ms. JACKSON-LEE of Texas. I yield to the gentleman from New York, the Chairman of the Committee on International Relations.

Mr. GILMAN. Mr. Chairman, I share the gentlewoman's concerns that Ethiopia and Eritrea, two fine countries that have already suffered too many years of communist dictatorship, have spent 14 months at war with one another, and the loss has been tragic. We are hopeful now that there is a cease-fire, that they will implement the cease-fire and return to peace. I want to commend the gentlewoman for focusing attention on the cease-fire that is under way.

Ms. PELOSI. Mr. Chairman, will the gentlewoman yield?

Ms. JACKSON-LEE of Texas. I yield to the gentlewoman from California.

Ms. PELOSI. Mr. Chairman, I thank the gentlewoman for yielding me time.

Mr. Chairman, I know that the distinguished chairman of our committee will be calling for a point of order on this sense of the Congress motion, but I did want to take a half a moment to join her in commending our former colleague here, Mickey Leland. When the gentlewoman mentioned that it is 10 years, it seems impossible, but indeed it was 1989. I was with my family in Cairo when we got the bad news. We were all going to join Mickey in Nairobi when he left Ethiopia. Of course, he invited everyone to go to Ethiopia with him.

Fortunately for everyone else, he did not have a large enough plane for everyone. Maybe if he had a larger plane, he would still with be us. Every day I remember him, because his picture is on the wall of my office, holding a baby, that beautiful picture of Mickey Leland. He was there, not helping countries, but helping people.

I am particularly pleased that the gentlewoman at least has us focused on peace in that region because that is what we should be working toward. Once again, I commend the gentlewoman for calling the Congress' attention to this important region of the world.

Mr. CALLAHAN. Mr. Chairman, I yield myself such time as I may consume.

I share the gentlewoman's concern about the war in Ethiopia and Eritrea, and I too am optimistic that the war between these two nations will soon be ending. I remind Members that bin Laden has long utilized Sudan as a terrorist training ground. In fact, Sudan served as a safe-harbor for the bin Laden terrorists who blew up the U.S. embassies in Tanzania and in Kenya. But I sincerely hope that the gentlewoman would withdraw her amendment. I do not want to insist on my point of order, but I must insist if the gentlewoman does not choose to withdraw it.

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. If the chairman would allow me just to summarize, then I would like to ask unanimous consent upon my summary to withdraw this amendment.

I appreciate very much the chairman of the Committee, the chairman of the Committee on International Relations and their ranking members for their kind words and agreement with me on the importance of this issue.

Let me close by simply saying that we have at least the makings of the potential of an opportunity for peace. The de facto cease-fire and the work of the government of Algeria in aiding the negotiations between Eritrea and Ethiopia should also be recognized, and hopefully the Congress will continue to monitor this circumstance to avoid the loss of life and certainly in tribute to my predecessor, Mickey Leland and his love for Ethiopia and love for mankind we can monitor the circumstances there.

Mr. GILMAN. Mr. Chairman, I share the gentlewoman's concerns that Ethiopia and Eritrea, two fine countries that have already suffered many years of communist dictatorship, have spent 14 months at war with one another.

I am very hopeful that they will implement the ceasefire and return to peace.

Ms. JACKSON-LEE. of Texas. Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentlewoman from Texas?

There was no objection.

AMENDMENT NO. 9 OFFERED BY MR. PAUL

Mr. PAUL. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 9 offered by Mr. PAUL:

At the end of the bill, insert after the last section (preceding the short title) the following:

LIMITATION ON FUNDS FOR ABORTION, FAMILY PLANNING, OR POPULATION CONTROL EFFORTS

SEC. . None of the funds appropriated or otherwise made available by this Act may be made available for—

(1) population control or population planning programs;

(2) family planning activities; or

(3) abortion procedures.

The CHAIRMAN. Pursuant to the order of the House of Thursday, July 29, 1999, the gentleman from Texas (Mr. PAUL) and a Member opposed each will control 5 minutes.

Mr. CALLAHAN. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. The gentleman from Alabama will control the time in opposition to the amendment.

Mr. CALLAHAN. Mr. Chairman, I ask unanimous consent to transfer my 5 minutes to the gentlewoman from California (Ms. PELOSI), and that she may yield said time.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The CHAIRMAN. The gentleman from Texas (Mr. PAUL) is recognized for 5 minutes.

Mr. PAUL. Mr. Chairman, I yield myself 3 minutes.

Mr. Chairman, the amendment is straightforward. It prohibits the use of any money for population control, family planning, or abortion of any funds authorized in this bill, appropriated in this bill.

Mr. Chairman, the question really is this: Should the American taxpayer be required to pay for birth control pills, IUDs, Depo-Provera, Norplant, condom distribution, as well as abortion in foreign countries. Those who believe this is a proper and legitimate function will vote against the amendment. Those who believe that it is not a proper function for us to be doing these things around the world would vote for my amendment.

Mr. Chairman, I mention abortion because although this bill does not authorize funds directly for abortion, any birth control center that is involved that receives funds from us and are involved with abortion, all they do is shift the funds. All funds are fungible, so any country that we give money to that is involved with abortion, for whatever reason, or especially in a family planning clinic, can very easily shift those funds and perform abortions. So this is very, very clear-cut.

I would like to spend a minute though on the authority that is cited for doing such a thing. Under the House rules, the committee is required to at least cite the constitutional authority for doing what we do on each of our bills. Of course, I was curious about this, because I was wondering whether this could be general welfare. This does not sound like the general welfare of the U.S. taxpayer, to be passing out condoms and birth control pills and forcing our will on other people, imposing our standards on them and forcing our taxpayers to pay. That does not seem to have anything to do whatsoever with the general welfare of this country.

Of course, the other clause that is generally used in our legislation is the interstate commerce clause. Well, it would be pretty tough, pretty tough, justifying passing out condoms in the various countries of the world under the interstate commerce clause.

So it was very interesting to read exactly what the justification is. The Committee on Appropriations, quoting from the committee report, the Committee on Appropriations bases its authority to report this legislation from clause 7, section 9 of Article I of the Constitution of the United States of America, which states ''no money shall be drawn from the Treasury but in consequence of appropriation made by law.'' ''Appropriations contained in this act,'' the report says, ''are made pursuant to this specific power granted by the Constitution.''

That is not a power. That was a prohibition. It was to keep us from spending money without appropriation. If this is true, we can spend money on anything in the world, and the Constitution has zero meaning. This cannot possibly be.

So all I would suggest is this: Be a little more creative when we talk about the Constitution. There must be a more creative explanation on why we are spending these kinds of monies overseas.

Ms. PELOSI. Mr. Chairman, who has the right to close?

The CHAIRMAN. The gentlewoman from California (Ms. PELOSI), defending the position of the committee.

Ms. PELOSI. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in very strong opposition to the Paul amendment, and it is not even reluctantly. It is with grave disappointment, frankly, that this amendment is even being proposed, though I respect the gentleman's right to do so, and I respect the gentleman.

If this Paul amendment would be enacted, it would cause deaths and suffering for millions of women and children. I say that without any fear of contradiction.

Of course, we all want to reduce the number of abortions performed throughout the world, and the best way to do that is to promote family planning. It seems hard to believe that the gentleman would stand up and say he does not know why it is in our national interests that we improve the plight of children, poor children and families throughout the world by allowing them the opportunity to make decisions for themselves about the timing and the number of children that a family would have, or that the impact that this has on women, alleviating poverty, raising the literacy rate, and, again, giving more empowerment to women by having them control their own destinies.

The issue of population, certainly we understand that our world's resources are finite. I think that most would agree that it is in our interests as well as the interests of every person living on this Earth that we husband our resources very carefully, and that includes curbing uncontrolled population growth. I say that as one who does not support any forced measures in that end, but voluntary efforts to that end.

This amendment would close the most effective avenue to preventing abortions. The gentleman says that well, if we spend this money, then the organizations that use this money but also perform abortions have this underwriting, or the money is fungible, and, therefore, we are supporting abortions.

I think the gentleman knows full well that no funds may be used for abortion procedures. That is the law of the land. We reiterate it every time we have a discussion on this subject. If you are going to apply fungibility, you would have to apply it to everything we do here. I do not know why all of a sudden when it comes to international family planning, fungibility becomes a principle, but when we are dealing with the defense bill or any other appropriations, we never say that giving money for this, that or the other purpose helps that country underwrite some practices that we might not approve of.

The amendment would end a more than 30-year-old program recognized as one of the most successful components of U.S. foreign assistance. Tens of millions of couples, Mr. Chairman, in the developing world are using family planning as a direct result of this program, and the average number of children per family has declined more than one-third since the 1960's.

Three out of four Americans surveyed in 1995 wanted to increase or maintain spending on family planning for poor countries. I was, this year, in India and saw what happened in those states where there was effective family planning as opposed to what was the plight of the people in areas where the women did not have access to this family planning information.

So I believe that this amendment would be contrary to the interests and values of the vast majority of the people in the world, and certainly, speaking in our own terms, of the American people. In February 1997, both the House and the Senate showed their commitment to the USAID International Family Planning Program by voting for the early release of funds specifically for this program.

□ 2230

We had to have a vote at that time.

Mr. Chairman, I see some of my colleagues on their feet, and I am pleased to yield to the distinguished gentleman from New York (Mr. GILMAN), chairman of the authorizing committee, the Committee on International Relations.

Mr. GILMAN. Mr. Chairman, I want to associate myself with the remarks of the gentlewoman from California (Ms. PELOSI). Population control, population planning is so important today. That is the next crisis that we are to be confronted with. The growth of populations around the world are going to lead to hunger in impoverished areas. And where we have hunger and poverty, we soon have hostility.

The best way to prevent that is to help with family planning and with population control. And I thank the gentlewoman for her arguments in opposition to this amendment.

Mr. CALLAHAN. Mr. Chairman, will the gentlewoman yield?

Ms. PELOSI. I yield to the gentleman from Alabama.

Mr. CALLAHAN. Mr. Chairman, it is my duty in this House as chairman of this subcommittee to draft a bill. And in order to draft a bill, I have to depend upon a very able staff which really did the drafting of this 119 pages of law that hopefully will be passed tomorrow morning.

But upon my instruction, I would like to reiterate, and I know the gentleman from Texas (Mr. PAUL) has already brought it out, but since I am responsible for writing this bill, the bill 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.

So I just wanted to make perfectly clear my position as the author of this bill with respect to abortions.

Ms. PELOSI. Mr. Chairman, reclaiming my time, the gentleman's position on this is well-known.

Mr. PAUL. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the gentlewoman makes the point that we should not use

the abortion issue to talk about fungibility and I believe that she is correct. I think it should apply to everything. This is the reason I do strongly oppose Export-Import Bank money going to Red China. Their violations of civil liberties and abortions are good reasons why we should not do it, and yet they are the greatest recipient of our foreign aid from the Exim Bank. $5.9 billion they have received over the years.

So I would say, yes, the gentlewoman is correct. All of these programs are fungible. And I agree that the wording in the bill says that our funds cannot be used. But when we put our funds in with other funds, all of the sudden they are in a pool and they can shift them around and there is a real thing called fungibility.

So once we send money to a country for any reason, we endorse what they do. Therefore, we should be rather cautious. As a matter of fact, if we were cautious enough we would not be in the business of taking money at the point of a gun from our American taxpayer, doing things that they find abhorrent around the world and imposing our will and our standards on them.

Mr. Chairman, birth control methods are not perfectly safe. As a gynecologist, I have seen severe complications from the use of IUDs and Depo-Provera and Norplant. Women can have strokes with birth control pill. These are not benign.

And my colleagues say we want to stop the killing and abortions, but every time that the abortion is done with fungible funds, it is killing a human being, an innocent human being. So for very real reasons, if we were serious about stopping this and protecting the American taxpayer, there is nothing wrong with some of these goals. I agree. As a gynecologist, I would agree with the goals, but they should not be done through coercion. They should be done through voluntary means through churches and charities. That is the way it should be done.

Mr. Chairman, we do not have the authority to coerce our people to work hard, pay their taxes, and then take the money into foreign countries and impose our will on them.

The CHAIRMAN. All time for debate has expired.

The question is on the amendment offered by the gentleman from Texas (Mr. PAUL).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. PAUL. 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 263, further proceedings on the amendment offered by the gentleman from Texas (Mr. PAUL) will be postponed.

The point of no quorum is considered withdrawn.

AMENDMENT OFFERED BY MS. JACKSON-LEE OF TEXAS

Ms. JACKSON-LEE of Texas. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

The amendment offered by Ms. JACKSON-LEE of Texas:

Page 116, after line 5, insert the following:

SEC. ____. (a) Of the amounts made available in title III under the account ''INTERNATIONAL MILITARY EDUCATION AND TRAINING'', $4,000,000 made available for the United States Army School of the Americas is transferred as follows:

(1) $2,000,000 is transferred to the account ''ECONOMIC SUPPORT FUND'' in title II and made available for providing training and education of Tibetans in democracy activities and for monitoring the human rights situation in Tibet.

(2) $2,000,000 is transferred to the account ''UNITED STATES EMERGENCY REFUGEE AND MIGRATION ASSISTANCE FUND'' in title II and made available for the Tibetan refugee program.

(b) Of the funds appropriated in this Act in title II under the account ''ECONOMIC SUPPORT FUND'', not less than $2,250,000 shall be made available for providing training and education of Tibetans in democracy activities and for monitoring the human rights situation in Tibet.

The CHAIRMAN. The gentlewoman from Texas (Ms. JACKSON-LEE) and a Member opposed each will control 5 minutes.

Mr. CALLAHAN. Mr. Chairman, I reserve a point of order against the amendment.

Ms. JACKSON-LEE of Texas. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, in actuality I wish I did not have to rise to the floor to offer this amendment. I wish that Tibet was living in peace and harmony. I wish the Dalai Lama who is in exile, who I had an opportunity to meet and discuss these issues with, was free to go back to Tibet.

My amendment offers to provide $4 million to the Economic Support Fund to provide training and education of Tibetans in democracy activities and for monitoring the human rights situation in Tibet made worse by the activities of China. In addition, we would offer additional funds to be of assistance to the Tibetan refugee program.

Mr. Chairman, there is a need for something to be done. As we recently remembered the 10th anniversary of the Tiananmen Square tragedy, we continue to acknowledge the human rights abuses imposed by the Chinese government. Whether on the mainland or other areas, the Chinese have shown themselves to be opposed to the basic human rights principles we all aspire to achieve.

The Chinese have tripled their missile threat to Taiwan. China does not understand they cannot force a free and democratic Taiwan to unify and that they should accept its existence.

We still watch as China continues its occupation of Tibet. Since 1951, when the People's Republic of China invaded Tibet, hundreds of thousands of Tibetans have been killed outright or have died as a result of aggression, torture or starvation. Over 6,000 monasteries and temples have been destroyed. China has implemented a consistent pattern of suppression in an attempt to eradicate the Tibetan culture.

The continued population transfer of Chinese to Tibet threatens the existence of the unique national, cultural, and religious identity of the Tibetan people. The fragile Tibetan plateau is seriously threatened by the exploitation of its environmental resources by China.

The Tibetan people have demonstrated repeatedly for independence from China. Their struggle is nonviolent and worthy of special attention. It is important to provide funding to encourage them in their efforts, encourage them in democracy, encourage them in being able to monitor the various human rights abuse.

Indeed, when in 1989 the Dalai Lama, leader of the Tibetan people, received the Nobel peace prize, the international community documented its commitment to free Tibet. There are 110,000 Tibetan refugees living in 53 settlements in India, Nepal and Bhutan. Over 1.2 million Tibetans have died in a widespread program of imprisonment torture and executions orchestrated by China. Tibet's unique culture and Buddhist religion have been systematically suppressed as China has looted Tibet's enormous mineral wealth, natural resources, and priceless art treasures, transporting them back to China to fuel its own economic growth.

Mr. Chairman, I would like to congratulate the Committee on International Relations for its removal of $8 million from the World Bank to avoid this so-called apartheid system where there was a movement of 50,000 Chinese farmers into Tibet creating almost an apartheid system where the Tibetans would not have the good jobs or opportunities, but the Chinese would.

Coercive birth control policies, including forced abortion and sterilization, are continuing to wipe out the Tibetan people. It is important that the children be formost in our focus on peaceful efforts to return Tibet to its people and to bring the Dalai Lama home.

I rise Mr. Chairman to offer an amendment which will take $4 million out of the fund which contains the Foreign Ops funding for the School of the Americans, and redistribute it to the Economic Support Fund and the Emergency Refugee and Migrations Assistance Funds for specific use in Tibet.

As we recently remembered the 10th anniversary of the Tainanmen Square tragedy we

continue to acknowledge the human rights abuses imposed upon the people by the Chinese government. Whether on the mainland or in other areas, the Chinese have shown themselves to be opposed to the basic human rights principles we all aspire to achieve.

The Chinese have tripled their missile threat to Taiwan. China does not understand they cannot force a free and democratic Taiwan to unify and that they should accept Taiwan as a friendly and independent neighbor and establish diplomatic ties.

And we all still watch as China continues its occupation of Tibet. Since 1951, when the People's Republic of China invaded Tibet hundreds of thousand of Tibetans have been killed outright or died as the result of aggression, torture or starvation. Over 6,000 monasteries and temples have been destroyed. China has implemented a consistent pattern of suppression in an attempt to eradicate the Tibetan religion and culture.

The continued population transfer of Chinese to Tibet threatens the existence of the unique national, cultural and religious identity of the Tibetan people.

The fragile Tibetan plateau is seriously threatened by the exploitation of its environmental resources by China.

The Tibetan people have demonstrated repeatedly for independence from China. Their struggle is nonviolent and worthy of special attention. Indeed, when in 1989, the Dalai Lama, the leader of the Tibetan people, received the Nobel Peace Prize the international community documented its commitment to a free Tibet.

There are about 110,000 Tibetan refugees living in 53 settlements in India, Nepal and Bhutan. Over 1.2 million Tibetans have died in a widespread program of imprisonment, torture and executions orchestrated by China.

Tibet's unique culture and Buddhist religion have been systematically suppressed as China has looted Tibet's enormous mineral wealth, natural resources and priceless art treasures, transporting them back to China to fuel its own economic growth.

An apartheid system is in place, following the mass migration of Chinese into Tibet. These immigrants now dominate the economy and hold all the best jobs. Employment prospects for Tibetans are virtually nonexistent.

Coercive birth control policies, including enforced abortion and sterilization, are completing the policies of wiping out Tibet's identify forever. We watch China, the world's most oppressive police state, control Tibet. There are between a quarter and half a million Chinese troops in Tibet. China permits no news media in Tibet. Amnesty International and foreign diplomats are refused permission to visit. Tibetans in Tibet are liable to interrogation, imprisonment and torture for having unofficial contact with foreigners.

Tibet covers an area the size of Western Europe and is the world's highest plateaus. The Culture is magnificent and unique. Until 1950, Tibet had retained that ancient culture.

My amendment would offer additional hope to the Tibetan people that the international community, particularly the United States is supportive of their independence and that we are providing resources for improved systems and enhancement of aid programs.

The United States Army School of the Americas will have $4 million of its appropriations transferred to a true democratic cause. Our efforts to provide international military training and education to the armed forces in Latin America has at best led to questionable practices by its graduates. We want democracy. We want to see our funds used to support the development of democracies. The Tibetans want democracy. Some graduates of the School of the Americas have not demonstrated such a commitment.

Graduates of the United States Army School of the Americas include some of the worst human rights abusers in the Western Hemisphere, including 19 Salvadoran soldiers linked to the 1989 murder of six Jesuit priests and their housekeeper and her daughter. Two of the three officers cited by the Guatemalan archbishop's office are suspected of the killing of anthropologist Myrna Mack in 1992, as well as three top leaders of the notorious Guatemalan military intelligence unit D–2 were graduates of the School of the Americas.

One-half of the 247 Colombian army officers cited in the definitive work on Colombian human rights abuses, El Terrorismo de Estado en Colombia, in 1992 were graduates of this School.

Ten of the 30 Chilean officers against whom a Spanish judge in 1998 requested indictments for crimes of terrorism, torture and disappearance as well as the El Salvador death squad leader Roberto D'Aubuisson graduated from the School of the Americas.

Two of the three killers of Archbishop Oscar Romero of El Salvador and 10 of the 12 officers responsible for the murder of 900 civilians in the El Salvadoran village El Mozote are graduates.

And the most notorious for us, three of the five officers involved in the 1980 rape and murder of four United States churchwomen in El Salvador graduated from the School of the Americas.

Reducing funding for this School does not prevent the United States from providing appropriate training for military personnel of Latin American armed forces. It is conceivable that by our actions a better military training and education program can be developed. With a most improved screening process for potential students.

I urge you to support my amendment for democracy.

Mr. Chairman, I yield to the gentleman from New York (Mr. GILMAN), chairman of the Committee on International Relations.

Mr. GILMAN. Mr. Chairman, the gentlewoman from Texas (Ms. JACKSON-LEE) has done an outstanding job of focussing attention on the violations by the People's Republic of China with regard to the Tibetan people. We cannot give enough attention to the occupation of the People's Republic of China in Tibet and we welcome the gentlewoman's remarks.

Mr. CALLAHAN. Mr. Chairman, will the gentlewoman yield?

Ms. JACKSON-LEE of Texas. I yield to the gentleman from Alabama.

Mr. CALLAHAN. Mr. Chairman, I would point out that on page 39 of the committee report, we recommend that $250,000 be made available for democracy training and education activities for Tibetans. In addition, on page 55 of the report, we recommend $2 million for continued humanitarian assistance for the Tibetan refugees.

So the committee has already addressed the concerns of the gentlewoman from Texas. We do not earmark, as she well knows, in our bill. This amendment would earmark and, therefore, I must continue to, number one, reserve my point of order.

Mr. CALLAHAN. Mr. Chairman, I claim the time in opposition to the amendment.

The CHAIRMAN. The gentleman from Alabama (Mr. CALLAHAN) is recognized for 5 minutes.

Mr. CALLAHAN. Mr. Chairman, I yield such time as she may consume to the gentlewoman from California (Ms. PELOSI).

Ms. PELOSI. Mr. Chairman, the gentlewoman from Texas (Ms. JACKSON-LEE) I commend for bringing the plight of Tibet to the attention once again of our colleagues. The gentleman from Alabama (Mr. CALLAHAN), our distinguished chairman, has been most cooperative on this issue of Tibet. It is a priority for many of us on the committee. And, of course, the gentleman from New York (Mr. GILMAN), chairman of the authorizing committee, has been a champion on the Tibet issue for a long time.

But as the gentleman from Alabama said, the funds are in the bill already because this is a priority. The plight of the people of Tibet challenges the conscience of the world and by and large the world ignores their plight. Our bill does not, and the more attention we can call, the better.

Mr. Chairman, even though this may not be able to be received by the full House this evening, nonetheless, the bright light that the gentlewoman focuses on Tibet once again is appreciated and will contribute to freedom there one day.

Mr. CALLAHAN. Mr. Chairman, I yield such time as she may consume to the gentlewoman from Texas (Ms. JACKSON-LEE).

Ms. JACKSON-LEE of Texas. Mr. Chairman, I would like to conclude by simply thanking both the ranking member and the chairman for the efforts that have been made in the Subcommittee on Foreign Operations, Export Financing and Related Programs, as well as that of the chairman of the Committee on International Relations. My effort tonight was to provide more resources because of the horrific situation in Tibet. The abuse of human rights and the exile of the Dalai Lama.

I would like to continue to work with all of the committees and as well the chairman, ranking member of the subcommittee and the Chairman of the Committee on International Relations

as we try to bring peace and dignity to the Tibetan people.

Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentlewoman from Texas?

There was no objection.

AMENDMENT OFFERED BY MR. PAUL

Mr. PAUL. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment offered by Mr. PAUL:

Page 116, after line 5, insert the following:

LIMITATION ON FUNDS FOR EXPORT-IMPORT BANK OF THE UNITED STATES, OVERSEAS PRIVATE INVESTMENT CORPORATION, AND THE TRADE AND DEVELOPMENT AGENCY

SEC. . None of the funds made available pursuant to this Act for the Export-Import Bank of the United States, the Overseas Private Investment Corporation, or the Trade and Development Agency, may be used to enter into any new obligation, guarantee, or agreement on or after the date of the enactment of this Act.

The CHAIRMAN. Pursuant to the order of the House of Thursday, July 29, 1999, the gentleman from Texas (Mr. PAUL) and the gentleman from Alabama (Mr. CALLAHAN) each will control 5 minutes.

The gentleman from Texas (Mr. PAUL) is recognized for 5 minutes.

Mr. PAUL. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, this amendment provides that no funds for new obligations, guarantees, or agreements can be issued under the Export-Import Bank under OPIC or under the Trade Development Agency. This again is an attempt to try to slow up the amount of dollars that flow into corporations and for their benefit specifically as well as our foreign competitors.

China, for instance, receives the largest amount of money from the Export-Import Bank. Outstanding liabilities for the Export-Import Bank is now $55 billion. There is $5.9 billion that have been granted to the Chinese.

Last week we had a very important vote on trade. It was hotly debated over human rights issues. I voted to trade with China because I believe it is proper to trade with people. We are less likely to fight with them. And in this institution, too often we use our terms carelessly and we talk about free trade as being something which is managed trade. Free trade here generally means that we will have the NAFTA people managing trade, the World Trade Organization managing trade, and we will subsidize our businesses.

Just this past week we had the World Trade Organization rule against us saying that we grant $2 billion worth of tax benefits to our own corporations and they ruled that that was illegal. This is all done in the name of free trade.

I say that we should have free trade. We should trade with our friends and with anybody who would trade that we are not at war with. We should really, really be careful about issuing sanctions. But here we are, last week we had the great debate and a lot of people could not stand the idea of trading with Red China because of their human rights record and I understand that, although I did not accept that position. But this is the time to do something about it.

Trading with Red China under true free trade is a benefit to both of us. It is a benefit to our consumers and it benefits both countries because we are talking with people and we are not fighting with them. But it gets to be a serious problem when we tax our people in order to benefit those who are receiving the goods overseas.

□ 2245

Now, if there is a worldwide downturn, this $55 billion of liabilities out there could be very significant in how it is going to be paid back. The Chinese right now, their economy is not all that healthy. They are talking about a devaluation.

So this is a liability that the American taxpayers are exposed to. If we do have a concern about Red China and the Chinese, yes, let us work with them, let us trade with them, but let us not subsidize them.

This is what I am trying to do. I am trying to stop this type of subsidies. So my bill, my amendment would stop any new obligation. It does not close down Export-Import Bank. It allows all the old loans to operate and function, but no new obligations can be made, no new guaranties, and no agreement, with the idea that someday we may truly move to free trade, that we do not recognize free trade as being subsidized trade as well as internationally managed trade with organizations such as NAFTA and World Trade Organization.

Those institutions are not free trade institutions. They are managed trade institutions for the benefit of special interests. That is what this type of funding is for is for the benefit of special interests, whether it is our domestic corporation, which, indeed, I would recognize does receive some benefit.

Sixty-seven percent of all the funding of the Export-Import Bank goes to, not a large number of companies, to five companies. I will bet my colleagues, if they look at those five companies in this country that gets 67 percent of the benefit and look at their political action records, my colleagues might be enlightened. I mean, I bet my colleagues we would learn something about where that money goes, because they are big corporations and they benefit, and they will have their defenders here.

It is time we look carefully at these subsidies.

Mr. CALLAHAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I yield 1½ minutes to the gentlewoman from California (Ms. PELOSI).

Ms. PELOSI. Mr. Chairman, I rise in opposition to the amendment. In doing so, I want to correct the record. Those of us who were asking for raising tariffs on products coming from China were not interested in cutting off trade with China. What we were doing is to say, let us have the same reciprocity between our two countries as we would expect from other countries.

But then to use that and say it is all right to give a $70 billion trade surplus to the regime so they can strengthen their hold on the people of China but we should take out our concerns with China on the Ex-Im Bank I think is very inappropriate. That is why I oppose it.

The Ex-Im Bank does not subsidize the Chinese government. The Ex-Im Bank subsidizes U.S. manufacturers selling into countries, including China.

The Paul amendment would not allow the Export-Import Bank to assume any new business. This would mean that all of the Ex-Im's resources would be used to liquidate existing transactions. In other words, Ex-Im would slowly, gradually shut down.

I agree with the gentleman that we must subject the Ex-Im, OPIC, and all of these institutions to harsh scrutiny. Are they performing the task that is their established purpose, to promote U.S. exports? The Ex-Im Bank, I think, from the scrutiny we subjected to in our committee does that.

The gentleman's amendment is ill-advised. The same would apply to OPIC, which, by the way, does not operate in China.

So I urge our colleagues to oppose this amendment for many more reasons than I have time to go into.

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

Mr. Chairman, we have already discussed the impact of the closing down of OPIC earlier tonight, and my colleagues can see that the will of the House certainly agreed with those of us who think that we must have this competitive level playing field with the rest of the G–7 Nations.

The gentleman from Texas (Mr. PAUL) is absolutely right when it comes to basic sounding good things, a feel-good amendment, when he talks about Ex-Im Bank giving money to Red China. Ex-Im Bank does not give money to Red China. Ex-Im Bank loans money to American businesses to establish programs in Red China. There is no prohibition against Red China coming to the United States to invest with the support of a similar organization in China.

What we are saying is we want to be just like the rest of the world when it comes to global economy. This is a

global economy. The only way our people can participate in global economy is to have the same advantages as do Canada, as do Japan, as do Germany, as do France. We need this in order to work today in a global economy.

So we are not talking about losing money. That is not the question here. Ex-Im bank is not losing money. We are talking about whether or not we are going to have a financing capability that will enable American jobs to be exported to all of the countries that the gentleman from Texas mentioned.

So, Mr. Chairman, I think it is the same debate that we had on OPIC except this one is twice as bad because, also, he closes down the Ex-Im Bank as well and cuts off the ability of American business people to do business in most any foreign country.

I urge opposition to the amendment.

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

Mr. PAUL. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would like to point out that it is truly a subsidy to a foreign corporation, a foreign government. For Red China, corporations and governments are essentially identical. They are not really quite in the free market yet.

But the gentleman from Alabama (Mr. CALLAHAN) points out that, no, that is not true. The money does not go to Red China and they buy things; we just give it directly. We do not even send it round trip. This is true.

We take taxpayers' money. We take taxpayers' guarantee. We give them to those huge five corporations that do 67 percent of the business. We give them the money. But where do the goods go? Do the goods go to the American taxpayers? No. They get all of the liabilities. The subsidies help the Chinese.

So, technically, yes, we do not send the money there. But who is going to pay it back? The Chinese pays the loan back. If they default, who pays the bill if the Chinese defaults? Who pays the bill if they default? It is obviously the taxpayers.

What I am pointing out is that $5.9 billion that the Chinese now had borrowed from us, from the Export-Import Bank, is a significant obligation that, too, is on the backs of the American taxpayer.

So I urge support for the amendment because, if we are serious about free trade, just please do not call it free trade anymore. Call it managed trade. Call it subsidized trade. Call it special interest trade. But please do not call it free trade anymore, because it is not free trade.

Mr. Chairman, I yield back the balance of my time.

Mr. CALLAHAN. Mr. Chairman, I yield myself such time as I may consume.

In closing, Mr. Chairman, I would just like to say that the $16 million, or whatever figure he is using that goes to China, goes in the form of things like airplane. Yes, a lot of it goes to Boeing, which is a huge corporation. But the benefit that the American taxpayers receive are the thousands of jobs that Boeing provides in order to export this plane to China who pays for it. If indeed there was some problem, we can always go and get the airplanes back.

It is not like we are giving something away. We are creating jobs. I might tell my colleagues that many of those Boeing jobs are located in the State of Alabama.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. PAUL).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. PAUL. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN. Pursuant to House Resolution 263, further proceedings on the amendment offered by the gentleman from Texas (Mr. PAUL) will be postponed.

Mr. DAVIS of Illinois. Mr. Chairman, I rise in support of the Payne amendment.

Mr. Chairman, the UN World Food Program (WFP) last Tuesday expressed fears of a "worsening humanitarian crisis" in southern Sudan, resulting from the inability to transport food to those who need it. This ban has made most of the region inaccessible to relief agencies trying to deliver urgent humanitarian assistance to some 150,000 people.

Mr. Chairman, the funds appropriated by this amendment which is more than $4,000,000 will be used for rehabilitation and economic recovery in areas of Sudan which have endured many hardships due to their religious and political beliefs. These funds will help support education, crop growth and other needs necessary for the basic existence of these people.

Mr. Chairman, this is a humane, well thought out, gesture offered by the gentleman from New Jersey and I urge all Members to support this amendment.

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. TANCREDO) 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 H.R. 2670, DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS ACT, 2000

Mr. CALLAHAN, from the Committee on Appropriations, submitted a privileged report (Rept. No. 106–283) on the bill (H.R. 2670) making appropriations for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 2000, and for other purposes, which was referred to the Union Calendar and ordered to be printed.

The SPEAKER pro tempore. Under the rule, all points of order are reserved on the bill.

SPECIAL ORDERS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 1999, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

$800 BILLION TAX CUT, BUT NOT FOR THE MIDDLE OR LOWER CLASSES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. OLVER) is recognized for 5 minutes.

Mr. OLVER. Mr. Speaker, I am sure that I am making friends with all of the members of the staff by taking 5 minutes at this hour, including the Speaker, but since I have stayed here this long, I will take the 5 minutes.

Mr. Speaker, we are told that this is the week that the main business is going to be, for this Congress, is the final passage of an $800 billion tax cut.

The Republican leadership says that their tax cut, at least that one which passed the House of Representatives, is for the middle class. But I would like to raise that question. The bill which passed the House of Representatives about 2 weeks ago had the following features: the 1.25 million taxpayers representing the 1 percent wealthiest, richest portion of the population each, on average, got $54,000 of tax reduction. Those are the 1 percent whose incomes is more than $300,000 per year.

At the other end of the scale, starting from the bottom, from the lowest income person in this society issuing a tax return, if we took all 95 percent, starting from the lowest income and coming up to an income of $125,000 a year, all 95 percent of that population, all 120 million would have received 39 percent of the total tax cut; whereas, the 1.25 million, the wealthiest 1.25 million, or 1 percent, would have received 45 percent of that total tax reduction. The 1 percent richest of Americans got more than all 95 percent of our population whose income is beneath 125,000.

If I may put that in a slightly different way, if those who may still be watching would consider 100 people, 100 people, one of whom has income over $300,000 and consider that we might have $100 of tax reduction to be able to distribute among those 100 people, that that one person whose income is greater than $300,000 would get $45 of the total of $100 that is available for all tax reduction for all Americans.

□ 2300

Whereas 95 people, starting at the lowest income, up to the persons who might have $125,000 of income, that group of 95 people would find that they

were able to receive only a total of $39 divided among the 95 of them.

Now, I do not know how many people would believe that that was a fair distribution that would suggest that this tax cut was for the middle class. That is hardly a middle class tax cut. In fact, it is designed to make the already rich a great deal richer. And that the middle class, those people between incomes of $20,000 and perhaps $80,000 per year, would receive $1 or $2 a day, hardly a middle class tax cut.

But that is only a small part of the story. The rest of the story is what the Republican leadership makes impossible if this rich-get-very-much-richer bill were to become law. I forgot to bring the chart that I have here, but I will get it because I would like to show the American people what happens on just one issue, and that is the issue of the Nation's debt.

If this tax bill is passed, as it was passed in the House of Representatives, then it would be nearly impossible to reduce the Nation's debt. Let me show this chart. This chart shows where the present $3.7 trillion of debt that is publicly held was created.

The first 38 presidents, from George Washington, our first president, through Mr. Ford, our 38th president, produced $549 billion of debt. President Carter, in his 4 years, created an additional $236 billion of debt. President Reagan created, in his 8 years, $1.4 trillion. President Bush, $1.1 trillion, and President Clinton, in his almost 7 years, an additional $472 billion.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. ABERCROMBIE (at the request of Mr. GEPHARDT) for today on account of official business.

Mr. REYES (at the request of Mr. GEPHARDT) for today on account of attending memorial service for the five soldiers whose plane crashed in Colombia.

Mrs. CLAYTON (at the request of Mr. GEPHARDT) between 5:00 p.m. and 8:30 p.m. today on account of official business.

Mr. BILBRAY (at the request of Mr. ARMEY) for today and the balance of the week on account of personal reasons.

Mr. PETERSON of Pennsylvania (at the request of Mr. ARMEY) for today and the balance of the week on account of medical reasons.

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. OLVER) to revise and extend their remarks and include extraneous material:)

Mr. ALLEN for 5 minutes, today.

Mr. PALLONE for 5 minutes, today.

Mr. SHERMAN for 5 minutes, today.

Mr. HASTINGS of Florida for 5 minutes, today.

Mr. OLVER for 5 minutes, today.

(The following Members (at the request of Mr. PAUL) to revise and extend their remarks and include extraneous material:)

Mr. GUTKNECHT for 5 minutes, August 4.

Mrs. MORELLA for 5 minutes, today.

Mr. BRYANT for 5 minutes, today.

Mr. MORAN of Kansas for 5 minutes, August 3.

Mr. DEMINT for 5 minutes, August 3.

Mr. SMITH of Michigan for 5 minutes, today.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 1468. An act to authorize the minting and issuance of Capitol Visitor Center Commemorative coins, and for other purposes; to the Committee on Banking and Financial Services.

ADJOURNMENT

Mr. OLVER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 11 o'clock and 3 minutes p.m.), under its previous order, the House adjourned until tomorrow, Tuesday, August 3, 1999, at 9 a.m., for morning hour debates.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 8 of rule XII, executive communications were taken from the Speaker's table and referred as follows:

3303. A letter from the the Director, the Office of Management and Budget, transmitting the cumulative report on rescissions and deferrals, pursuant to 2 U.S.C. 685(e); (H. Doc. No. 106–108); to the Committee on Appropriations and ordered to be printed.

3304. A communication from the President of the United States, transmitting a request for emergency supplemental appropriations for the Department of Defense; (H. Doc. No. 106–110); to the Committee on Appropriations and ordered to be printed.

3305. A letter from the Comptroller, Under Secretary of Defense, transmitting notification of a violation of the Antideficiency Act; to the Committee on Appropriations.

3306. A letter from the Acquisition and Technology, Under Secretary of Defense, transmitting a report on the Performance of Commercial Activities for Fiscal Year 1998, pursuant to 10 U.S.C. 2304 nt.; to the Committee on Armed Services.

3307. A letter from the Personnel and Readiness, Under Secretary of Defense, transmitting the Department's Defense Manpower Requirements Report for FY 2000, pursuant to 10 U.S.C. 115(b)(3)(A); to the Committee on Armed Services.

3308. A letter from the Health Affairs, Assistant Secretary of Defense, transmitting a report on TRICARE Head Injury Policy and Provider Network Adequacy; to the Committee on Armed Services.

3309. A letter from the Deputy Secretary of Defense, transmitting notification of the decision to waive the limitations for the number of management headquarters and headquarters support activities staff in the Department of Defense as of October 1, 1998; to the Committee on Armed Services.

3310. A letter from the Secretary of Defense, transmitting notification of the approval of the retirement of General Dennis J. Reimer, United States Army, and his advancement to the grade of general on the retired list; to the Committee on Armed Services.

3311. A letter from the Secretary of Defense, transmitting notification that the Department of Defense intends to obligate up to $438.4 million in FY 1999 funds to implement the Cooperative Threat Reduction Program under the FY 1999 Department of Defense Appropriations Act; to the Committee on Armed Services.

3312. A letter from the Secretary of Defense, transmitting notification of the approval of Lieutenant General John B. Hall, Jr., United States Air Force, and his advancement to the grade of lieutenant general on the retired list; to the Committee on Armed Services.

3313. A letter from the Secretary of Defense, transmitting notification of the approval of the retirement of Lieutenant General John A. Dubia, United States Army, and his advancement to the grade of lieutenant general on the retired list; to the Committee on Armed Services.

3314. A letter from the Secretary of Defense, transmitting notification of the approval of the retirement of Lieutenant General Patrick M. Hughes, United States Army, and his advancement to the grade of lieutenant general on the retired list; to the Committee on Armed Services.

3315. A letter from the Under Secretary for Domestic Finance, Department of the Treasury, transmitting the annual report on the Resolution Funding Corporation for the calendar year 1998; to the Committee on Banking and Financial Services.

3316. A letter from the Acting Under Secretary, Rural Development, Department of Agriculture, transmitting the Department's final rule—Guaranteed Rural Rental Housing Program (RIN: 0575–AC14) received June 14, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Banking and Financial Services.

3317. A letter from the President and Chairman, Export-Import Bank, transmitting a report involving U.S. exports to China, pursuant to 12 U.S.C. 635(b)(3)(i); to the Committee on Banking and Financial Services.

3318. A letter from the President and Chairman, Export-Import Bank, transmitting a report involving U.S. exports to Japan, pursuant to 12 U.S.C. 635(b)(3)(i); to the Committee on Banking and Financial Services.

3319. A letter from the Board of Governors, Federal Reserve System, transmitting a report on the profitability of the credit card operations of depository institutions, pursuant to 15 U.S.C. 1637; to the Committee on Banking and Financial Services.

3320. A letter from the Director, Office of Management and Budget, transmitting a report on direct spending or receipts legislation; to the Committee on the Budget.

3321. A letter from the Secretary of Education, transmitting Final Regulations Correction—Assistance to States for the Education of Children with Disabilities (RIN:

1820–AB40), pursuant to 20 U.S.C. 1232(f); to the Committee on Education and the Workforce.

3322. A letter from the Acting Assistant General Counsel for Regulatory Law, Department of Energy, transmitting a report entitled, ''Interface with the Defense Nuclear Facilities Safety Board''; to the Committee on Commerce.

3323. A letter from the Assistant General Counsel for Regulatory Law, Department of Energy, transmitting a report on Conference Management; to the Committee on Commerce.

3324. A letter from the Assistant General Counsel for Regulatory Law, Office of Procurement and Assistance Management, Department of Energy, transmitting a report regarding Deviations, Local Clauses, Uniform Contract Format, and Clause Matrix; to the Committee on Commerce.

3325. A letter from the Director, Department of Health and Human Services, transmitting the NIEHS Report on Health Effects from Exposure to Power-Line Frequency Electric and Magnetic Fields; to the Committee on Commerce.

3326. A letter from the Director, Office of Congressional Affairs, Nuclear Regulatory Commission, transmitting Instruction Concerning Prenatal Radiation Exposure; to the Committee on Commerce.

3327. A letter from the Director, Office of Congressional Affairs, Nuclear Regulatory Commission, transmitting a report on Design and Fabrication Code Case Acceptability, ASME Section III, Division 1; to the Committee on Commerce.

3328. A letter from the Director, Office of Congressional Affairs, Nuclear Regulatory Commission, transmitting the Commission's Management Directive 5.6, ''Integrated Materials Performance Evaluation Program''; to the Committee on Commerce.

3329. A letter from the Secretary of Energy, transmitting the 1998 Annual Report on Low-Level Radioactive Waste Management Progress; to the Committee on Commerce.

3330. A letter from the Secretary of Health and Human Services, transmitting a draft of proposed legislation entitled, ''Developmental Disabilities Assistance Amendments of 1999''; to the Committee on Commerce.

3331. A letter from the Director, Defense Security Cooperation Agency, transmitting notification concerning the Department of the Army's Proposed Letter(s) of Offer and Acceptance (LOA) to Egypt for defense articles and services (Transmittal No. 99–23), pursuant to 22 U.S.C. 2776(b); to the Committee on International Relations.

3332. A letter from the Director, Defense Security Cooperation Agency, transmitting notification concerning the Department of the Army's Proposed Letter(s) of Offer and Acceptance (LOA) to Egypt for defense articles and services (Transmittal No. 99–22), pursuant to 22 U.S.C. 2776(b); to the Committee on International Relations.

3333. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed license for the export of defense articles or defense services sold commercially under a contract to Greece [Transmittal No. DTC 81–99], pursuant to 22 U.S.C. 2776(c); to the Committee on International Relations.

3334. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed license for the export of defense articles or defense services sold commercially under a contract to Singapore [Transmittal No. DTC 82–99], pursuant to 22 U.S.C. 2776(c); to the Committee on International Relations.

3335. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed Manufacturing License Agreement with Turkey [Transmittal No. DTC 141–98], pursuant to 22 U.S.C. 2776(d); to the Committee on International Relations.

3336. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed license for the export of defense articles or defense services sold commercially under a contract to the United Kingdom [Transmittal No. DTC 69–99], pursuant to 22 U.S.C. 2776(c); to the Committee on International Relations.

3337. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed Manufacturing License Agreement with Canada [Transmittal No. DTC 66–99], pursuant to 22 U.S.C. 2776(d); to the Committee on International Relations.

3338. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed license for the export of defense articles or defense services sold commercially under a contract to the United Kingdom [Transmittal No. DTC 68–99], pursuant to 22 U.S.C. 2776(c); to the Committee on International Relations.

3339. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed Manufacturing License Agreement with Germany [Transmittal No. DTC 76–99], pursuant to 22 U.S.C. 2776(d); to the Committee on International Relations.

3340. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed Manufacturing License Agreement for the export of defense services under a contract with Italy [DTC 47–99], pursuant to 22 U.S.C. 2776(d); to the Committee on International Relations.

3341. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed Manufacturing License Agreement for the export of defense services under a contract with Canada [Transmittal No. DTC 44–99], pursuant to 22 U.S.C. 2776(c); to the Committee on International Relations.

3342. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed Technical Assistance License Agreement with Spain [Transmittal No. DTC 77–99], pursuant to 22 U.S.C. 2776(d); to the Committee on International Relations.

3343. A letter from the Acting Deputy Under Secretary (International Programs), Office of the Under Secretary of Defense, transmitting a copy of Transmittal No. 08–99 which constitutes a Request for Final Approval for the Project Arrangement (PA) between the U.S. and Sweden concerning the Foliage Penetration Radar Sensor Project, pursuant to 22 U.S.C. 2767(f); to the Committee on International Relations.

3344. 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.

3345. 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.

3346. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting notification that effective July 4, 1999, the 20% danger pay allowance for Central African Republic was eliminated, pursuant to 5 U.S.C. 5928; to the Committee on International Relations.

3347. 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.

3348. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting certification regarding the proposed transfer of major defense equipment to Germany [Transmittal No. RSAT–1–99]; to the Committee on International Relations.

3349. A letter from the Director, Office of Personnel Management, transmitting a report entitled, ''Physicians Comparability Allowances,'' pursuant to 5 U.S.C. 5948(j)(1); to the Committee on Government Reform.

3350. A letter from the Secretary of Commerce, transmitting the Inspector General's semiannual report and the Secretary's report on final action taken on Inspector General audits, pursuant to 5 U.S.C. app. (Insp. Gen. Act) section 5(d); to the Committee on Government Reform.

3351. A letter from the Secretary of Labor, transmitting the Semiannual Reports of the Corporation's Executive Director and the Office of Inspector General, respectively, pursuant to 5 U.S.C. app. (Insp. Gen. Act) section 5(b); to the Committee on Government Reform.

3352. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. ACT 13–87, ''Moratorium on the Issuance of New Retailer's Licenses Class B Temporary Amendment Act of 1999'' received June 18, 1999, pursuant to D.C. Code section 1–233(c)(1); to the Committee on Government Reform.

3353. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. ACT 13–91, ''O Street Wall Restoration Temporary Act of 1999'' received June 18, 1999, pursuant to D.C. Code section 1–233(c)(1); to the Committee on Government Reform.

3354. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. ACT 13–86, ''Metropolitan Police Department Excepted Service Sworn Employees' Compensation System Amendment Act of 1999'' received June 18, 1999, pursuant to D.C. Code section 1–233(c)(1); to the Committee on Government Reform.

3355. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. ACT 13–82, ''Mount Horeb Plaza Symbolic Street Designation Act of 1999'' received June 18, 1999, pursuant to D.C. Code section 1–233(c)(1); to the Committee on Government Reform.

3356. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 13–85, ''Peoples Involvement Corporation Equitable Real Property Tax Relief Act of 1999'' received June 18, 1999, pursuant to D.C. Code section 1–233(c)(1); to the Committee on Government Reform.

3357. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 13–83, ''Lowell School, Inc., Real Property Tax Exemption and Equitable Real Property Tax Relief Act of 1999'' received June 18, 1999, pursuant to D.C. Code

section 1–233(c)(1); to the Committee on Government Reform.

3358. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 13–84, ''Closing and Dedication of a Public Alley in Square 275, S.O. 95–62, Act of 1999'' received June 18, 1999, pursuant to D.C. Code section 1–233(c)(1); to the Committee on Government Reform.

3359. A letter from the Federal Co-Chairman, Appalachian Regional Commission, transmitting the semiannual report of the Inspector General for the period October 1, 1998, through March 31, 1999, pursuant to 5 U.S.C. app. (Insp. Gen. Act) section 5(b); to the Committee on Government Reform.

3360. A letter from the Comptroller General, transmitting a monthly listing of new investigations, audits, and evaluations; to the Committee on Government Reform.

3361. A letter from the Deputy Director for Support, Personal and Family Readiness Division, Department of the Navy, transmitting the annual report for 1998 of the Retirement Plan for Civilian Employees of the United States Marine Corps Personal and Family Readiness Division; to the Committee on Government Reform.

3362. A letter from the Director, Office of Legislative Affairs, Federal Deposit Insurance Corporation, transmitting correction of an error in the auditor's opinion section of the Federal Deposit Insurance Corporation's 1998 Chief Financial Officers Act Report; to the Committee on Government Reform.

3363. A letter from the General Accounting Office, transmitting a list of vacancies; to the Committee on Government Reform.

3364. A letter from the Inspector General, General Services Administration, transmitting the Audit Report Register, including all financial recommendations, for the period ending March 31, 1999, pursuant to 5 U.S.C. app. (Insp. Gen. Act) section 5(d); to the Committee on Government Reform.

3365. A letter from the Treasurer, National Gallery of Art, transmitting the 1998 Annual Report which contains the audited financial statements for years ended September 30, 1998 and 1997, pursuant to 31 U.S.C. 3512(c)(3); to the Committee on Government Reform.

3366. A letter from the Secretary of Education, transmitting notification that effective February 24, 1999, the Assistant Secretary for Elementary and Secondary Education resigned; to the Committee on Government Reform.

3367. A letter from the Secretary of Transportation, transmitting the Secretary's Management Report on Management Decisions and Final Actions on Office of Inspector General Audit Recommendations for the period ending March 31, 1999, pursuant to 31 U.S.C. 9106; to the Committee on Government Reform.

3368. A letter from the Acting Assistant Attorney General, Office of Legislative Affairs, Assistant Attorney General, Office of Justice Programs, transmitting the Office of Justice Programs Annual Report for Fiscal Year 1998, pursuant to 42 U.S.C. 3712(b); to the Committee on the Judiciary.

3369. A letter from the Chairman, National Gambling Impact Study Commission, transmitting the Final Report of the National Gambling Impact Study Commission; to the Committee on the Judiciary.

3370. A letter from the Secretary, Naval Sea Cadet Corps, transmitting the Annual Audit Report of the Naval Sea Cadet Corps for the fiscal year ending 31 December 1998, pursuant to 36 U.S.C. 1101(39) and 1103; to the Committee on the Judiciary.

3371. A letter from the Attorney General, State of South Carolina, transmitting a certified copy of the 1996 South Carolina legislation which, along with Georgia's 1994 legislation, forms the basis for an interstate compact pursuant to Article IV, Section 10 of the United States Constitution; to the Committee on the Judiciary.

3372. A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to amend title 49, United States Code, to revise and clarify the definition of ''public aircraft''; to the Committee on Transportation and Infrastructure.

3373. A letter from the the Assistant Secretary for Legislative Affairs, the Department of State, transmitting notification that the President has issued the required determination necessary to continue normal trade relations with the People's Republic of China [Presidential Determination No. 99–28], pursuant to 19 U.S.C. 2432(c) and (d); (H. Doc. No. 106–107); to the Committee on Ways and Means and ordered to be printed.

3374. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Market Segment Specialization Program Audit Techniques Guide—Low-Income Housing Credit; to the Committee on Ways and Means.

3375. A letter from the Secretary of Agriculture, Secretary of the Army, transmitting notification of the intention of the Departments of the Army and Agriculture to interchange jurisdiction of civil works and Forest Service acquired lands and interests in lands at the Willow Island Locks and Dam navigation project, adjacent to the Wayne National Forest in the State of Ohio, pursuant to 16 U.S.C. 505a; jointly to the Committees on Agriculture and Transportation and Infrastructure.

3376. 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 Appropriations and Resources.

3377. 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 Appropriations and Resources.

3378. A letter from the Secretary of Transportation, transmitting the Department's report entitled ''Importing Noncomplying Motor Vehicles'' for calendar year 1998, pursuant to 49 U.S.C. 30169(b); jointly to the Committees on Commerce and Ways and Means.

3379. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting the President has issued the determination required to suspend the limitation on the obligation of FY 1999 State Department Appropriations [Presidential Determination 99–29]; jointly to the Committees on International Relations and Appropriations.

3380. A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to amend the Woodrow Wilson Memorial Bridge Authority Act of 1995 to provide advance contract authority for fiscal years 2004 through 2007; jointly to the Committees on Transportation and Infrastructure and Ways and Means.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. TALENT: Committee on Small Business. H.R. 2614. A bill to amend the Small Business Investment Act to make improvements to the certified development company program, and for other purposes (Rept. 106–278). Referred to the Committee on the Whole House on the State of the Union.

Mr. TALENT: Committee on Small Business. H.R. 2615. A bill to amend the Small Business Act to make improvements to the general business loan program, and for other purposes (Rept. 106–279). Referred to the Committee of the Whole House on the State of the Union.

Mr. REYNOLDS: Committee on Rules. House Resolution 271. Resolution providing for the consideration of the bill (H.R. 987) 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. 106–280). Referred to the House Calendar.

Mr. GOSS: Committee on Rules. House Resolution 272. Resolution providing for consideration of the bill (H.R. 2031) to provide for injunctive relief in Federal district court to enforce State laws relating to the interstate transportation of intoxicating liquor (Rept. 106–281). Referred to the House Calendar.

Mr. ARCHER: Committee on Ways and Means. House Joint Resolution 58. Resolution disapproving the extension of the waiver authority contained in section 402(c) of the Trade Act of 1974 with respect to Vietnam; adversely (Rept. 106–282). Referred to the Committee of the Whole House on the State of the Union.

Mr. ROGERS: Committee on Appropriations. H.R. 2670. A bill making appropriations for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 2000, and for other purposes (Rept. 106–283). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XII, public bills and resolutions were introduced and severally referred, as follows:

By Mr. ALLEN (for himself, Mr. SAXTON, Ms. BALDWIN, Mr. BALDACCI, Mr. BARRETT of Wisconsin, Mr. BONIOR, Mr. CAPUANO, Mr. DAVIS of Illinois, Mr. DELAHUNT, Ms. DELAURO, Mr. GUTIERREZ, Mr. HINCHEY, Mr. INSLEE, Mr. KENNEDY of Rhode Island, Ms. KILPATRICK, Mrs. MALONEY of New York, Mr. GEORGE MILLER of California, Mrs. NAPOLITANO, Mr. NEAL of Massachusetts, Mr. OLVER, Mr. QUINN, Mrs. ROUKEMA, Mr. RUSH, Mr. SANDERS, Ms. SCHAKOWSKY, Mr. STARK, Mr. UNDERWOOD, and Mr. VENTO):

H.R. 2667. A bill to amend the Clean Air Act to establish requirements concerning the operation of fossil fuel-fired electric utility steam generating units, commercial and industrial boiler units, solid waste incineration units, medical waste incinerators, hazardous waste combustors, chlor-alkali

plants, and Portland cement plants to reduce emissions of mercury to the environment, and for other purposes; to the Committee on Commerce.

By Mr. THOMAS (for himself, Mr. NEY, Mr. BOEHNER, Mr. EHLERS, Mr. MICA, and Mr. EWING):

H.R. 2668. A bill to amend the Federal Election Campaign Act of 1971 to reform the financing of campaigns for election for Federal office, and for other purposes; to the Committee on House Administration.

By Mr. SAXTON:

H.R. 2669. A bill to reauthorize the Coastal Zone Management Act of 1972, and for other purposes; to the Committee on Resources.

By Mr. ROGERS:

H.R. 2670. A bill making appropriations for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 2000, and for other purposes.

By Mr. BARRETT of Nebraska:

H.R. 2671. A bill to provide for the Yankton Sioux Tribe and the Santee Sioux Tribe of Nebraska certain benefits of the Missouri River Basin Pick-Sloan project, and for other purposes; to the Committee on Resources.

By Mr. ETHERIDGE (for himself, Mr. SKELTON, Mr. MCINTYRE, Mrs. CLAYTON, Mr. WU, Mr. STUPAK, Mr. WYNN, Mr. JOHN, Mr. GREEN of Texas, Mr. MATSUI, Mr. BECERRA, Mr. BOYD, Mr. PRICE of North Carolina, Mr. DOOLEY of California, Mr. BISHOP, Mr. UDALL of New Mexico, Mrs. TAUSCHER, Mr. SPRATT, Mr. GEORGE MILLER of California, Mr. ANDREWS, Mr. GOODE, Mr. HANSEN, Mr. BALDACCI, Mr. KANJORSKI, Mr. WATT of North Carolina, Mr. DICKS, Mr. SMITH of Washington, Mr. TURNER, Mr. TAYLOR of Mississippi, Mr. BERRY, Mr. SHOWS, Mr. CONDIT, Mr. LUCAS of Kentucky, Mr. PHELPS, Ms. DANNER, Ms. SLAUGHTER, Mr. HILL of Indiana, Mr. THOMPSON of Mississippi, Mr. HALL of Texas, Mr. PICKERING, Mr. THUNE, Mr. TERRY, Mr. JONES of North Carolina, Mr. TOWNS, Mr. ADERHOLT, and Mrs. MALONEY of New York):

H.R. 2672. A bill to authorize the President to award a gold medal on behalf of the Congress to General Henry H. Shelton and to provide for the production of bronze duplicates of such medal for sale to the public; to the Committee on Banking and Financial Services.

By Mr. GEJDENSON (for himself, Mr. KUCINICH, Mr. HILLIARD, Ms. LEE, Mrs. CHRISTENSEN, Mr. MALONEY of Connecticut, Mr. WU, Mr. ETHERIDGE, Ms. JACKSON-LEE of Texas, Ms. MILLENDER-MCDONALD, Mr. SCOTT, and Mr. MCGOVERN):

H.R. 2673. A bill to provide training to professionals who work with children affected by violence, to provide for violence prevention, and for other purposes; to the Committee on Education and the Workforce.

By Mr. PAUL:

H.R. 2674. A bill providing for conveyance of the Palmetto Bend project to the State of Texas; to the Committee on Resources.

By Mr. RADANOVICH (for himself, Mr. POMBO, Mr. OSE, and Mr. HASTINGS of Washington):

H.R. 2675. A bill to amend the Workforce Investment Act of 1998 to provide increased flexibility for the transfer of within state allocations between adult and disclocated worker employment and training activities; to the Committee on Education and the Workforce.

By Ms. RIVERS:

H.R. 2676. A bill to amend the Solid Waste Disposal Act to require a refund value for certain beverage containers, to provide resources for State pollution prevention and recycling programs, and for other purposes; to the Committee on Commerce.

H.R. 2677. A bill to amend the Communications Act of 1934 to require telephone carriers to completely and accurately itemize charges and taxes collected with telephone bills; to the Committee on Commerce.

By Mr. GILMAN (for himself and Mr. MICA):

H. Con. Res. 169. Concurrent resolution expressing United States policy toward Romania; to the Committee on International Relations.

H. Con. Res. 170. Concurrent resolution expressing United States policy toward the Republic of Bulgaria; to the Committee on International Relations.

MEMORIALS

Under clause 3 of rule XII, memorials were presented and referred as follows:

174. The SPEAKER presented a memorial of the Legislature of the State of Maryland, relative to Senate Joint Resolution No. 7 memorializing Congress to amend the Employment Retirement Income Security Act of 1974 to authorize each state to monitor and to regulate self-funded employer-based health plans and to make a specific amendment to the ERISA; urging other state legislatures to enact a resolution similar to this resolution; to the Committee on Education and the Workforce.

175. Also, a memorial of the Legislature of the State of Maryland, relative to House Joint Resolution No. 8 memorializing Congress to amend the Employment Retirement Income Security Act of 1974 to authorize each state to monitor and to regulate self-funded employer-based health plans and to make a specific amendment to the ERISA; urging other state legislatures to enact a resolution similar to this resolution; to the Committee on Education and the Workforce.

176. Also, a memorial of the House of Representatives of the State of Alabama, relative to House Joint Resolution No. 178 memorializing Congress to enact legislation amending the Social Security Act to prohibit recoupment by the federal government of state tobacco settlement funds; to the Committee on Commerce.

177. Also, a memorial of the Senate of the State of Illinois, relative to Senate Resolution No. 138 memorializing President Clinton's commitment to undertake significant efforts in order to promote substantial progress towards a solution to the Cyprus problem in 1999; to the Committee on International Relations.

178. Also, a memorial of the Legislature of the State of Missouri, relative to House Joint Resolution No. 26 memorializing the current federal government policies on national forest road closures and obliteration be suspended and that Congress reaffirm its directives that forest lands be managed in accordance with forest plans that provide for multiple-use management; jointly to the Committees on Agriculture and Resources.

ADDITIONAL SPONSORS

Under clause 7 of rule XII, sponsors were added to public bills and resolutions as follows:

H.R. 82: Mr. LEWIS of Georgia, Mr. BALDACCI, and Mrs. MORELLA.

H.R. 269: Mrs. MEEK of Florida.

H.R. 306: Mr. UDALL of New Mexico.

H.R. 323: Mr. SMITH of Washington.

H.R. 355: Mr. MCHUGH and Mr. UDALL of Colorado.

H.R. 357: Mr. KOLBE.

H.R. 372: Mr. FILNER, Ms. JACKSON-LEE of Texas, and Mr. LUCAS of Kentucky.

H.R. 488: Mr. RUSH.

H.R. 557: Mr. SISISKY and Mr. GOODLATTEE.

H.R. 559: Mr. BLAGOJEVICH.

H.R. 625: Mr. COOK.

H.R. 728: Mr. LINDER.

H.R. 731: Mr. WU and Mr. WEXLER.

H.R. 750: Mr. ENGEL.

H.R. 815: Ms. ROS-LEHTINEN.

H.R. 860: Mr. DEUTSCH.

H.R. 900: Mr. BAIRD.

H.R. 960: Mr. HALL of Ohio and Mr. ROTHMAN.

H.R. 961: Mr. WEYGAND and Mr. FALEOMAVAEGA.

H.R. 1068: Mr. HASTINGS of Florida.

H.R. 1111: Mr. WATTS of Oklahoma, Mr. MCHUGH, Mr. ACKERMAN, and Mrs. THURMAN.

H.R. 1115: Mr. BROWN of Ohio, Mr. BONILLA, Mr. GOODLING, Mr. CAMP, and Mr. BARRETT of Wisconsin.

H.R. 1187: Mr. WALDEN of Oregon.

H.R. 1195: Mr. PRICE of North Carolina.

H.R. 1274: Mr. INSLEE, Ms. LOFGREN, and Mrs. TAUSCHER.

H.R. 1300: Mr. SANDERS, Mr. MASCARA, and Mr. MCGOVERN.

H.R. 1381: Mr. KNOLLENBERG.

H.R. 1388: Mr. SABO, Mr. DELAY, and Mr. DEUTSCH.

H.R. 1414: Mr. LEWIS of Georgia.

H.R. 1482: Mr. FORD.

H.R. 1488: Ms. RIVERS, Mrs. CHRISTENSEN, and Mr. QUINN.

H.R. 1497: Mr. BARRETT of Wisconsin.

H.R. 1579: Mr. KIND, Ms. JACKSON-LEE of Texas, Mr. SKELTON, Mr. HULSHOF, Mr. FARR of California, Mr. TURNER, Mr. MOORE, Mr. HYDE, Mr. FILNER, Mr. KASICH, Ms. BALDWIN, Mr. SCOTT, Ms. LOFGREN, Mr. SMITH of Texas, Mr. SMITH of Washington, and Mr. SHAYS.

H.R. 1592: Mr. SMITH of Texas, Mr. HEFLEY, Mr. EHRLICH, and Mr. STUPAK.

H.R. 1604: Ms. WOOLSEY.

H.R. 1631: Mr. FATTAH.

H.R. 1684: Ms. MCKINNEY.

H.R. 1693: Mr. ARCHER and Mr. ALLEN.

H.R. 1747: Mr. CHAMBLISS.

H.R. 1777: Ms. RIVERS.

H.R. 1816: Mr. MCGOVERN.

H.R. 1917: Mr. BAIRD, Mr. HILLIARD, Mr. PALLONE, Mr. MASCARA, Mrs. EMERSON, Mr. GREEN of Texas, and Mr. STARK.

H.R. 1932: Mr. PALLONE, Ms. BALDWIN, Mr. BECERRA, Mr. BRADY of Pennsylvania, Mr. DAVIS of Florida, Mr. EVANS, Mr. GOODE, Mr. KLECZKA, Mr. PETERSON of Minnesota, Mr. SERRANO, Ms. SLAUGHTER, and Mr. STARK.

H.R. 1933: Mr. DUNCAN and Mr. STUMP.

H.R. 1999: Mr. MCNULTY and Mr. OWENS.

H.R. 2030: Mr. MOAKLEY and Mr. CAPUANO.

H.R. 2102: Mr. ORTIZ, Mr. BARCIA, and Mr. GOODLATTE.

H.R. 2121: Mr. SCOTT, Ms. JACKSON-LEE of Texas, and Mr. KNOLLENBERG.

H.R. 2265: Mr. OBERSTAR and Mr. BERMAN.

H.R. 2288: Mr. WATTS of Oklahoma.

H.R. 2303: Ms. KAPTUR, Mr. MCDERMOTT, Mr. POMBO, Mr. DICKS, and Mr. REYNOLDS.

H.R. 2314: Mr. FORD.

H.R. 2337: Mr. GIBBONS, Mr. COBURN, and Mr. SUNUNU.

H.R. 2351: Ms. SCHAKOWSKY and Ms. LEE.

H.R. 2405: Ms. SCHAKOWSKY and Mr. SHAYS.

H.R. 2418: Mr. DEFAZIO, Mr. BAKER, Mr. CUNNINGHAM, Mr. COOKSEY, Mr. HINCHEY, Mr. ROMERO-BARCELO, and Mr. COBURN.

H.R. 2436: Mr. FLETCHER, Mr. RYAN of Wisconsin, Mr. SKIMKUS, and Mr. HUNTER.

H.R. 2494: Mr. TANCREDO and Mr. SENSENBRENNER.

H.R. 2529: Mr. WAMP.

H.R. 2538: Ms. LEE, Mr. WU, and Mr. WEXLER.

H.R. 2568: Mr. HILL of Montana.

H.R. 2584: Mr. LAZIO.

H.R. 2612: Mr. RAHALL.

H.R. 2618: Mr. GILLMOR, Mr. SHOWS, and Ms. JACKSON-LEE of Texas.

H.R. 2639: Mr. SIMPSON and Mr. MILLER of Florida.

H.J. Res. 55: Mr. GIBBONS.

H. Con. Res. 30: Mr. ISAKSON.

H. Con. Res. 38: Mr. NADLER.

H. Con. Res. 77: Mr. KUYKENDALL.

H. Con. Res. 80: Mr. BOEHLERT, Mr. DAVIS of Virginia, Mr. DELAHUNT, Mr. HOYER, Mr. LAZIO, Mr. KENNEDY of Rhode Island, Mr. GUTKNECHT, Mr. COOK, Mr. DREIER, Mr. LEWIS of Georgia, and Mr. GEPHARDT.

H. Con. Res. 100: Mr. GEJDENSON, Mr. HOLDEN, Mrs. THURMAN, Mr. COSTELLO, Mr. SCOTT, Mr. ALLEN, Mr. BILBRAY, Mr. BACHUS, Ms. STABENOW, Mr. SANFORD, Mrs. MEEK of Florida, Mr. DREIER, Mr. DAVIS of Virginia, Ms. DEGETTE, Mr. COOK, Mr. HOYER, and Mr. PRICE of North Carolina.

H. Con. Res. 159: Mr. FOLEY, Mr. MASCARA, Mr. GEJDENSON, Mrs. MYRICK, Mrs. THURMAN, Mr. SCOTT, Mr. BACHUS, Mr. SANFORD, Mrs. MEEK of Florida, Ms. DEGETTE, and Mr. MCNULTY.

H. Res. 224: Mr. SKELTON, Mr. BUYER, Mr. PASTOR, Mr. WATKINS, Mr. OSE, Mr. LEWIS of Kentucky, Mr. FROST, and Mr. GILLMOR.

H. Res. 267: Mr. GUTKNECHT, Mr. GREEN of Wisconsin, Mr. COOK, Mr. EHLERS, Mrs. CAPPS, Ms. JACKSON-LEE of Texas, and Mr. KUYKENDALL.

PETITIONS, ETC.

Under clause 3 of rule XII, petitions and papers were laid on the clerk's desk and referred as follows:

41. The SPEAKER presented a petition of the Berea City Counsel, relative to Resolution No. 99–28 petitioning support for the ratification, by the United States, of the United Nations convention on the elimination of all forms of discrimination against women; to the Committee on International Relations.

42. Also, a petition of Anthony Ray Wright, relative to a request for impeachment of a Baton Rouge, LA. U.S. District Court Judge Frank J. Polozola; to the Committee on the Judiciary.

DISCHARGE PETITIONS—ADDITIONS OR DELETIONS

The following Members added their names to the following discharge petitions.

Petition 3 by Mr. DINGELL on House Resolution 197: Michael P. Forbes and Chet Edwards.

Petition 4 by Ms. DEGETTE on House Resolution 192: Rod R. Blagojevich, Peter Deutsch, Elijah E. Cummings, Eliot L. Engel, Gregory W. Meeks, Gary L. Ackerman, Calvin M. Dooley, and John Lewis.

AMENDMENTS

Under clause 8 of rule XVII, proposed amendments were submitted as follows:

Commerce, Justice, State, and Judiciary Appropriations, 2000

OFFERED BY: MR. VISCLOSKY

AMENDMENT NO. 2: At the end of the bill, before the short title, insert the following:

SEC. . None of the funds appropriated in this Act may be used to negotiate or otherwise enter into any suspension agreement under section 734 of the Tariff Act of 1930, with respect to any of the following categories of steel products: semifinished, plates, sheets and strips, wire rods, wire and wire products, rail type products, bars, structural shapes and units, pipes and tubes, iron ore, and coke products.

Commerce, Justice, State, and Judiciary Appropriations, 2000

OFFERED BY: MR. VISCLOSKY

AMENDMENT NO. 3: At the end of the bill, before the short title, insert the following:

SEC. . None of the funds appropriated in this Act may be used to implement or continue in effect any suspension agreement under section 734 of the Tariff Act of 1930, or to negotiate or otherwise enter into any suspension agreement under section 734 of the Tariff Act of 1930, with respect to any of the following categories of steel products: semifinished, plates, sheets and strips, wire rods, wire and wire products, rail type products, bars, structural shapes and units, pipes and tubes, iron ore, and coke products.

H.R. 2031

OFFERED BY: MR. COX

AMENDMENT NO. 1: Page 6, line 9, strike the close quotation marks and the period at the end.

Page 6, after line 9, insert the following:

"SEC. 3. GENERAL PROVISIONS.

''(a) EFFECT ON INTERNET TAX FREEDOM ACT.—Nothing in this Act may be construed to modify or supersede the operation of the Internet Tax Freedom Act (47 U.S.C. 151 note).

''(b) ENFORCEMENT OF TWENTY-FIRST AMENDMENT.—It is the purpose of this Act to assist the States in the enforcement of section 2 of the twenty-first article of amendment to the Constitution of the United States, and in no way to impose an impermissible burden on interstate commerce in violation of in article I, section 8, of the Constitution of the United States. No State may enforce under this Act a law regulating the importation or transportation of any intoxicating liquor that has the purpose or effect of discriminating against interstate commerce by out-of-State sellers.

''(c) SUPPORT FOR INTERNET AND OTHER INTERSTATE COMMERCE.—Nothing in this Act may be construed—

''(1) to permit the impairment of interstate telecommunications or any other related instrumentality of interstate commerce, including the Internet; or

''(2) to authorize any injunction against—

''(A) an interactive computer service (as defined in section 230(f) of the Communications Act of 1934 (47 U.S.C. 230(f)); or

''(B) electronic communication service (as defined in section 2510(15) of title 18 of the United States Code).

H.R. 2031

OFFERED BY: MR. GOODLATTE

AMENDMENT NO. 2: Page 6, line 9, strike the close quotation marks and the period at the end.

Page 6, after line 9, insert the following:

''(f) RULES OF CONSTRUCTION.—(1) Subject to paragraph (2), this section shall be construed only to extend the jurisdiction of Federal courts to enforce State law that is valid as an exercise of power vested in the States—

''(A) under the twenty-first article of amendment to the Constitution of the United States as such article of amendment is interpreted by the Supreme Court of the United States; or

''(B) under the first section of this Act;

but shall not be construed to grant to States any additional power.

''(2) This section shall not be construed—

''(A) to modify or supersede the operation of the Internet Tax Freedom Act (47 U.S.C. 151 note); or

''(B) to permit the commencement of an action under subsection (b) of this section against—

''(i) an interactive computer service (as defined in section 230(f) of the Communications Act of 1934 (47 U.S.C. 230(f)); or

''(ii) an electronic communication service (as defined in section 2510(15) of title 18 of the United States Code);

used by another person to engage in any activity that is subject to this Act.''.

H.R. 2031

OFFERED BY: MS. JACKSON-LEE OF TEXAS

AMENDMENT NO. 3: Page 6, line 9, strike the close quotation marks and the period at the end.

Page 6, after line 9, insert the following (and make such technical and conforming changes as may be appropriate):

"SEC. 3. REQUIRED MARKING OF CERTAIN CONTAINERS BY SELLERS OF INTOXICATING LIQUOR.

''(a) CONTAINERS FOR DELIVERY OF INTOXICATING LIQUOR.—It shall be unlawful for a seller of intoxicating liquor to deliver such liquor in interstate commerce to the purchaser of such liquor if the outermost container of such liquor is not clearly marked to identify that such liquor is contained within.

''(b) PENALTY.—Whoever violates paragraph (1) shall be liable for a fine of $1,000.''.

H.R. 2031

OFFERED BY: MS. JACKSON-LEE OF TEXAS

AMENDMENT NO. 4: Page 6, line 9, strike the close quotation marks and the period at the end.

Page 6, after line 9, insert the following (and make such technical and conforming changes as may be appropriate):

"SEC. 3. REQUIREMENTS APPLICABLE TO CERTAIN CARRIERS IN CONNECTION WITH DELIVERY OF INTOXICATING LIQUOR TO A PLACE OF RESIDENCE.

''(a) DELIVERY OF INTOXICATING LIQUOR BY NONGOVERNMENTAL CARRIERS FOR HIRE.—It shall be unlawful for a nongovernmental carrier for hire to knowingly deliver a container transported in interstate commerce that contains intoxicating liquor to a place of residence of any kind if such carrier fails to obtain the signature of the individual to whom such container is addressed.

''(b) PENALTY.—Whoever violates paragraph (1) shall be liable for a fine of $500.''.

H.R. 2031

OFFERED BY MS. JACKSON-LEE OF TEXAS

AMENDMENT NO. 5: At the end of the bill, add the following:

SEC. 4. SENSE OF THE CONGRESS.

It is the sense of the Congress that the States should enact laws to require—

(1) sellers of intoxicating liquor in containers to deliver to purchasers such liquor in outermost containers that are clearly marked to identify that such liquor is contained within; and

(2) nongovernmental carriers for hire that knowingly deliver containers that contain

intoxicating liquor to any kind of place of residence—

(A) to obtain the signatures of the individuals to whom such containers are addressed; and

(B) to obtain reasonable proof that the individuals to whom such containers are addressed are not less than 21 years of age.

H.R. 2606

OFFERED BY: MR. KUCINICH

AMENDMENT NO. 24: At the end of the bill, insert after the last section (preceding the short title) the following new section:

SEC. ____. None of the funds made available in this Act may be used by the Overseas Private Investment Corporation for any category A Investment Fund project, as listed in Appendix E, Category A Projects, of the Corporation's Environmental Handbook of April 1999.

SENATE—*Monday, August 2, 1999*

The Senate met at 12:01 p.m. and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

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

Almighty God, we praise You for great Senators in each period of our Nation's history. And the Senate of the 106th Congress is certainly no exception. Thank you for our Senators who love You, seek Your best for our Nation, and are indefatigable in their efforts to lead with courage and vision. Over the years, You have impacted their consciences with Your Ten Commandments, Your truth, the guidance of Your Spirit, and vision for this Nation so clearly enabled by our founding fathers and mothers. Daily, refine their consciences. Purify them until they reflect the pure gold of Your character and Your priorities of righteousness, justice, and mercy. Then may their consciences guide their convictions, and may they always have the courage of these sacred convictions.

What we pray for the Senators we ask for the entire Senate family. May we all be one in asking You to develop in us a conscience saturated by Your absolutes and shaped by Your authority. To this end, Senators and all staff join in rededicating our lives to glorify You by serving our Nation. Amen.

PLEDGE OF ALLEGIANCE

The Honorable STROM THURMOND, a Senator from the State of South Carolina, 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.

RECOGNITION OF THE ACTING MAJORITY LEADER

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

SCHEDULE

Mr. STEVENS. Mr. President, today by previous order the Senate will begin 1 hour of morning business to be followed by 2 hours of debate on S. 335, the Deceptive Mail Prevention and Enforcement Act regarding sweepstakes. The first rollcall vote today will occur at 5:30 p.m. on passage of the sweepstakes legislation. At 3 p.m. today, the Senate will resume consideration of the Agriculture appropriations bill. It is hoped that Senators who have amendments will work with the bill managers to schedule time to debate those amendments. Additional votes beyond the 5:30 vote could occur relative to the Agriculture appropriations bill. It is the intention of the majority leader to complete action on as many appropriations bills as possible before the August recess. Therefore, Senators should be prepared to vote into the evenings throughout this whole week.

I thank my colleagues for their attention.

I yield the floor.

MORNING BUSINESS

The PRESIDENT pro tempore. The able Senator from North Dakota is recognized.

Mr. DORGAN. Mr. President, I ask unanimous consent to speak for 10 minutes in morning business under the time allocated to Senator DASCHLE.

The PRESIDENT pro tempore. Without objection, it is so ordered.

(Mr. STEVENS assumed the chair.)

FAMILY FARMING IN AMERICA

Mr. DORGAN. Mr. President, this afternoon at 3 o'clock we will begin debate on a farm disaster relief plan that will be offered by Senator HARKIN, myself, Senators CONRAD, DASCHLE, and others. I think this will be, for those of us from farm country, one of the most important pieces of legislation addressed by this Congress this year. I know that unless one lives on a family farm, it is probably pretty hard to describe the farm crisis, but I thought I would read a couple letters from my constituents in North Dakota.

Before I do, I am reminded of the story the former chairman of the House Agriculture Committee used to tell. Kika de la Garza was his name. He used to talk about agriculture and food by telling a story about nuclear submarines. He said he met with all these folks from the Defense Department and they told him about the wonders of these nuclear submarines the United States had. They told him about all of their provisions and all their fuel and their capabilities and their speed and their distance. And he said, well, how long can a nuclear submarine stay under the sea? And the admiral says: Until the food runs out. It was Kika de la Garza's way of pointing out that food, after all, is the essence of most of our existence, and we are a world, a rather fragile, large globe—as seen by the astronauts who leave our Earth and go into space—of diverse interests, diverse people.

However, one thing that seems constant in this world is that we read that so many people go to bed hungry—especially children, but so many people across the world go to bed hungry. Somewhere around half a billion people go to bed with a serious ache in their belly because they do not have anything to eat. Malnutrition and lack of good nutrition among billions of others exists around the world.

Then we go to the farm belt in the United States where a family is struggling to make a living on the family farm and find that its farmer loaded some grain on the truck and took it to the elevator and the grain trade said to the farmer: Your food does not have any value. Our grain trade assesses the value of your food as relatively meaningless. The farmer wonders about that because we live in such a hungry world. How could it be that what we produce in such abundance has no value?

That is what our farmers wonder. Let me talk just about these farmers in the context of their words. This is a letter from a woman in the central part of our State whose family farms; she farms. Here is the kind of plaintive cry that exists from a proud and hard-working people in our country, family farmers who take enormous risks, risk everything they have to try to make a living with seeds they plant in the ground. They do not know whether they will grow; they do not know whether the natural disasters will occur—insects and hail and rain too much, too little. They don't know what will happen with this money they have invested in the soil. If they finally get their crop and they escape all of those problems, they get the crop off the ground and take it to the elevator, they don't know whether there will be a price that allows them to get a return for that crop.

Those are the kinds of people who live on our family farms. They are the people who create the backbone of our society in our country. They are the people who together build a small community where they trade and do business. They build our churches in those communities. They create charities. They do the things together in a community that we forget about sometimes in our country. What is it that makes this country work at its roots? It is entrepreneurship, it is family farming, it is a sense of community, and it is a sense of sharing.

Here is a family farm. This woman says in her letter to me:

We aren't asking for a free ride, just the possibility of surviving. We are private people and we bear our pain alone, and we don't

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

discuss the true situation out here on the family farm with anybody. Our neighbors are all in the same shape. The spirit of North Dakota will be gone with these people and their farms. We cannot survive without a reasonable income. How much longer will it be before people understand that we are trying to feed our family, and pay for basic necessities? But with today's income we are not saving money for retirement. We are not going on trips. We are not enjoying any of the fruits from our labor. We are slowly but surely going broke.

A man who lives in southeastern North Dakota on the family farm says:

It sometimes brings a tear to my eye that maybe in a year, maybe two years, I will not be around in family farming to matter anymore. This won't be easy to explain to my three young daughters. This is where I wanted to bring them up, in a rural setting of life that I was used to and that I understand. If it happens, I hope they read in their history books that it wasn't because their dad was a dumb man. It was because it was caused by policy and giant concentration of companies who want dominance.

Or, from a woman named Susan, whose letter I have read previously on this floor. She lost her husband, and she had to sell their family farm. Prices had collapsed.

I had an auction last week to sell the machinery so that I could help pay off some of the debts that incurred after 26 years of farming. I have a 17-year-old son who would not help me prepare for auction and did not even get out of bed the day of the auction sale because he is so heartbroken that he cannot continue to farm this land.

This is a 17-year-old boy who is not a bad boy. It is just that he couldn't get out of bed to watch the auction sale of his farm because he couldn't bear to see the loss of his dream and his families' dream. He wanted to be a farmer as well.

She said:

My husband was an excellent manager, fully educated. He chose to farm rather than live in a big city. He had a job once with Motorola. He wanted to raise his children in a place with clean air, no crime, and good schools. He worked very hard physically and emotionally to make this farm work. And its failure was no fault of his. Something is seriously wrong with our country when we will sacrifice the family farm for a political system and an entire way of life for hundreds of years.

Her point is that farmers at this point are not at fault for what is happening. The world is hungry. Most people need food. We raise it in great abundance, and family farmers are told that what they produce doesn't matter.

I would like to use a couple of charts that show the dilemma that family farmers are facing not only in my State but around the country.

I show this chart because some people might wonder, well, what is all this farm crisis about? I ask anyone who looks at this chart—this chart shows prices received by farmers for wheat. Most of the farmers in my part of the world are wheat farmers. Put minimum wage in this chart, if this had happened with the minimum wage; put corporate profits on this chart, if this had happened to corporate profits—what do you think the outcry would be? Put congressional salaries on this chart. If this had happened to congressional salaries, what would the outcry be?

This represents the income farmers are receiving from their products when the price of every other thing is increasing. The income received by farmers is collapsing.

For purposes of comparison, let me compare the price of corn and wheat with what farmers received for those commodities during the middle of the Great Depression. With the price adjusted over time, ask yourself: What do farmers get now relative to what they got during the Great Depression?

Take a look at it in 1998. These are the worst farm prices price adjusted for 50 years. Families cannot make a living in this country in these circumstances.

I am tempted to go into a long discussion of so-called Freedom to Farm. I didn't vote for it. It was a terrible piece of farm legislation. Some loved it. Some voted for it. Some still support it. Certainly it has a wonderful name.

It reminds me of the people early on who sold insurance. They called it ''death insurance.'' Many years ago they sold ''death insurance.'' Do you know something? Death insurance didn't have a very good name for it. It didn't sell very well. Nobody wanted to buy death insurance. So what did they do? They changed the name to ''life insurance.'' It is a better sounding name, and it sold much better.

So we had a farm bill called Freedom to Farm. What a nice sounding name with bankrupt policies that said family farming doesn't matter much in whatever the market system says with respect to agriculture.

There has never been a free market in agriculture, and never will be.

Do you think the European countries whose citizens have gone hungry will decide it doesn't matter whether they have family farmers? They will never make that decision. They will always have a farm program that insists on price supports for families on the farms in Europe.

The point is that this country has decided by itself that family farming as a concept doesn't matter to its future; that whatever the market decides is what our future shall be. If the market decides that corporate farms shall farm from California to Maine, so be it.

The problem with that is that all across this country we will have yardlights turned off and families leaving the farm. The economic arteries that they provide to the small towns will be closed and dried up, and those small towns will be boarded up. The people will be leaving small towns. We will see the collapse, the total collapse, of a rural lifestyle.

The author Critchfield, who was a wonderful, world-wide, world-renown author, who actually grew up in Fargo, ND, said that family values have always been nurtured on the family farms in this country, and the refreshing small towns rolled to the cities from many family farms. It was always a seedbed of family values of nurturing and helping and working together. We will lose all of that because some people say it doesn't matter.

We are having a debate this afternoon at 3 o'clock. It is critically important. This matters more than most people in this country will ever know. I hope that with my colleagues we can easily pass a disaster bill in the first step, and in the second that we can then pass a revision of the underlying farm bill, and say to farmers: You have a future. We want to provide you hope and help because we think you matter to our country.

Mr. President, I yield the floor.

Mrs. LINCOLN. Mr. President, I echo the words of my colleague.

I was raised on and continue to be a part of the seventh generation Arkansas family farm.

I think it is so important that we recognize this is an issue—those from other States, as well as farm States, agricultural-based States—and that we can impress upon our colleagues in Washington, D.C. the crisis that our small rural communities and our farming communities are going through.

I will certainly be joining the Senator later on this afternoon in that debate. We need to impress upon people that this is an issue for this country. It is not just agriculture; it is a heritage of this country and a heritage of our rural communities.

SAFE SCHOOLS ACT OF 1999

Mrs. LINCOLN. Mr. President, I rise to speak on what I think is the most critical as well as the most worthy of issues that we should be dealing with in the Senate and the Congress; that is, the emotional well-being of our children. They are truly the fabric of the success of our Nation into the next century.

All too often we have been through incidents such as Jonesboro, AK, as well as Littleton, CO. We like to talk about them and discuss these issues and the crises that are going on in our children's minds and in their souls. But all too often we talk about it, and we seem to forget it. We don't do what we really need to be doing on behalf of our children in this country.

Mr. President, the Safe Schools Act of 1999 will provide resources to public schools so they can remain safe and strong cornerstones of our communities.

As we move into the 21st century, we must adapt our approach to education to meet the changing needs of students, teachers and parents in these communities.

Although I am one of the youngest Members of the Senate, I grew up in Helena, Arkansas during what seemed to be a much simpler time—even though we were in the height of de-segregation in the South.

Our parents pulled together to make everyone's education experience a success. Students came to school prepared to learn. Teachers had control of their classroom. The threat of school violence was virtually non-existent.

Now, more than twenty years later, things are different.

Our children are subjected to unprecedented social stresses including divorce, drug and alcohol abuse, child abuse, poverty and an explosion of technology that has good and bad uses.

These stresses exhibit themselves in the behavior of teenagers, as well as in our young children. Increasingly, elementary school children exhibit symptoms of substance abuse, academic underachievement, disruptive behavior, and even suicide.

Too many students bring guns and weapons to school.

This is a very complex problem and there is no one single answer. It will take more than metal detectors and surveillance cameras to prevent the tragedies occurring in our schools today. But we must do something. We cannot wait any longer. We have to address this issue now.

I believe the Safe Schools Act reflects the needs and wishes of students, parents, teachers and school administrators. It is the first step toward addressing the emotional well-being of our young people.

During my Senate campaign last year, I spent a lot of time listening to parents and teachers. From my experience, a lot of the most effective solutions being at the local level.

This bill incorporates the lessons I have learned from the people of my state who are working on the front lines to educate and care for our children.

First, this bill would provide funds to elementary and secondary schools to hire additional mental health professionals.

Students today bring more to school than backpacks and lunchboxes. Many of them bring severe emotional troubles.

It is critical that schools be able to help these students and help teachers deal with them. We can possibly prevent a horrific act of violence, and if a disruptive student receives help, his or her teacher will have more control of the classroom in order to instruct all of the children there to learn.

Unfortunately, there are not nearly enough mental health professionals working in our nation's schools today.

The American School Health Association recommends that the student-to-counselor ratio be 250:1. In secondary schools, the current ratio is 513:1. In elementary schools, where the student-to-teacher ratio exceeds 1000:1.

This is just not acceptable for a country as advanced as ours to not be providing the needs of our children.

The second major component of my Safe Schools Act provides funding for after-school and mentoring programs.

Many of our children go home to empty houses or spend hours every day in poorly supervised settings. Studies show that youth crime peaks between 3:00 and 7:00 p.m.

Local public schools need additional resources so they can establish or expand after school and summer programs for children.

This is a wonderful chance for the community to get involved. Many non-profit organizations can bring their resources to children in the schools and to the community.

A variety of organizations can come together to build strong after school and summer programs which enhance the academic work of students and provide them with other meaningful activities.

Many communities in Arkansas are doing just that.

The city of Fort Smith has begun the SPICE Program, which has been working for nine years with adult tutors who help kids after-school with homework, and teach them arts and crafts which keep them out of trouble.

In Little Rock, the Camp Aldersgate Youth Initiative encourages teenagers to participate in supervised community service activities, such as tutoring, recreation and conflict management;

The Safe Jonesboro Mentoring Program in Jonesboro, Arkansas, brings adults from the local business community to Jonesboro High School once a week to mentor high school student.

And these programs are not just being put into place in our larger towns, they're also cropping up in rural communities.

In Monticello and six counties throughout Southeast Arkansas, the Southeast Arkansas Foster Grandparents Program has helped improve literacy and reading test scores for hundreds of children. In this program, senior citizens serve as literacy and reading tours to K–3 elementary school students twenty hours a week.

The Boys, Girls and Adults Community Development Center in Marvell, a Save the Children grantee, has been providing educational, cultural and recreational activities, as well as mentoring for children after school. 60% of the children participating in this program have improved their grade point average. It works.

Studies show that one-on-one attention raises the academic scores of children and improves their self-esteem. With just a little extra help, a child who is struggling with reading or math can catch up with the help of volunteers or mentors and excel.

We can utilize organizations like AmeriCorps and our older volunteers in the Senior Corps program. Encourage high school students to mentor elementary school students who need a little extra attention, to see an older peer being a part of their life makes a difference.

The bottom line is we don't need to reinvent the wheel. Good examples already exist in our communities, initiatives like the ones I've mentioned today. By providing added resources to the states, we can emphasize the successful programs and make them available to more students.

I'm also asking states to inform parents about the quality of public schools by issuing a Safe Schools Report Card. My own state of Arkansas will begin releasing a more comprehensive report card next year.

All states should collect this information and make it readily available to parents and the community. This information will help parents and schools officials better address the most important issues at the local level.

Above all, we must continue to share information and ideas, to talk to one another. Our country cannot possibly meet the challenges of the 21st century if each community operates in a vacuum and there is no mechanism to pass on what is working and what isn't.

During the August recess I will hold five ''Back to School'' meetings with students, parents, teachers, school administrators and concerned citizens.

These meetings will be a good chance to discuss the various components of my Safe Schools Act as well as other important education issues like school construction, class size, school discipline and parent involvement.

I welcome the chance to listen to those who care deeply about our public schools and I hope my colleagues will spend some of their time during the recess to do the same.

I also hope my colleagues will take the opportunity to review the components of this bill. I feel strongly it should be a critical part of any federal response to school safety issues. I look forward to its passage.

This is our opportunity to begin the process that will show our children we do care about their emotional well being and the future success of our nation.

The PRESIDING OFFICER. Who seeks recognition?

The Senator from Wyoming.

PRIVILEGE OF THE FLOOR

Mr. THOMAS. Mr. President, first of all, I ask unanimous consent that Brady Hayek from my staff be permitted the privilege of the floor during today.

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

Mr. THOMAS. Mr. President, I would like to take 12 minutes of the time allotted, and then the Senator from Montana would like 20 minutes following that time.

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

ISSUES AND ACCOMPLISHMENTS OF 1999

Mr. THOMAS. Mr. President, this is the last week before we go on recess. We will be gone approximately a month. We will have an opportunity to be home, to talk to our constituents about the issues that are here, to talk about what we have done during this calendar year, and talk about what we have not done for this year as well. We will be back, then, the first part of September. We will have, probably, 2 months to continue and to complete our work for this year.

There are 13 appropriations bills that must be passed to keep the Government running. They must be passed by September 30, the end of the fiscal year. This is a very difficult task. We are, hopefully, running on time. We passed eight bills out of the Senate. However, none has yet been sent to the President. So we will have a couple of months to wind up the year's work. I cannot tell you how important it is that we do complete that work. Of course, the Presiding Officer is the key Senator in that regard. He has done a great job.

We do not want the President to be able to put us in a position again of closing down the Government and blaming the Congress. I hope what we do is get these bills to him. I think we will do that. I cannot help but mention as we think about this a little bit, I hope in Congress we take a look at a biennial budget, as we have in many States—for instance, my home State of Wyoming. The Congress or the legislature would form a budget for a 2-year period of time, which has advantages, particularly for the agencies, and we would have the other year for oversight, which is equally as important a task for the Congress—to oversee the expenditure of those dollars. So I hope we are able to do that.

This has been a tough year. We have had lots of difficulties, starting, of course, with the impeachment process, which was difficult. I don't know that it slowed us up particularly. On the contrary, we did a lot of committee work during the time the impeachment was going on. Nevertheless, it was tough. Then came the Colorado Columbine situation, of course, the tragedy out there at the school and, with that, the great controversy over gun control, which we are likely to see again now after the tragedy in Georgia. Then Kosovo was also an issue, of course, although Congress really was not as involved. It was pretty much the President on his own, committing troops there. Obviously, we were going to support them.

So it has been a difficult year. Despite that, it seems to me we have accomplished a great deal. I am a little disappointed that most of the accomplishments have been made without the support of the minority. Our friends on the other side have, in fact, opposed nearly everything that has been done—I think, unfortunately, often more to create an issue than to create a solution. That often is the choice we have; you can cook up something you can take home to talk about in political rhetoric, as opposed to trying to find some solutions.

But we have accomplished a great deal. Much of the controversy will continue, I suppose. There are legitimate differences of view when we are on the floor on almost every issue. Generally, the issue is the larger issue of whether or not you want more and more Federal Government, more and more Federal regulation, more and more taxes—which is basically Senators on that side of the aisle as opposed to this side of the aisle, where we are looking for limited government, where we are looking for less regulation, where we are looking for an opportunity for people to spend more of their own money.

So basically, when you get down to it in almost all these issues, if you really pare it away, that is the debate. Legitimate? Yes, indeed, it is legitimate. I happen to be on the side of being more conservative, of thinking we ought to be moving more and more of these decisions back to the States and to the counties rather than deciding everything, one-size-fits-all, at the Federal level. But these are the differences, and they are the basis for most of the things we find in conflict. We have had less cooperation from the administration than I had hoped we would have, from that side of the aisle. I think the President is seeking to change his image so the politics become more important than the movement of the congressional budget.

Let's review some of the highlights. The most recent one, of course, is the passage of tax relief, something I think is very legitimate, perfectly logical. We went through great debates about it, of course. One of the keys, naturally, is that you have to talk about reduction of taxes after having done something to save Social Security, having done something to strengthen Medicare. That is part of the program. That is not the choice.

We see these polls that are run from time to time. They say: Would you rather have Social Security protected or would you rather have tax relief? That is not the issue. That is one of the things we worked at. All of us are setting aside this surplus that comes from Social Security for the preservation of Social Security. These funds which will be used to reduce taxes and give some tax relief are beyond that.

I think one of the best illustrations is the Member who had three dollars—three dollar bills. This is basically the surplus we are looking at in the next 10 years, $3 trillion, each of these. Two of them are being set aside for Social Security. Tax relief constitutes about 75 percent of the third one, with the additional amount of the third one being set aside for spending and for Medicare. The press has not been very helpful, of course, trying to get that understanding. But in any event, I think that is a real movement forward.

The thing one also has to keep in mind is, if there is money lying around here, it is going to be spent. It is going to be spent enlarging Federal Government. So if you go back to that original thesis, you go back to the original notion that you would like to move activities back closer to people, you do it that way rather than bringing more and more money here that inevitably will be spent increasing the size of Government.

I think we have some hope there. Both Houses have passed some tax relief. We will see if we can find a way to put that together, hopefully this week. Then it will be up to the President to say whether he wants to spend more and more money, wants to spend $1 trillion on 81 new programs, or let the American people have an opportunity to spend some of their own.

Education? Our position again has been that the decisions that are basic to elementary and secondary education ought to be made closest to the people. They ought to be made by the States and by the school boards. Sure, we have an obligation to provide some financial help, but the Ed-Flex program that was passed by this Senate allows those decisions to be made more at home.

I can tell you, the delivery of education is quite different in Wyoming or different in Alaska, the State of the Presiding Officer, from what it is in New York—and properly so. But to make that work, then, the local people have to have that opportunity. We have done that with Ed-Flex, and we had some other educational programs.

I feel fairly strongly about some of the Federal involvement. My wife is a teacher. She teaches special ed and spends almost half of her time on paperwork because of the kinds of Federal programs that are involved. So we are making some movement to change that.

The military fulfills what is obviously one of the principal, if not the principal, obligations of the Federal Government, to provide for the safety and protection and defense of this country. Over the last number of years, the administration has increasingly reduced the amount of resources there.

At the same time, we had more demands on the military than we had before. They are not able to conduct their mission on the amount of resources that have been available. I was very disappointed it took a congressional committee to press and push and demand from the Joint Chiefs of Staff to really get down to whether they are able to carry out their mission with the resources they have. The answer was no. So we have moved to make some additions to that, in the first step for a very long time.

The other thing is, if you are going to have a voluntary force, you have to make it fairly attractive to be in the military, and after having trained people to do technical things like flying airplanes or servicing airplanes, they have to stay in the service and do that. So we need more of that kind of support.

Social Security? For a very long time no one would talk about Social Security. It is the third rail of politics—touch it and you are dead. Now, finally, everyone does understand that you have to do something different if, indeed, your purpose is to maintain the benefits that are now going to beneficiaries and to provide an opportunity for young people, who are beginning to work and put their money into the fund, to have some anticipation of having benefits for themselves.

We have to make some changes. The sooner those changes are made the less severe they will have to be.

The President has been talking about saving Social Security for several years. He has no plan. He has done nothing except talk about it. We now have a plan. There is a bipartisan plan on this floor. There has been a lockbox amendment to preserve Social Security funds. It has been opposed on the other side of the aisle five times, but we are going to move forward on Social Security.

VA funding: The administration has for several years requested a flat budget for VA health care but at the same time has expanded the eligibility for people to utilize those facilities. We find, for instance, in my State we have two facilities, but they are underfinanced and are not providing the kinds of services to which veterans are entitled. More money needs to be provided, and we are going to do that. The Republican budget this year had an additional $1.7 billion for veterans' health. It is something that is very important.

Patients' Bill of Rights: We passed a Patients' Bill of Rights that did not involve the Federal Government, did not involve lawyers and the courts making the decisions but indeed guaranteed emergency services without having to go through some kind of clearance. It guaranteed, if you felt as if you were not getting the services, an appeal to a physician, not to a lawyer or to a court, and that was passed.

Medicare: We moved to doing something with Medicare. A bipartisan commission was set up and they have a reasonable plan for Medicare, but the President asked his folks whom he appointed to serve on that commission to vote against it, so it did not come out as a commission report and as a commission recommendation. We are going to take that, basically, and move forward and do something on Medicare.

We are moving toward the end. We have some very difficult issues to deal with, particularly in appropriations. We have to deal with them. We will deal with them. I am hopeful we will also have some kind of a relief valve so that if we get through and cannot come to an agreement with the President that it goes on as it has and will not let that political technique be used again. I hope we find a little less resistance from our friends on the other side in terms of finding solutions to these problems.

I also hope—and this is a philosophy, I admit—that as we go forward we continue to understand the greatness of this country. And it is a great country. If you have had a chance to travel about a bit, you find it is the greatest. Each time I have a chance to go somewhere, I come back thanking God this is the place in which I live. But it is a great country not because of the Federal Government. There is a legitimate role for the Federal Government, of course, described, by the way, in the Constitution, but the real strength of this country lies in its communities and in its individuals who have the freedom to make decisions for themselves. They have the freedom to get together and do things that are required to be done in their communities to make them healthy.

Admittedly, I come from a State that is unique. Maybe we are the lowest populated State now. We are one of the largest States. The delivery of services is quite different, whether it be airlines, whether it be electricity, whether it be education. We cannot have this one-size-fits-all situation.

Again, I am pleased with what we have done. I say to the Presiding Officer that he has had one of the most difficult tasks of leadership in the Appropriations Committee and has done a good job.

I hope we will continue to provide an opportunity for us to come together to resolve our problems so that we can continue to have the opportunity to serve, to let communities make some of their decisions, and we will continue to be the greatest country in the world.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Montana is recognized.

TRADE AND THE ENVIRONMENT IN AN ERA OF GLOBALIZATION

Mr. BAUCUS. Mr. President, I would like to talk today about the relationship between trade and the environment.

When I joined the Finance Committee in 1979, debate about the Tokyo Round was just concluding. I don't remember a single mention of water pollution, air pollution, or the protection of sea turtles and other endangered species—important issues, but they were not part of the trade debate.

NAFTA changed this. We negotiated the environmental side agreement, and created the North America Commission on Environmental Cooperation. There were flaws and limitations, but it was a turning point.

Now, like it or not, environmental issues are an integral part of the trade debate. Environmental group opposition was one of the major reasons for the defeat of Fast Track legislation last year. Ambassador Barshefsky has said that the next round of trade negotiations should expressly address environmental protection. Two months ago, the WTO held a series of high level roundtable discussions on trade and the environment, in part to help define the issues for consideration in Seattle.

Why has this happened?

It is partly a function of technology. Environmental groups have plugged into the Internet—aggressively. Browse the web sites of almost any environmental group, and you will see what I mean. Any citizen can follow a high-level environmental trade dispute on the Internet. The heretofore insulated, inaccessible, and arcane international trade world meets the chaotic, grassroots, democratic, and Internet-savvy environmental world.

Let me tell my friends in the trade world something about my friends in the environmental world. I have worked with them for years. Sometimes on the same side, sometimes in disagreement. They are smart, dedicated, energetic, and aggressive. And they are very good at using the latest communications technology. So, if you are uncomfortable with the new role of the environmental community in the trade debate, my only advice is: Get used to it and figure out how to work together. The same advice goes to my environmental friends: The trade folks are here to stay. Figure out how to work with them.

There's a second important reason why environmental protection is now an important part of the trade debate.

We are in the midst of an economic boom in the United States and the revolution of globalization. Globalization is bringing every classroom in every small western town, and on every Native American reservation, smack into the middle of the information-based global marketplace. It allows small businesses all over the world to tap into the global marketplace. It's forcing virtually every company to become more competitive.

But there's another side to the story. Call it the dark side of globalization. And it has a long history.

America's age of industrialization created great wealth and progress. But it left behind a terrible environmental legacy. Rivers so infected with toxic chemicals that they caught fire. Abandoned mine tailings that dot the landscape of the mountainous west. The loss of wetlands and other habitat necessary to sustain the animal and plant species upon which our survival depends.

In America, we have turned the tide. Our air and water are cleaner now. But we have seen what unchecked economic development did to us.

Extend that kind of growth worldwide. And pick up the pace, to reflect the hyper-speed of global competition. As globalization accelerates, along with the expanded trade that accompanies and fuels it, we are likely to see a rapid increase in environmental problems.

Tom Friedman puts it this way, in The Lexus and the Olive Tree:

> [globalization has] unleashed forest-crushing forces of development . . . which, if left unchecked, [has] the potential to destroy the environment and uproot cultures, at a pace never before seen in human history.

Let me give you two examples.

For years, Montanan and other U.S. softwood lumber producers have been fighting against subsidized Canadian imports. One continuing issue is Canada's relatively weak environmental standards for timber harvesting. Canada has no law, at the federal or provincial level, like our Endangered Species Act.

This gives Canadian producers an economic advantage over U.S. producers. It also can have a serious environmental effect. In Montana, we're struggling to protect the Bull Trout, which is listed as an endangered species. One of the biggest populations resides in Lake Kookanusa, just south of the Canadian border. In the spring, the fish swim up Wigwam Creek, across the border in British Columbia, to spawn.

Recently, British Columbia announced a program of aggressive timber harvesting in the Wigwam Basin. Maybe things will work out, and the harvesting will occur in a way that does not threaten the Bull Trout. But, if not, our efforts to protect an endangered species in this country will be undermined because of another developed country's environmental laws that are deliberately weak to support an industry interest.

Or consider the objectives of the Endangered Species Act which includes preserving biodiversity, the web of life that sustains us. We're losing species at an alarming speed—perhaps a thousand times the natural rate.

No matter how strictly we protect species here in the United States, if the South American rain forest continues to disappear at the current rate, all of our efforts will have been futile.

The message is simple. Globalization and expanded trade benefit us. But we must ensure that globalization and expanded trade are conducted in a way that enhances, and does not undermine, environmental protection.

One thing that worries my greatly is the polarization that has occurred among participants in the trade and environment debate. The middle ground seems to have fallen into a sink hole. Yet the middle is where we need people to find solutions to these very difficult problems.

Let's turn to the next round of multilateral trade negotiations that will be the subject of the WTO Ministerial in Seattle in late November. We must accommodate globalization and expanded trade while, at the same time, preserve and enhance environmental protection.

America must lead. We are the world's largest economy. We are the world's largest trader. And we are the world's leader in developing strong environmental laws. As in many different areas, if we don't exert leadership, no one else will. This is not arrogance. This is not unilateralism. This is leadership, and I offer no excuses and no apologies for it.

I believe that we must follow three broad precepts in developing the proper linkage between trade and the environment. Call these my ''Three No's''.

Trade liberalization must not harm the environment: Trade rules must not be used to stop legitimate and reasonable environmental protection; Environmental regulations must not be used as an instrument for trade protection that closes markets and distorts trade flows.

We need to balance trade and environmental goals and prevent trade and environmental abuses. So, let me turn to my agenda for trade and the environment in the next round of trade negotiations.

First, the WTO dispute resolution process must be made more open, transparent and publicly accessible. This is important in the context of environmental law and regulation, which relies heavily on citizen suits and the public's right to know. And it is important in the context of the WTO's credibility. Secrecy does not enhance respect and confidence in institutions.

The GATT was created in an era when nation-states were the only significant actors on the world scene. The WTO followed the same structure. But it does not reflect today's reality where non-governmental entities have become important international and national players. The rules and procedures must accommodate these new actors.

The dispute settlement process takes too much time and must be shortened significantly. Loopholes that allow delay in complying with decisions must be closed.

Second, the Administration must conduct an environmental assessment for the trade agreement that will emerge from the new round. I will introduce legislation soon requiring such a review.

Third, we should eliminate all tariffs on environmental goods and services. One important way to improve environmental conditions in other countries, especially in developing countries, is to reduce the cost of environmental technology—everything from the elements of a sewage treatment plant to catalytic converters to groundwater bioremediation technology. U.S. companies are leaders in this field, so reduced tariffs will have the added advantage of increasing U.S. exports.

My fourth item involves environmentally harmful subsidies. In some cases, like fishing and agriculture, excessive subsidies lead to practices that are both economically and environmentally harmful. By limiting such subsidies, we can achieve a ''win-win,'' that makes good economic and good environmental sense. I would like to see the total elimination of fishing subsidies. Export subsidies for agriculture should be eliminated worldwide. We should also start looking seriously into the reduction of domestic agricultural subsidies throughout the world.

The fifth item relates to other subsidies—the so-called ''pollution subsidy'' where intentionally keeping environmental standards weak can be an unfair and unacceptable practice that distorts trade, cuts costs of production for the polluter, and makes taxpayers pay the difference through higher health and environmental cleanup costs.

A sub-set of this problem is that of PPMs—production processes and methods. How a product is produced affects the environment. Examples include the way shrimp harvesting affects sea turtles, and the way timber harvesting affects species, water pollution, and the demand for recycled materials.

These are complex issues. Some argue that the WTO has already accepted the principle that a production process can determine how a product should be treated. They point out that countries already determine if an imported product was made with improperly obtained intellectual property or with improper government subsidies. If so, those countries can prevent the import of that good because of the process of production. They argue that if this is the rule under the WTO for intellectual property and for subsidies abuses, it should be the rule for environmental processes as well.

The WTO needs to take on this set of tough issues that sits clearly at the intersection of trade and the environment. We need serious and responsible discussion now.

Sixth, the environmental community believes that we need to find a way to integrate multilateral trade agreements and multilateral environmental agreements, MEAs, and they are right. Actions taken under an MEA should not be subject to a GATT challenge. There are two ways to go about this. One is to ''grandfather'' specific environmental agreements, as we did in NAFTA. We could start out by providing a so-called ''safe haven'' for the Montreal Protocol and CITES, the Convention on International Trade in Endangered Species of Wild Fauna and Flora. The other is to describe the characteristics of an MEA that will automatically be protected.

Let me add a few other agenda items that are unrelated to my Seattle list but need to be on our ''to do'' list in the United States.

First, we should take a hard look at the NAFTA environmental side agreement, and see how it is working. I will ask the key Congressional Committees, including the Senate Environment and Public Works Committee, to conduct appropriate oversight.

Second, we need to improve our domestic trade policy institutions. And that includes enhancing the role of Congress in trade negotiations. Last week, in a speech at the Washington International Trade Association, I proposed the establishment of a Congressional Trade Office. This office would provide the Congress with additional independent, non-partisan, neutral trade expertise.

Its functions would include: monitoring compliance with major bilateral, regional, and multilateral trade agreements; analysis of Administration trade policy, trade actions, and proposed trade legislation; participation in dispute settlement deliberations at the WTO and NAFTA, and evaluation of the results of dispute settlement cases involving the United States.

The National Wildlife Federation and the Sierra Club have proposed such an office, although the functions in my concept are quite different.

I will be offering legislation on this later this year.

One of the most difficult issues that has arisen in recent years has been the relationship between trade policy and environmental protection. The lack of consensus on this relationship has been one of the major reasons that we have not been able to proceed with fast track legislation in the Congress.

Paralysis helps no one. I hope that the thoughts I have set out today for Seattle and for our own domestic agenda will help to begin a constructive and responsible dialogue between the trade and the environmental communities. We need trade. We need environmental protection. We need a sustainable earth, and that means a clean world and a growing world—more and better jobs everywhere, increased income, cleaner air and water, the protection of our natural heritage for future generations. These goals are only incompatible when people are unwilling to talk about them together.

I yield the floor.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER (Mr. KYL). Under the previous order, morning business is closed.

APPOINTMENT OF CONFEREES—H.R. 2488

Ms. COLLINS. Mr. President, I ask unanimous consent that with respect to H.R. 2488, the Chair be authorized to appoint conferees on the part of the Senate.

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

The PRESIDING OFFICER (Mr. KYL) appointed Mr. ROTH, Mr. LOTT, and Mr. MOYNIHAN conferees on the part of the Senate.

DISTRICT OF COLUMBIA APPROPRIATIONS ACT, 2000

The PRESIDING OFFICER. Pursuant to the order of the Senate of July 1, after having received H.R. 2587, the Senate will proceed to the bill. All after the enacting clause is stricken, and the text of S. 1283 is inserted. H.R. 2587 is read a third time and passed. The Senate insists on its amendment and requests a conference with the House, and the Chair appoints Mrs. HUTCHISON of Texas, Mr. KYL, Mr. STEVENS, Mr. DURBIN, and Mr. INOUYE conferees on the part of the Senate.

(The text of S. 1283 was printed in the RECORD of July 12, 1999.)

DECEPTIVE MAIL PREVENTION AND ENFORCEMENT ACT

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to consideration of S. 335, which the clerk will report by title.

The legislative assistant read as follows:

A bill (S. 335) to amend chapter 30 of title 39, United States Code, to provide for the nonmailability of certain deceptive matter relating to games of chance, administrative procedures, orders, and civil penalties relating to such matter, and for other purposes.

The Senate proceeded to consider the bill which had been reported from the Committee on Governmental Affairs, with an amendment to strike all after the enacting clause and inserting in lieu thereof the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Deceptive Mail Prevention and Enforcement Act''.

SEC. 2. RESTRICTIONS ON MAILINGS USING MISLEADING REFERENCES TO THE UNITED STATES GOVERNMENT.

Section 3001 of title 39, United States Code, is amended—

(1) in subsection (h)—

(A) in the first sentence by striking ''contains a seal, insignia, trade or brand name, or any other term or symbol that reasonably could be interpreted or construed as implying any Federal Government connection, approval or endorsement'' and inserting the following: ''which reasonably could be interpreted or construed as implying any Federal Government connection, approval, or endorsement through the use of a seal, insignia, reference to the Postmaster General, citation to a Federal statute, name of a Federal agency, department, commission, or program, trade or brand name, or any other term or symbol; or contains any reference to the Postmaster General or a citation to a Federal statute that misrepresents either the identity of the mailer or the protection or status afforded such matter by the Federal Government''; and

(B) in paragraph (2)—

(i) in subparagraph (A) by striking ''and'' at the end;

(ii) in subparagraph (B) by striking ''or'' at the end and inserting ''and''; and

(iii) by inserting after subparagraph (B) the following:

''(C) does not contain a false representation implying that Federal Government benefits or services will be affected by any purchase or nonpurchase; or'';

(2) in subsection (i) in the first sentence—

(A) in the first sentence by striking ''contains a seal, insignia, trade or brand name, or any other term or symbol that reasonably could be interpreted or construed as implying any Federal Government connection, approval or endorsement'' and inserting the following: ''which reasonably could be interpreted or construed as implying any Federal Government connection, approval, or endorsement through the use of a seal, insignia, reference to the Postmaster General, citation to a Federal statute, name of a Federal agency, department, commission, or program, trade or brand name, or any other term or symbol; or contains any reference to the Postmaster General or a citation to a Federal statute that misrepresents either the identity of the mailer or the protection or status afforded such matter by the Federal Government''; and

(B) in paragraph (2)—

(i) in subparagraph (A) by striking ''and'' at the end;

(ii) in subparagraph (B) by striking ''or'' at the end and inserting ''and''; and

(iii) by inserting after subparagraph (B) the following:

''(C) does not contain a false representation implying that Federal Government benefits or services will be affected by any purchase or nonpurchase; or'';

(3) by redesignating subsections (j) and (k) as subsections (m) and (o), respectively; and

(4) by inserting after subsection (i) the following:

''(j)(1) Matter otherwise legally acceptable in the mails described under paragraph (2)—

''(A) is nonmailable matter;

''(B) shall not be carried or delivered by mail; and

''(C) shall be disposed of as the Postal Service directs.

''(2) Matter that is nonmailable matter referred to under paragraph (1) is any matter that—

''(A) constitutes a solicitation for the purchase of any product or service that—

''(i) is provided by the Federal Government; and

''(ii) may be obtained without cost from the Federal Government; and

''(B) does not contain a clear and conspicuous statement giving notice of the information under subparagraph (A) (i) and (ii).''.

SEC. 3. RESTRICTIONS ON SWEEPSTAKES AND DECEPTIVE MAILINGS.

Section 3001 of title 39, United States Code, is amended by inserting after subsection (j) (as added by section 2(4) of this Act) the following:

''(k)(1) In this subsection, the term—

''(A) 'facsimile check' means any matter designed to resemble a check or other negotiable instrument that is not negotiable;

''(B) 'skill contest' means a puzzle, game, competition, or other contest in which—

''(i) a prize is awarded or offered;

''(ii) the outcome depends predominately on the skill of the contestant; and

''(iii) a purchase, payment, or donation is required or implied to be required to enter the contest; and

''(C) 'sweepstakes' means a game of chance for which no consideration is required to enter.

''(2) Matter otherwise legally acceptable in the mails that is nonmailable matter described under paragraph (3) shall not be carried or delivered by mail and may be disposed of as the Postal Service directs.

''(3) Matter that is nonmailable matter referred to under paragraph (2) is any matter (except matter as provided under paragraph (4)) that—

''(A)(i) includes entry materials for a sweepstakes or a promotion that purports to be a sweepstakes; and

''(ii)(I) does not contain a statement that discloses in the mailing, in the rules, and on the order or entry form, that no purchase is necessary to enter such sweepstakes;

''(II) does not contain a statement that discloses in the mailing, in the rules, and on the order or entry form, that a purchase will not improve an individual's chances of winning with an entry from such materials;

''(III) does not state all terms and conditions of the sweepstakes promotion, including the rules and entry procedures for the sweepstakes, in language that is easy to find, read, and understand;

''(IV) does not disclose the sponsor or mailer of such matter and the principal place of business or an address at which the sponsor or mailer may be contacted;

''(V) does not contain sweepstakes rules that clearly state—

''(aa) the estimated odds of winning each prize;

''(bb) the quantity, estimated retail value, and nature of each prize; and

''(cc) the schedule of any payments made over time;

''(VI) represents that individuals not purchasing products may be disqualified from receiving future sweepstakes mailings;

''(VII) requires that a sweepstakes entry be accompanied by an order or payment for a product previously ordered;

''(VIII) represents that an individual is a winner of a prize unless that individual has won a prize;

''(IX) contains a representation that contradicts, or is inconsistent with sweepstakes rules or any other disclosure required to be made under this subsection, including any statement qualifying, limiting, or explaining the rules or disclosures in a manner inconsistent with such rules or disclosures; or

''(X) represents that the purchase of a product will allow a sweepstakes entry to receive an advantage in the winner selection process, to be eligible for additional prizes in that sweepstakes, or for an entry submitted in a future sweepstakes to have a better chance of winning;

''(B)(i) includes entry materials for a skill contest or a promotion that purports to be a skill contest; and

''(ii)(I) does not state all terms and conditions of the skill contest, including the rules and entry procedures for the skill contest, in language that is easy to find, read and understand;

''(II) does not clearly and conspicuously disclose the sponsor or mailer of the skill contest and the principal place of business or an address at which the sponsor or mailer may be contacted; or

''(III) does not contain skill contest rules that clearly state, as applicable—

''(aa) the number of rounds or levels of the contest and the cost to enter each round or level;

''(bb) that subsequent rounds or levels will be more difficult to solve;

''(cc) the maximum cost to enter all rounds or levels;

''(dd) the estimated number or percentage of entrants who may correctly solve the skill contest or the approximate number or percentage of entrants correctly solving the past 3 skill contests conducted by the sponsor;

''(ee) the identity or description of the qualifications of the judges if the contest is judged by other than the sponsor;

''(ff) the method used in judging;

''(gg) the date by which the winner or winners will be determined and the date or process by which prizes will be awarded;

''(hh) the quantity, estimated retail value, and nature of each prize; and

''(ii) the schedule of any payments made over time; or

''(C) includes any facsimile check that does not contain a statement on the check itself that such check is not a negotiable instrument and has no cash value.

''(4) Matter that appears in a magazine, newspaper, or other periodical and contains materials that are a facsimile check, skill contest, or sweepstakes is exempt from paragraph (3), if the matter—

''(A) is not directed to a named individual; or

''(B) does not include an opportunity to make a payment or order a product or service.

''(5) Any statement, notice, or disclaimer required under paragraph (3) shall be clearly and conspicuously displayed.

''(6) In the enforcement of paragraph (3), the Postal Service shall consider all of the materials included in the mailing and the material and language on and visible through the envelope.

''(l)(1) Any person who uses the mails for any matter to which subsection (h), (i), (j), or (k) applies shall adopt reasonable practices and procedures to prevent the mailing of such matter to any person who, personally or through a conservator, guardian, individual with power of attorney—

''(A) submits to the mailer of such matter a written request that such matter should not be mailed to such person; or

''(B)(i) submits such a written request to the attorney general of the appropriate State (or any State government officer who transmits the request to that attorney general); and

''(ii) that attorney general transmits such request to the mailer.

''(2) Any person who mails matter to which subsection (h), (i), (j), or (k) applies shall maintain or cause to be maintained a record of all requests made under paragraph (1). The records shall be maintained in a form to permit the suppression of an applicable name at the applicable address for a 5-year period beginning on the date the written request under paragraph (1) is submitted to the mailer.''.

SEC. 4. POSTAL SERVICE ORDERS TO PROHIBIT DECEPTIVE MAILINGS.

Section 3005(a) of title 39, United States Code, is amended—

(1) by striking ''or'' after ''(h),'' both places it appears; and

(2) by inserting '', (j), or (k)'' after ''(i)'' in both such places.

SEC. 5. TEMPORARY RESTRAINING ORDER FOR DECEPTIVE MAILINGS.

Section 3007 of title 39, United States Code, is amended—

(1) by redesignating subsection (b) as subsection (c); and

(2) by striking subsection (a) and inserting the following:

''(a)(1) In preparation for or during the pendency of proceedings under sections 3005 and 3006, the Postal Service, in accordance with section 409(d), may apply to the district court in any district in which mail is sent or received as part of the alleged scheme, device, lottery, gift enterprise, sweepstakes, skill contest, or facsimile check or in any district in which the defendant is found, for a temporary restraining order and preliminary injunction under the procedural requirements of rule 65 of the Federal Rules of Civil Procedure.

''(2)(A) Upon a proper showing, the court shall enter an order which shall—

''(i) remain in effect during pendency of the statutory proceedings, any judicial review of such proceedings, or any action to enforce orders issued under the proceedings; and

''(ii) direct the detention by the postmaster, in any and all districts, of the defendant's incoming mail and outgoing mail, which is the subject of the proceedings under sections 3005 and 3006.

''(B) A proper showing under this paragraph shall require proof of a likelihood of success on the merits of the proceedings under section 3005 or 3006.

''(3) Mail detained under paragraph (2) shall—

''(A) be made available at the post office of mailing or delivery for examination by the defendant in the presence of a postal employee; and

''(B) be delivered as addressed if such mail is clearly shown not to be the subject of proceedings under sections 3005 and 3006.

''(4) No finding of the defendant's intent to make a false representation or to conduct a lottery is required to support the issuance of an order under this section.

''(b) If any order is issued under subsection (a) and the proceedings under section 3005 or 3006 are concluded with the issuance of an order under that section, any judicial review of the matter shall be in the district in which the order under subsection (a) was issued.''.

SEC. 6. CIVIL PENALTIES AND COSTS.

Section 3012 of title 39, United States Code, is amended—

(1) in subsection (a) by striking ''$10,000 for each day that such person engages in conduct described by paragraph (1), (2), or (3) of this subsection.'' and inserting ''$50,000 for each mailing of less than 50,000 pieces; $100,000 for each mailing of 50,000 to 100,000 pieces; with an additional $10,000 for each additional 10,000 pieces above 100,000, not to exceed $2,000,000.'';

(2) in subsection (b) (1) and (2) by inserting after ''of subsection (a)'' the following: '', (c), or (d)'';

(3) by redesignating subsections (c) and (d), as subsections (e) and (f), respectively;

(4) by inserting after subsection (b) the following:

''(c)(1) In any proceeding in which the Postal Service may issue an order under section 3005(a), the Postal Service may in lieu of that order or as part of that order assess civil penalties in an amount not to exceed $25,000 for each mailing of less than 50,000 pieces; $50,000 for each mailing of 50,000 to 100,000 pieces; with an additional $5,000 for each additional 10,000 pieces above 100,000, not to exceed $1,000,000.

''(2) In any proceeding in which the Postal Service assesses penalties under this subsection the Postal Service shall determine the civil penalty taking into account the nature, circumstances, extent, and gravity of the violation or violations of section 3005(a), and with respect to the violator, the ability to pay the penalty, the effect of the penalty on the ability of the violator to conduct lawful business, any history of

prior violations of such section, the degree of culpability and other such matters as justice may require.

''(d) Any person who violates section 3001(l) shall be liable to the United States for a civil penalty not to exceed $10,000 for each mailing to an individual.''; and

(5) by amending subsection (e) (as redesignated by paragraph (3) of this section) to read as follows:

''(e)(1) From all civil penalties collected in the administrative and judicial enforcement of this chapter, an amount equal to the administrative and judicial costs incurred by the Postal Service in such enforcement, not to equal or exceed $500,000 in each year, shall be—

''(A) deposited in the Postal Service Fund established under section 2003; and

''(B) available for payment of such costs.

''(2) Except for amounts deposited in the Postal Service Fund under paragraph (1), all civil penalties collected in the administrative and judicial enforcement of this chapter shall be deposited in the General Fund of the Treasury.''.

SEC. 7. ADDITIONAL AUTHORITY FOR THE POSTAL INSPECTION SERVICE.

(a) IN GENERAL.—Chapter 30 of title 39, United States Code, is amended by adding at the end the following:

''§ 3016. Administrative subpoenas

''(a) AUTHORIZATION OF USE OF SUBPOENAS BY POSTMASTER GENERAL.—In any investigation conducted under this chapter, the Postmaster General may require by subpoena the production of any records (including books, papers, documents, and other tangible things which constitute or contain evidence) which the Postmaster General finds relevant or material to the investigation.

''(b) SERVICE.—

''(1) SERVICE WITHIN THE UNITED STATES.—A subpoena issued under this section may be served by a person designated under section 3061 of title 18 at any place within the territorial jurisdiction of any court of the United States.

''(2) FOREIGN SERVICE.—Any such subpoena may be served upon any person who is not to be found within the territorial jurisdiction of any court of the United States, in such manner as the Federal Rules of Civil Procedure prescribe for service in a foreign country. To the extent that the courts of the United States may assert jurisdiction over such person consistent with due process, the United States District Court for the District of Columbia shall have the same jurisdiction to take any action respecting compliance with this section by such person that such court would have if such person were personally within the jurisdiction of such court.

''(3) SERVICE ON BUSINESS PERSONS.—Service of any such subpoena may be made by a Postal Inspector upon a partnership, corporation, association, or other legal entity by—

''(A) delivering a duly executed copy thereof to any partner, executive officer, managing agent, or general agent thereof, or to any agent thereof authorized by appointment or by law to receive service of process on behalf of such partnership, corporation, association, or entity;

''(B) delivering a duly executed copy thereof to the principal office or place of business of the partnership, corporation, association, or entity; or

''(C) depositing such copy in the United States mails, by registered or certified mail, return receipt requested, duly addressed to such partnership, corporation, association, or entity at its principal office or place of business.

''(4) SERVICE ON NATURAL PERSONS.—Service of any subpoena may be made upon any natural person by—

''(A) delivering a duly executed copy to the person to be served; or

''(B) depositing such copy in the United States mails, by registered or certified mail, return receipt requested, duly addressed to such person at his residence or principal office or place of business.

''(5) VERIFIED RETURN.—A verified return by the individual serving any such subpoena setting forth the manner of such service shall be proof of such service. In the case of service by registered or certified mail, such return shall be accompanied by the return post office receipt of delivery of such subpoena.

''(c) ENFORCEMENT.—

''(1) IN GENERAL.—Whenever any person, partnership, corporation, association, or entity fails to comply with any subpoena duly served upon him, the Postmaster General may request that the Attorney General seek enforcement of the subpoena in the district court of the United States for any judicial district in which such person resides, is found, or transacts business, and serve upon such person a petition for an order of such court for the enforcement of this section.

''(2) JURISDICTION.—Whenever any petition is filed in any district court of the United States under this section, such court shall have jurisdiction to hear and determine the matter so presented, and to enter such order or orders as may be required to carry into effect the provisions of this section. Any final order entered shall be subject to appeal under section 1291 of title 28. Any disobedience of any final order entered under this section by any court may be punished as contempt.

''(d) DISCLOSURE.—Any documentary material provided pursuant to any subpoena issued under this section shall be exempt from disclosure under section 552 of title 5.''.

(b) REGULATIONS.—Not later than 120 days after the date of enactment of this section, the Postal Service shall promulgate regulations setting out the procedures the Postal Service will use to implement this section.

(c) TECHNICAL AND CONFORMING AMENDMENT.—The table of sections for chapter 30 of title 39, United States Code, is amended by adding at the end the following:

''3016. Administrative subpoenas.''.

SEC. 8. REQUIREMENTS OF PROMOTERS OF SKILL CONTESTS OR SWEEPSTAKES MAILINGS.

(a) IN GENERAL.—Chapter 30 of title 39, United States Code (as amended by section 7 of this Act) is amended by adding after section 3016 the following:

''§ 3017. Nonmailable skill contests or sweepstakes matter; notification to prohibit mailings

''(a) DEFINITIONS.—In this section, the term—

''(1) 'promoter' means any person who originates and causes to be mailed more than 500,000 mailings in any calendar year of any skill contest or sweepstakes, except for mailings that do not include an opportunity to make a payment or order a product or service;

''(2) 'removal request' means a written request stating that an individual elects to have the name and address of such individual excluded from any list used by a promoter for mailing skill contests or sweepstakes;

''(3) 'skill contest' means a puzzle, game, competition, or other contest in which—

''(A) a prize is awarded or offered;

''(B the outcome depends predominately on the skill of the contestant; and

''(C) a purchase, payment, or donation is required or implied to be required to enter the contest; and

''(4) 'sweepstakes' means a game of chance for which no consideration is required to enter.

''(b) NONMAILABLE MATTER.—

''(1) IN GENERAL.—Matter otherwise legally acceptable in the mails described under paragraph (2)—

''(A) is nonmailable matter;

''(B) shall not be carried or delivered by mail; and

''(C) shall be disposed of as the Postal Service directs.

''(2) NONMAILABLE MATTER DESCRIBED.—Matter that is nonmailable matter referred to under paragraph (1) is any matter that—

''(A) is a skill contest or sweepstakes; and

''(B)(i) is addressed to an individual who made an election to be excluded from lists under subsection (e); or

''(ii) does not comply with subsection (c)(1).

''(c) REQUIREMENTS OF PROMOTERS.—

''(1) NOTICE TO INDIVIDUALS.—Any promoter who mails a skill contest or sweepstakes shall provide with each mailing a clear and conspicuous statement that—

''(A) includes the address and toll-free telephone number of the notification system established under paragraph (2); and

''(B) states how the notification system may be used to prohibit the mailing of any skill contest or sweepstakes to such individual.

''(2) NOTIFICATION SYSTEM.—Any promoter that mails a skill contest or sweepstakes shall participate in the establishment and maintenance of a single notification system that provides for any individual (or other duly authorized person) to notify the system of the individual's election to have the name and address of the individual excluded from all lists of names and addresses used by all promoters to mail any skill contest or sweepstakes.

''(d) NOTIFICATION SYSTEM.—If an individual contacts the notification system through use of the toll-free telephone number provided under subsection (c)(1)(A), the system shall—

''(1) inform the individual of the information described under subsection (c)(1)(B); and

''(2) inform the individual that the election to prohibit mailings of skill contests or sweepstakes to that individual shall take effect 45 business days after receipt by the system of the signed removal request by the individual.

''(e) ELECTION TO BE EXCLUDED FROM LISTS.—

''(1) IN GENERAL.—An individual may elect to exclude the name and address of such individual from all mailing lists used by promoters of skill contests or sweepstakes by mailing a removal request to the notification system established under subsection (c).

''(2) RESPONSE AFTER MAILING REMOVAL REQUEST TO THE NOTIFICATION SYSTEM.—Not later than 45 business days after receipt of a removal request, all promoters who maintain lists containing the individual's name or address for purposes of mailing skill contests or sweepstakes shall exclude such individual's name and address from all such lists.

''(3) EFFECTIVENESS OF ELECTION.—An election under paragraph (1) shall—

''(A) be effective with respect to every promoter; and

''(B) remain in effect, unless an individual notifies the system in writing that such individual—

''(i) has changed the election; and

''(ii) elects to receive skill contest or sweepstakes mailings.

''(f) PROMOTER NONLIABILITY.—A promoter, or any other person maintaining the notification system established under this section, shall not be subject to civil liability for the exclusion of an individual's name or address from any mailing list maintained by a promoter for mailing skill contests or sweepstakes, if—

''(1) a removal request is received by the notification system; and

''(2) the promoter or person maintaining the system has a good faith belief that the request is from—

''(A) the individual whose name and address is to be excluded; or

''(B) another duly authorized person.

''(g) PROHIBITION ON COMMERCIAL USE OF LISTS.—

''(1) IN GENERAL.—

''(A) PROHIBITION.—No person may provide any information (including the sale or rental of any name or address) in a list described under subparagraph (B) to another person for commercial use.

''(B) LISTS.—A list referred to under subparagraph (A) is any list of names and addresses (or other related information) used, maintained, or created by the system established under this section.

''(2) CIVIL PENALTY.—Any person who violates paragraph (1) shall be assessed a civil penalty by the Postal Service not to exceed $2,000,000 per violation.

''(h) CIVIL PENALTIES.—

''(1) IN GENERAL.—Any promoter—

''(A) who recklessly mails nonmailable matter in violation of subsection (b) shall be liable to the United States in an amount of $10,000 per violation for each mailing of nonmailable matter; or

''(B) who fails to substantially comply with the requirements of subsection (c)(2) shall be liable to the United States.

''(2) ENFORCEMENT.—The Postal Service shall assess civil penalties under this section.''.

(b) TECHNICAL AND CONFORMING AMENDMENTS.—The table of sections for chapter 30 of title 39, United States Code, is amended by adding after the item relating to section 3016 the following:

''3017. Nonmailable skill contests or sweepstakes matter; notification to prohibit mailings.''.

(c) EFFECTIVE DATE.—This section shall take effect 1 year after the date of enactment of this Act.

SEC. 9. STATE LAW NOT PREEMPTED.

(a) IN GENERAL.—Nothing in the provisions of this Act (including the amendments made by this Act) or in the regulations promulgated under such provisions shall be construed to preempt any provision of State or local law that imposes more restrictive requirements, regulations, damages, costs, or penalties. No determination by the Postal Service that any particular piece of mail or class of mail is in compliance with such provisions of this Act shall be construed to preempt any provision of State or local law.

(b) EFFECT ON STATE COURT PROCEEDINGS.—Nothing contained in this section shall be construed to prohibit an authorized State official from proceeding in State court on the basis of an alleged violation of any general civil or criminal statute of such State or any specific civil or criminal statute of such State.

SEC. 10. EFFECTIVE DATE.

Except as provided in section 8, this Act shall take effect 120 days after the date of enactment of this Act.

Amend the title so as to read: ''A bill to amend chapter 30 of title 39, United States Code, to provide for the nonmailability of certain deceptive matter relating to sweepstakes, skill contests, facsimile checks, administrative procedures, orders, and civil penalties relating to such matter, and for other purposes.''.

The PRESIDING OFFICER. Under the previous order, there will now be 2 hours for debate on S. 335, to be equally divided between the Senator from Maine and the Senator from Michigan or their designees.

PRIVILEGE OF THE FLOOR

Ms. COLLINS. Mr. President, I ask unanimous consent that the following members of my staff be granted the privilege of the floor during consideration of S. 335: Lee Blaylock and Michael Bopp.

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

Mr. LEVIN. If the Senator will yield for a similar request, I ask unanimous consent that Leslie Bell of my staff be granted the privilege of the floor.

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

Ms. COLLINS. Mr. President, I ask unanimous consent that at 5:10 today Senator EDWARDS be allowed to speak for up to 10 minutes, with the time coming from the time controlled by the Senator from Michigan, that the Senator from Michigan be permitted to speak for 5 minutes following Senator EDWARDS, and that I be permitted to speak for 5 minutes immediately prior to the 5:30 vote.

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

Ms. COLLINS. I thank the Chair.

Mr. President, I am pleased that the Senate is now considering S. 335, the Deceptive Mail Prevention and Enforcement Act, legislation I authored along with my colleagues, Senator LEVIN, Senator COCHRAN, Senator EDWARDS, Senator DURBIN, and Senator SPECTER.

S. 335 is the product of an extensive investigation and 2 days of public hearings held by the Permanent Subcommittee on Investigations, which I chair. This legislation would establish for the first time tough new Federal standards for sweepstakes and other promotional mailings.

For example, these mailings would be required to clearly inform consumers that a purchase is not necessary to win the contest and that a purchase will not increase their chances of winning. In addition to these important consumer protections, the bill confers additional investigative and enforcement authority on the U.S. Postal Service and authorizes civil fines of up to $2 million for companies that violate the consumer protection standards.

This comprehensive measure has the support of the AARP, the National Consumers League, and the U.S. Postal Service.

I particularly recognize the leadership roles played by several members of the committee. Senator LEVIN, in particular, has long been a leader in the effort to curtail deceptive mailings. Senator COCHRAN held some of the first hearings on this issue. Senator EDWARDS, Senator SPECTER, and Senator DURBIN all contributed greatly to our investigation.

Let me also express my appreciation for the assistance provided by the chairman of the Governmental Affairs Committee, Senator THOMPSON, and by the committee's ranking minority member, Senator LIEBERMAN.

In addition, I salute Senator CAMPBELL, who was one of the first to call attention to the growing problems of deceptive sweepstakes mailings. Some of the provisions in our legislation are similar to those in a bill introduced by Senator CAMPBELL.

I first became aware of the growing problem of deceptive sweepstakes last year after receiving several complaints from my constituents in Maine. In order to learn more about this growing problem, the Permanent Subcommittee on Investigations began an investigation into the nature of deceptive mailings and the extent of sweepstakes and other promotional mailings. The subcommittee soon realized that the promotional mailing industry generates an enormous volume of mail that reaches the mailboxes of millions of Americans. In fact, the four major sweepstakes companies alone flood Americans with more than 1 billion solicitations every year.

The subcommittee held 2 days of public hearings. At the first subcommittee hearing in March, we examined the practices of the four major sweepstakes companies: American Family Publishers, Publishers Clearinghouse; Time, Inc.; and Reader's Digest.

I want to make clear that they all run legitimate sweepstakes, legitimate in the sense that they do award the prizes, they do deliver the merchandise orders, and they do not seek to conceal their identities. However, there is a critical distinction between running a legal contest and treating consumers fairly, without resorting to misleading or deceptive practices.

Our hearings in March examined the key issue of whether consumers are being clearly informed that no purchase is necessary to enter sweepstakes and that buying something does not increase their chance of winning. That is the biggest misconception. Far too many consumers believe that if they make a purchase in response to the sweepstakes solicitation, they somehow improve their chances of winning. Nothing could be further from the truth. The subcommittee heard testimony indicating that the existing disclaimers used by the large sweepstakes companies are of very little value. They are too often deceptively worded or they are contradicted by the glowing promises in the promotional copy. In addition, they are hard to locate on the mailing, and they are often written in very tiny print that is difficult to read.

Our hearings in March prompted over 1,000 letters from across the country to the subcommittee. Many of those letters included mailings from smaller sweepstakes companies with which the subcommittee had not been familiar. This public response prompted an expansion of the subcommittee's investigation into the deceptive practices of these smaller sweepstakes companies.

Those smaller companies were the focus of the subcommittee's second

hearing in July. Many of these smaller companies tend to be fly-by-night operations that use multiple trade names to hide their identities and to confuse consumers. In fact, we found one company that sent out solicitations under 40 different trade names. That was obviously very confusing to consumers because they believed they were getting a chance to enter 40 different contests when, in fact, it was just one sweepstakes company using 40 different names.

In some cases, these smaller companies are run by promoters for a year or two and then shut down. The operator then starts up a new company under yet another name, often one that is specifically chosen to lend credibility to the contest or to deceive consumers. These companies profit not only from their extremely deceptive mailings but also by reselling the names of their customers to other operators who then inundate the unlucky consumer with still more mailings. Unfortunately, our investigation suggests that this practice, this business, is quite lucrative.

The smaller companies investigated by the subcommittee sent approximately 100 million mailings in 1998 and received over 4 million purchases, which we conservatively estimate cost consumers in the neighborhood of $40 million.

In return, most individuals received a discount coupon book that was frequently followed by additional numerous other mailings urging consumers to purchase the exact same coupon book once again.

Anonymity, as our hearings demonstrated, is crucial to the success of many of these small operators. They depend on working in the shadows and underneath the radar of State and Federal regulators. They are, in many ways, the ''stealth'' sweepstakes companies—difficult to detect, to track, and to stop. Our investigation discovered that most of these companies attempt to conceal their identities through multiple corporate names and various mailbox drops in several different States. Their mailings are often designed to deceive even the most cautious and wary consumer.

Our investigation and hearings demonstrated that sweepstakes companies, both large and small, use deceptive and aggressive marketing techniques far too often to entice consumers into making purchases that they do not need or want, in the mistaken belief that a purchase will improve their chances of winning that grand prize. Indeed, we heard testimony that deceptive sweepstakes mailings can induce trusting consumers to purchase thousands of dollars of questionable merchandise. One example that was related to us by a witness was a magazine subscription extending to the year 2018 that had been purchased by her 82-year-old father-in-law in response to repeated solicitations.

The subcommittee found that many of our senior citizens are particularly vulnerable to such deceptive mailings. They come from perhaps a more trusting generation. Many seniors tend to believe what they read, particularly if it is endorsed by a trusted spokesman, such as Ed McMahon or Dick Clark, or if it comes from a well-known company, such as Reader's Digest or Time, or if it involves a mailing that appears to be official.

At the subcommittee's hearings, family members told of loved ones who were so convinced that they had won a sweepstakes that they refused to leave their home for fear of missing the Prize Patrol. One of my constituents in Maine actually postponed needed surgery because she was absolutely convinced that that was going to be the day her winnings were delivered to her.

The subcommittee investigated many cases of seniors who, enticed by the bold promises in deceptive sweepstakes, actually spent their Social Security checks, squandered their life's savings, and even borrowed money in order to continue to make purchases through these sweepstakes mailings. I will never forget one of our witnesses who actually broke down in tears before the subcommittee as he recounted how he had been enticed to spend $15,000 on merchandise he did not want because he thought it would bring him closer to winning millions of dollars.

Time and again, family members have described sweepstakes companies literally bombarding elderly relatives with repeated mailings. Our witnesses explained that their elderly family members spent thousands of dollars in the vain hope that if they just bought one more trinket, or one more videotape, or one more magazine subscription, it would greatly improve their chances of winning. Of course, it never did.

The losses suffered by consumers could not, however, be measured in dollars alone. As one elderly gentleman put it:

> My wife has finally come to realize that she has been duped by the sweepstakes solicitations for all these years. Although the financial drain is now halted, the loss of her dignity is incalculable.

Unfortunately, these are not isolated examples. According to a recent survey commissioned by the AARP, nearly 40 percent of seniors surveyed believed there was a connection between purchasing and winning, that either making a purchase would help you to win or it would ensure that you would win a prize.

You have only to look at some of these sweepstakes mailings to understand why consumers draw these conclusions. For example, one mailing by Publishers Clearinghouse, which is famous for its Prize Patrol, tells consumers to ''open your door to $31 million on January 31.'' You can see the personalized mailing, although we blocked out the name of the person involved. This mailing clearly suggests to the consumer that his or her—her in this case—purchases are paying off. It specifically states:

> You see, your recent order and entry has proven to us that you're indeed one of our loyal friends and a savvy sweepstakes player. And now I'm pleased to tell you that you've passed our selection criteria to receive this special invitation. . . .

Mr. President, this is clearly and blatantly designed to deceive the consumers into drawing a connection between making a purchase and winning the prize.

Let me show you another example. The next example is a mailing from American Family Publishers. It states:

> It's down to a 2 person race for $11 million—you and one other person in Georgia were issued the winning number. Whoever returns it first wins it all.

Most people don't see the very fine print that declares:

> . . . if you have the winning number.

Unless the contestant reads and understands this fine print, the mailing leaves the unmistakable impression that this recipient, this lucky person, and one other person, have the winning number for the $11 million prize.

This mailing actually caused a number of contestants to fly to Florida in the hope that their entry would be received first. After all, it says, ''Whoever returns it first wins it all.'' It also prompted lawsuits by several States' attorneys general, and American Family Publishers eventually agreed to a multistate settlement.

I wish the misleading mailings from the largest sweepstakes companies represented the worst of the lot. Unfortunately, they do not. Let's take a look at a couple of examples of deceptive practices of some of the smaller sweepstakes companies. As you will recall, these were the companies that were brought to the subcommittee's attention by outraged consumers from across this country who wrote to us after our first round of hearings.

This solicitation, or promotion, from Mellon, Astor & Fairweather is a deceptive attempt to make the consumer think that a prestigious firm—presumably an accounting firm—is ready to give him or her money. Despite describing Mellon, Astor & Fairweather as the ''trustee of record,'' the sponsor of this mailing admitted under oath to the subcommittee that Mellon, Astor & Fairweather is not a trustee for any group or individual. In fact, there is no ''Mellon,'' ''Astor,'' or ''Fairweather'' associated with this company. The name was completely made up to give an air of legitimacy and credibility to this mailing—in short, to deceive people. Moreover, the sweepstakes promoter admitted that this is actually the address of a Mail Boxes, Etc., and that the company's offices are located

not in Lake Forest, IL, but in Las Vegas, NV.

Another problem the subcommittee found was the use of words or symbols that give the impression that the mailing is connected with the Federal Government. Here is another example of this kind of mailing. It says at the top—it is hard to read: The Official United Sweepstakes of America.

Yes, this mailing implies a Government connection to the sweepstakes. It includes a photo of the U.S. Treasury building, and by using the address of 611 Pennsylvania Avenue, Southeast, Washington, DC, it sounds like a very prestigious Pennsylvania Avenue address of a Federal agency. In fact, once again, this is an address of a Mail Boxes, Etc. And, of course, the Federal Government does not sponsor sweepstakes, contrary to the implication of this mailing.

Yet another deceptive mailing shows how fraudulent operators link their company to the Government. This is a blowup of a postcard sent to me by a constituent from Machiasport, ME. As you can see, it is marked ''Urgent Delivery, A Special Notification of Cash Currently Being Held By the U.S. Government is Ready for Shipment to You.'' It mimics the typical postcard the Postal Service uses. It is designed to look like that.

The mailing asks the consumer to send $9.97 to learn how to receive this cash. Of course, this was not in any way a legitimate postcard from the Federal Government. It was merely a ploy used by an unscrupulous promoter to trick an unsuspecting consumer into sending money. Fortunately, my consumer did not fall for this scam. But many others did, leading the Postal Service to bring action against the promoter of this scam.

Sadly, these are just a few of the many examples of deceptive mailings that the subcommittee uncovered during its investigation. The simple fact is that far too many consumers regularly fall victim to increasingly deceptive and sophisticated marketing techniques used in these mailings.

I want to emphasize that sweepstakes can, of course, be a legitimate marketing technique. While I have concerns about the deceptive nature of far too many sweepstakes mailings, I don't want to give the impression that all sweepstakes are deceptive, or that they should be outlawed. Our legislation is setting clear standards for them to follow to avoid the kind of deception that we found to be rampant in the industry.

Let me outline the major provisions of the legislation before the Senate today.

First, S. 335 requires sweepstakes mailings to clearly and conspicuously display several important disclaimers and consumer notices, including a clear statement that no purchase is necessary to win the contest, and, most of all, a statement that a purchase will not improve your chances of winning.

I think that is the most important disclaimer of all.

These statements have to appear in three places—on the solicitation, in the rules, and on the order form.

In addition, the mailings must state the odds of winning, the value and the nature of the prize, and the name and the address of the sponsor of the sweepstakes. Sweepstakes mailings would also be required to include all the rules and entry procedures for the contest. The bill would prohibit mailings from describing the recipient as a ''winner'' unless the recipient has really won a prize.

You can see from some of the mailings that we have discussed here today why that protection is so important.

Second, this legislation includes the provision drafted by Senator EDWARDS to require companies sending sweepstakes or skill contests to establish a system that will allow consumers to request that they be removed from sweepstakes mailing lists. Companies sending sweepstakes mailings must include either a toll-free number or the address at which the consumer may request that their name be removed altogether from future sweepstakes mailings. Companies would be required to remove such individuals from sweepstakes lists within 35 days.

Our hearings showed that far too many consumers had great difficulty in turning off the spigot of sweepstakes mailings to themselves, or, as was often the case, to an elderly family member. Senator EDWARDS' provision will assist consumers who want relief from the flood of solicitations.

Third, our legislation strengthens the current law regarding ''Government look-alike'' mailings by prohibiting mailings that imply a connection to, approval, or endorsement by the Federal Government through the misleading use of a seal, insignia, reference to the Postmaster General, citation to a Federal law, or any other term or symbol unless the mailings carry true disclaimers.

The bill imposes new Federal standards for facsimile checks that are sent in any mailing. These tests must include a statement on the check itself stating that it is non-negotiable and has no cash value.

Finally, S. 335 will strengthen the ability of the Postal Service to combat deceptive mailings. Under existing law, the Postal Inspection Service does not possess subpoena authority, is unable to obtain a judicial order to stop the deceptive mailing at multiple mailboxes in different States, and may only seek financial penalties after a company has violated a previously imposed order for sending deceptive mailings.

Our legislation grants the Postal Service subpoena authority, nationwide stop mail authority, and the ability to impose strong civil penalties for the first violation. At our hearings in July, the Postal Service testified that civil penalties would be a significant deterrent against deceptive mailings. We can't just have minor penalties that are treated as a cost of doing business. The penalties under our legislation can reach as high as $1 million, and, if a company violates an order, that penalty is doubled and can range as high as $2 million.

The current penalties—capped at $10,000 per day—are simply inadequate to deter deceptive mailings, especially since they can only be imposed after the mailer has evaded or failed to comply with a prior order.

Our bill recognizes the important role played by the States in investigating and prosecuting deceptive mailings. We do not preempt any provision of State or local law. In many instances, it is the States that have taken the strong action against deceptive sweepstakes mailings largely because of the gap in Federal law. During our investigation, we worked very closely with the National Association of Attorneys General.

I would like to close my initial statement by urging my colleagues to support S. 2335, the Deceptive Mail Prevention and Enforcement Act, so that the Senate, by passing this legislation later today, can take an important first legislative step in curtailing deceptive sweepstakes and protect the American consumer.

I reserve the remainder of my time.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. LEVIN. Mr. President, I thank the Senator from Maine for her tremendous leadership on this issue and so many other consumer protection issues. She is leading the Permanent Subcommittee on Investigations with tremendous distinction, with great strength, and the consumers of this Nation are all better off because of that leadership. This bill is a further example of that leadership. I am proud to be her principal cosponsor of the bill that we have worked on for so long.

Sweepstakes for many Americans has become a cruel joke. Americans are overwhelmed with sweepstakes solicitations in the mail that deceptively appear to promise large winnings but deliver only empty appeals for purchases of unneeded products and more entries into additional sweepstakes.

The majority of Americans may have a healthy skepticism about these solicitations and don't believe the misleading representations. But many are not so disbelieving, and they can get caught up and do get caught up in a spiral of financial and emotional trauma.

The subcommittee heard story after story before of seniors particularly, some of the most vulnerable people in

America, who receive these mailings and believe that they have been awarded a prize.

Several of my constituents from Michigan lost tens of thousands of dollars to sweepstakes solicitations.

One woman in Grand Rapids spent over $12,000 in one year with Reader's Digest alone.

A woman in the Upper Peninsula of Michigan spent $30,000 in less than a month on sweepstakes-related promotions.

Sweepstakes solicitations are big business. Companies using sweepstakes to promote their products, be it magazines or coupon books, or jewelry, send over a billion pieces of mail a year to American consumers.

We learned that one person could get from one company alone as much as 144 different pieces of sweepstakes mail in a year. That was from a so-called ''legitimate company.''

Purchases through these types of mailings are in the billions of dollars. Sweepstakes are used as the ''come-on'' to get the recipient to purchase a product or make a contribution. They are used, companies say, to get the recipients to open the envelopes, and, once opened, used to get the person to respond with a purchase or contribution. Promoters argue that sweepstakes entrants buy these products because they want them or need them.

Our investigation demonstrated that many people who enter these sweepstakes purchase items only because they think doing so will improve their chances of winning the sweepstakes prize. A large number buy and buy and buy, spending tens of thousands of dollars, with that expectation that the purchase of items will help improve their chances of winning.

Companies are not allowed by law to use the U.S. mails to conduct a lottery. A lottery is where payment must be given in order to have a chance to win. It is illegal for a sweepstakes promotor to require a purchase in order for a person to have a chance to win or to improve a person's chances of winning. Buying something when entering a sweepstakes cannot, by law, do anything to improve a person's chances of winning. Many people don't know that or believe a purchase will improve their chance and many sweepstake companies try to leave the impression that buying something will give that recipient an advantage.

Sweepstake companies encourage this in many ways. For example, some use different envelopes for those who buy a product and those who don't. Here is an example from Reader's Digest. They send two envelopes. If a person orders something, the envelope says: Yes, Reward Entitlement [underlined], Granted and Guaranteed. If a person does not order something, the envelope says: No Reward Entitlement, Denied and Unwarranted.

They go to different post office boxes, clearly leaving a very different impression. It is a very strong different impression and a very deceptive different impression.

Other sweepstake companies use their own envelope and address card for those entering the sweepstake without purchasing a product. In another sweepstakes, they are given an envelope if they want to buy something; if they don't want to buy something but still enter, they have to fill out their own envelope or their own card, which is much more difficult than if they are simply buying a product.

Some companies try to confuse the message, leaving the recipient to believe he has to pay a fee to collect a prize that he has already won. This certificate from the ''Motor Vehicle Awards'' states: [You] are guaranteed to receive a brand-new automobile or a cash award.

The first envelope has the name of the person receiving it, so it is very personalized: [Mr. or Miss Someone] are guaranteed to receive a brand-new automobile or cash award.

They ask the recipient to confirm that his name is spelled correctly on the certificate and to indicate how he wants the car delivered. In the very last paragraph it says: In addition, an optional commodities package with a fully redeemable value of over $2,500 is being held pending your submission of the standard acquisition fee.

The impression is that the recipient has won a car, that all he has to do is return the certificate for the car, and pay an acquisition fee. Of course, the impression they attempt to create—and often do, according to our testimony—is that acquisition fee relates to the car.

If he does that, the impression is he will receive a car and the commodities package. That is a pretty good bargain, at $14.98 for a car and commodities package. In reality, this is a sales promotion for the commodities package connected to a sweepstake. The acquisition fee of $14.98 is buying the commodities package. The commodities package is nothing more than a booklet of coupons that require buying items in order to redeem the coupons.

One must spend thousands and thousands and thousands of dollars for items that you don't need in order to receive the savings that are promised. Yet we learned at our hearings this is a very common sweepstakes scheme. Honest businesses don't engage in these practices, or they shouldn't. Over and over we heard from victims of the deceptive sweepstakes packages that they thought they had to buy something to receive the big prize or to improve their chances of winning. The sweepstake companies are very artful at creating this impression. This is about stringing people along. Often the people being strung along are the most vulnerable.

This is a promotion from Reader's Digest to a constituent of mine whose house is filled to the brim with tapes, books, CDs, and magazines she bought believing it would help her get the prize. This is a Certificate of Recognition for her loyalty to Reader's Digest: Dear valued customer: You've been selected to receive one of our highest honors—the Reader's Digest Recognition Reward. It's your obvious love of Reader's Digest and sweepstakes that made you an ideal candidate. In fact, it was your recent subscription request that finalized our decision.

In other words, keep buying and we will keep sending opportunities to win a sweepstake. It is buying the Reader's Digest that they are saying gets the special treatment. What is the Reader's Digest Recognition Award? It is a little stick 'em label that is pulled off this letter that has my constituent's name on it so she can paste it on any article of furniture around her house. It really is a come-on, an opportunity to enter yet another sweepstake. That is the award, a little stick 'em that Mrs. Roosenberg got for spending over $12,000 in 1 year for products she didn't even open, filling up her house.

Through the artful placement of words and graphics, the sweepstakes companies make the reader believe they have won. They use such large screaming headlines: [Mr. X] is Officially Declared $833,337 Winner.

A big headline you can't miss. However, one misses the fine print that says, no, you haven't—only if you held the right number. What jumps out is the headline that you have won.

Our sweepstakes promoters try to make their envelopes look special, not like the bulk mail which they are, or try to make them look like a Government document, or even in the case of a recent Publishers Clearinghouse envelope, as if they were photographs that the recipient paid to have developed. This envelope looks exactly like envelopes received from the photo store. In fact, this is one of these sweepstake offers from Publishers Clearinghouse.

We cannot control each and every trick that a company uses to get the recipient of a sweepstakes promotion to buy something. However, there are some things we can and we should insist upon. We can insist that the companies state clearly and conspicuously that buying something will not improve a person's chances of winning. We can insist that these companies state clearly and conspicuously that you don't need to buy anything to win. We can make these companies state clearly and conspicuously what are the odds of winning. In many cases, the odds are nearly 1 in 100 million or 1 in 150 million. We can also require the sweepstake promoters not tell a person they have won if they haven't and not use devices to suggest that the mail is

from a Government agency. That will hopefully alert the folks receiving the sweepstakes promotion and will help them think twice before buying items they really do not want and do not need.

In the last Congress, several of our colleagues joined in sponsoring a bill to increase enforcement of deceptive mailings by the Postal Service. This, year Senator COLLINS held hearings on sweepstakes and other forms of deceptive mail. We have introduced two bills to try to eliminate deceptive sweepstakes practices. Senator COLLINS' bill is S. 335; my bill is S. 336. We learned during the hearings that the financial costs to consumers for deceptive and fraudulent sweepstakes is a serious problem and one that particularly plagues our senior citizens. We learned that the Postal Service has inadequate law enforcement tools to effectively shut down deceptive direct marketers who use deceptive sweepstakes promotions to sell their products. We also learned that the Postal Service can't impost a fine against such a promoter until the Postal Service has issued a stop order, and the stop order has been violated. Wily promoters craft their mailing so that it technically complies with a particular stop order but is this deceptive? Thus, time and time again these promoters continue to prey on Americans, and the postal Service has been all but powerless to stop them.

The bill before us is a combination of our two bills. It establishes a special provision in law for deceptive sweepstakes mailings, requires certain disclosures to be clearly and conspicuously displayed in key parts of the sweepstakes promotion; prohibits other misleading and deceptive statements in the promotion; gives the Postal Service additional enforcement tools, and requires sweepstakes promoters to provide a mechanism for a recipient of mail to remove his or her name off a mailing list if requested.

Mr. President, what is the time situation?

The PRESIDING OFFICER. These are 34½ minutes remaining on the Senator's side.

Mr. LEVIN. I yield myself 10 additional minutes.

Three key provisions in S. 336 have been incorporated into the substitute. First, to prevent unscrupulous mailers from duping people into believing that a purchase will increase their chances of winning, the bill requires that a statement that a purchase will not increase an individual's chances of winning be clearly and conspicuously displayed in a prominent place and manner in the mailing, in the rules, and on the order or entry form.

I believe of all of the new requirements and standards, this is perhaps the most important. The statement that a purchase will not increase an individual's chances of winning must not only be clearly and conspicuously displayed but also displayed in a prominent place and manner in the mailing, in the rules, and on the order or entry form. Such a statement will, hopefully, help readers dissociate the ordering process from the sweepstakes entry.

Second, it provides the Postal Service with the authority to issue a civil penalty for a first-time violation of the statute. This means the Postal Service does not have to first issue a stop order and then wait for that order to be violated before assessing civil penalties. This has the effect of applying the penalty to the deceptive offense, not for noncompliance with the order. It makes enforcement a one-step instead of a two-step process. Third, it gives the Postal Service the subpoena authority it often needs to help identify sweepstakes scams.

Despite the specificity of the disclosures required under the bill, I remain quite concerned that the disclosures be noticeable and understandable to the reader. That is why the bill requires all disclosures to be clearly and conspicuously displayed. With a managers' amendment, we define ''clearly and conspicuously displayed'' in the bill so that there can be no misunderstanding by the Postal Service and the direct mail industry as to what we mean. Furthermore, two critical disclsoures—''no purchase necessary'' and ''a purchase will not increase an individual's chances of winning''—are required to be not only ''clearly and conspicuously displayed'' but ''prominently'' displayed as well. This means that these two diclsoures must be highly visible to and easily noticeable by the reader. These important messages will not be allowed to be hidden or disguised through illegible print size, glitzy displays which detract from the disclosure, or barely noticeable ink color.

The Deceptive Mail Prevention and Enforcement Act of 1999 takes a tough approach to dealing with sweepstakes solicitations and other games of chance offerings that are sent through the mail. If you use sweepstakes or a game of chance to promote the sale of a legitimate product, provide adequate disclosure, and abide with Postal Service regulations, then the Postal Service will deliver that solicitation without any interruption. If deceptive practices are used in a sweepstakes or game of chance solicitation, the Postal Service will be able to stop the solicitation and impose a significant penalty.

I again thank Senator COLLINS again for her hard work and commitment to consumers in this legislation. I also thank Senator COCHRAN for his early support and Senator EDWARDS for his excellent work on the provision requiring a delisting of persons not wanting to receive sweepstakes mailings. Finally, I want to thank the staff of the Permanent Subcommittee on Investigations for the terrific job they did putting together the hearings and developing this legislation. In particular I want to thank Linda Gustitus and Leslie Bell of the minority staff, Lee Blaylock and Kirk Walder of the majority staff, and Maureen Mahon of Senator EDWARDS' staff.

I reserve the remainder of our time as Senator COLLINS has indicated, and I yield the floor.

The PRESIDING OFFICER. For the Senator's information, the Senator from Michigan has 29 minutes remaining. The Senator from Maine has 35 minutes.

Ms. COLLINS. Mr. President, first I thank my colleague from Michigan for his very generous comments. Also, once again I commend his outstanding leadership on this issue. It has been terrific working with him in a variety of areas related to consumer protection. We are where we are today because of his efforts.

I also echo the thanks to our staff who have done a tremendous job.

PRIVILEGE OF THE FLOOR

I do ask unanimous consent the privilege of the floor be granted to the following members of my staff during the pendency of this legislation: R. Emmett Mattes, Kathy D. Cutler, and Deirdre Foley.

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

Ms. COLLINS. Mr. President, it is now my great pleasure to yield to the Senator from Mississippi, who is the chairman of the Subcommittee on Governmental Affairs with jurisdiction over the Postal Service. Senator COCHRAN held the very first hearings on deceptive mailings last year. He has been a tremendous supporter of the effort to curtail deceptive mailings. I really appreciate his leadership on this issue.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. COCHRAN. Mr. President, I am pleased to be a cosponsor and to support the passage of the Deceptive Mail Prevention and Enforcement Act, S. 335. This legislation would establish new safeguards to protect consumers against deceptive and dishonest sweepstakes and other promotional mailings. The bill grants additional investigative and enforcement authority to the U.S. Postal Service to stop deceptive mailings, and it establishes standards for all sweepstakes mailings by requiring certain disclosures on each mailing.

In the last Congress, our subcommittee examined the use of mass mail to deceive and defraud consumers. At the subcommittee's hearing, we heard how sweepstakes and other promotions were causing individuals to make unwanted or excessive purchases in the hope that the purchases would increase their chances of winning money or other prizes. Since conducting that hearing, the subcommittee has been flooded with stories from consumers all over the country who have lost thousands of dollars

in some cases—sometimes their life savings—to deceptive mailing practices. But it is not just sweepstakes offers that deceive consumers. Some mailers imply an association with the Government, often enticing consumers to pay unnecessary fees.

This bill will address several types of deceptive mailings, including sweepstakes and Government look-alike mailings.

First, it will require sweepstakes mailings to display a statement that no purchase is necessary to enter the contest and that a purchase will not improve the chances of winning. Other disclosures will also be required, including the sponsor of the sweepstakes and the principal place of business or an address at which the sponsor can be reached, and the estimated odds of winning each prize and the estimated value of each prize. In addition, all terms and conditions of the sweepstakes promotion, including the rules and entry procedures for the sweepstakes, will be required on each mailing.

Second, the bill will expand the authority of the U.S. Postal Service by granting the Postal Inspection Service subpoena authority, nationwide stop-mail authority, and the ability to impose civil penalties of up to $1 million for the first offense and $2 million for a violation of an existing order.

Finally, the bill will strengthen existing law regarding Government look-alike mailings by requiring disclaimers on any mailings that might be interpreted as implying a connection to the Federal Government.

This legislation was reported out of the Subcommittee on International Security, Proliferation and Federal Services on April 12 and reported unanimously by the Committee on Governmental Affairs on May 20. It has the support of the U.S. Postal Service, a number of consumer groups, and the American Association of Retired Persons.

I commend the work of the distinguished Senator from Maine, Ms. COLLINS, in crafting this legislation to curb deceptive mailings. As chair of the Permanent Subcommittee on Investigations, Senator COLLINS has thoroughly examined the issue, and I applaud her important efforts in developing this bill and her continuing efforts to protect consumers. The distinguished ranking minority member of the committee, Senator LEVIN, has also supported this initiative, and we appreciate his assistance.

This bill takes an important step toward the prevention of deception in sweepstakes and other promotional mailings. I urge Senators to support it.

The PRESIDING OFFICER (Mr. VOINOVICH). The Senator from Maine.

Ms. COLLINS. Mr. President, I thank the Senator from Mississippi for his very kind comments and for his strong support of this initiative. He has been a partner throughout this investigation into deceptive mailings, and I am very grateful for his support.

DIFFERENT PROMOTIONS FOR THE SAME SWEEPSTAKES

Mr. LEVIN. Mr. President, during the July 1999 hearing on deceptive mail held by the Permanent Subcommittee on Investigations, several promoters testified that they use different business names and different stationery to send to the same people different-looking mailings to promote the same sweepstakes. So, for example, on day one, a person can get a solicitation to enter a $10,000 sweepstakes, and the solicitation says on the top that ''Company Blue'' is making the offer. In the rules it says ''your chances of winning are 1 in 3 million.'' Let's say you enter that sweepstakes. One week later you get another solicitation for a $10,000 sweepstakes.

And we learned that the standard operating procedure for this type of sweepstakes is to send 5 or 6 mailings for the same sweepstakes after the person responds to the first mailing.

So on this second mailing, it says ''Company Red'' at the top and the materials look totally different from the ''Company Blue'' promotions. The rules of this second solicitation also say you have a 1 in 3 million chance of winning $10,000, which a reasonable person would think is a completely different sweepstakes. That's also what the promoter wants you to think. So you think you have a chance of winning $20,000 in total. But, you don't. The most you can win is $10,000.

I believe these mailings are misrepresenting the facts, and under existing law these misrepresentations are deceptive. For example, in the ''Company Blue'' and ''Company Red'' scenario I just described, the promoter wants you to think that you're receiving two separate solicitations, each involving two separate sweepstakes. In fact, the solicitations for ''Company Blue'' and ''Company Red'' are for the same sweepstakes and thus you can win only once. Section 3005 of title 39 currently allows the Postal Service to deny delivery of mail used as part of a scheme to obtain money through the mail by means of false representations. Clearly many sweepstakes promoters use different business names and different stationery to make you think their multiple solicitations are unique and have no relationship to each other.

Does the Senator from Maine agree that these multiple mailing schemes mislead people into thinking they are entering separate contests from different companies?

Ms. COLLINS. Yes, I agree with the Senator from Michigan. The practice of using different-looking promotional mailings without any information explaining that they are for the same sweepstakes serves no purpose except to lead recipients into believing that they are different sweepstakes. Once the recipient believes that they are different sweepstakes, the recipient who believes that a purchase either is required or will confer an advantage upon them will then believe that a separate purchase must be made for each unique-looking sweepstakes. Because these different-looking mailings do not clearly state that they are promoting the same sweepstakes, I agree with the Senator from Michigan that they can be deceptive.

USE OF THE WORD ''PROMINENT''

Mr. LEVIN. Mr. President, our bill requires a sweepstakes or skill contest promotion, in order to be mailable matter, to contain a number of specific disclosures. Each of the disclosures required by the bill must be ''clearly and conspicuously displayed.'' We have defined that term in the bill to mean ''readily noticeable, readable, and understandable.'' This is a definition consistent with the definition used by the Federal Trade Commission.

Two of the required disclosures—that no purchase is necessary to win and that purchasing does not improve your chances of winning—are so important to giving a consumer the information he or she needs to decide whether or not to enter a sweepstakes and if so, whether or not to purchase an advertised product—that they should appear prominently in three places in each mailing. Our addition of the term ''prominently'' to these two disclosures is intended to emphasize the heightened significance of these disclaimers. This means that these two disclosures must be highly visible and highly noticeable to the reader. In *Edgeworth* v. *Fort Howard Paper Co.*, 673 F. Supp. 922, 923 (N.D. Ill. 1987), rev. on other grounds, 683 F. Supp. 1193 (1988), the District Court defined ''prominent and accessible place'' to mean that the message conveyed can readily be observed by the people for whom it is intended. In *Allstate Insurance Co.* v. *Clemmons*, 742 F. Supp. 1073, 1075 (D.NV 1990), the District Court defined ''prominently displayed'' to mean ''the message must have greater prominence than the balance of the policy language. . . . In other words, a clause attains prominence by being different from its surrounding terms.'' ''Prominently'' requires, for purposes of our bill, making the two disclosures to which ''prominently'' applies different from other messages in appearance, manner of presentation, and location. These two disclosures must stand out from the rest of the printed material on the three locations where they are required to appear.

One can argue that there is going to be some subjectivity in deciding whether a statement is prominently placed in a promotion or not. Our intention here is to provide the Postal Service with enough guidance to ensure that when it comes to these two

disclosures, there should be no close calls. These two disclosures should be obviously clearly and conspicuously displayed in a prominent manner and location.

Does the Senator from Maine agree with my description?

Ms. COLLINS. Yes, I do. Of the several disclosures we require to be included in a mailing containing a sweepstakes or skill contest promotion, these two disclosures—that no purchase is necessary and that purchasing does not improve your chances of winning—are particularly important for the reader to see in a prominent way. The statements themselves should be clear and conspicuous, as required by the bill, and they should be prominent in three places in each mailing, so it would be very difficult for a recipient not to notice them.

A number of sweepstakes and skill contest promoters currently include in their mailings the statement that no purchase is necessary. But this is often included only as a part of a lengthy set of rules or buried in other statements and notices that allow it to be easily overlooked. That is why our managers' amendment includes the requirement that these two statements be prominent, and clearly and conspicuously displayed. I thank the Senator from Michigan for his assistance on this issue.

AMENDMENT NO. 1497

(Purpose: To provide a managers' amendment)

Ms. COLLINS. Mr. President, I send to the desk the managers' amendment.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Maine [Ms. COLLINS], for herself and Mr. LEVIN, proposes an amendment numbered 1497.

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

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

The amendment is as follows:

On page 19, insert between lines 22 and 23 the following:

''(A) 'clearly and conspicuously displayed' means presented in a manner that is readily noticeable, readable, and understandable to the group to whom the applicable matter is disseminated;

On page 19, line 23, strike ''(A)'' and insert ''(B)''.

On page 20, line 1, strike ''(B)'' and insert ''(C)''.

On page 20, line 9, strike ''(C)'' and insert ''(D)''.

On page 20, line 21, insert ''prominently'' after ''that''.

On page 21, line 1, insert ''prominently'' after ''that''.

On page 21, lines 4 and 5, strike ''an entry from such materials'' and insert ''such entry''.

On page 21, lines 8 and 9, strike '', in language that is easy to find, read, and understand''.

On page 21, line 15, strike ''clearly''.

On page 22, line 5, insert ''or'' after the semicolon.

On page 22, line 11, strike ''or'' after the semicolon.

On page 22, strike lines 12 through 17.

On page 22, lines 23 and 24, strike '', in language that is easy to find, read and understand''.

On page 23, line 1, strike ''clearly and conspicuously''.

On page 23, line 6, strike ''clearly''.

On page 34, line 1, strike all through page 39, line 23, and insert the following:

SEC. 8. REQUIREMENTS OF PROMOTERS OF SKILL CONTESTS OR SWEEPSTAKES MAILINGS.

(a) IN GENERAL.—Chapter 30 of title 39, United States Code (as amended by section 7 of this Act) is amended by adding after section 3016 the following:

''§ 3017. Nonmailable skill contests or sweepstakes matter; notification to prohibit mailings

''(a) DEFINITIONS.—In this section, the term—

''(1) 'promoter' means any person who—

''(A) originates and mails any skill contest or sweepstakes, except for any matter described under section 3001(k)(4); or

''(B) originates and causes to be mailed any skill contest or sweepstakes, except for any matter described under section 3001(k)(4);

''(2) 'removal request' means a request stating that an individual elects to have the name and address of such individual excluded from any list used by a promoter for mailing skill contests or sweepstakes;

''(3) 'skill contest' means a puzzle, game, competition, or other contest in which—

''(A) a prize is awarded or offered;

''(B) the outcome depends predominately on the skill of the contestant; and

''(C) a purchase, payment, or donation is required or implied to be required to enter the contest; and

''(4) 'sweepstakes' means a game of chance for which no consideration is required to enter.

''(b) NONMAILABLE MATTER.—

''(1) IN GENERAL.—Matter otherwise legally acceptable in the mails described under paragraph (2)—

''(A) is nonmailable matter;

''(B) shall not be carried or delivered by mail; and

''(C) shall be disposed of as the Postal Service directs.

''(2) NONMAILABLE MATTER DESCRIBED.—Matter that is nonmailable matter referred to under paragraph (1) is any matter that—

''(A) is a skill contest or sweepstakes, except for any matter described under section 3001(k)(4); and

''(B)(i) is addressed to an individual who made an election to be excluded from lists under subsection (d); or

''(ii) does not comply with subsection (c)(1).

''(c) REQUIREMENTS OF PROMOTERS.—

''(1) NOTICE TO INDIVIDUALS.—Any promoter who mails a skill contest or sweepstakes shall provide with each mailing a statement that—

''(A) is clearly and conspicuously displayed;

''(B) includes the address or toll-free telephone number of the notification system established under paragraph (2); and

''(C) states that the notification system may be used to prohibit the mailing of all skill contests or sweepstakes by that promoter to such individual.

''(2) NOTIFICATION SYSTEM.—Any promoter that mails or causes to be mailed a skill contest or sweepstakes shall establish and maintain a notification system that provides for any individual (or other duly authorized person) to notify the system of the individual's election to have the name and address of the individual excluded from all lists of names and addresses used by that promoter to mail any skill contest or sweepstakes.

''(d) ELECTION TO BE EXCLUDED FROM LISTS.—

''(1) IN GENERAL.—An individual (or other duly authorized person) may elect to exclude the name and address of that individual from all lists of names and addresses used by a promoter of skill contests or sweepstakes by submitting a removal request to the notification system established under subsection (c).

''(2) RESPONSE AFTER SUBMITTING REMOVAL REQUEST TO THE NOTIFICATION SYSTEM.—Not later than 35 calendar days after a promoter receives a removal request pursuant to an election under paragraph (1), the promoter shall exclude the individual's name and address from all lists of names and addresses used by that promoter to select recipients for any skill contest or sweepstakes.

''(3) EFFECTIVENESS OF ELECTION.—An election under paragraph (1) shall remain in effect, unless an individual (or other duly authorized person) notifies the promoter in writing that such individual—

''(A) has changed the election; and

''(B) elects to receive skill contest or sweepstakes mailings from that promoter.

''(e) PROMOTER NONLIABILITY.—A promoter shall not be subject to civil liability for the exclusion of an individual's name or address from any list maintained by that promoter for mailing skill contests or sweepstakes, if—

''(1) a removal request is received by the promoter's notification system; and

''(2) the promoter has a good faith belief that the request is from—

''(A) the individual whose name and address is to be excluded; or

''(B) another duly authorized person.

''(f) PROHIBITION ON COMMERCIAL USE OF LISTS.—

''(1) IN GENERAL.—

''(A) PROHIBITION.—No person may provide any information (including the sale or rental of any name or address) derived from a list described under subparagraph (B) to another person for commercial use.

''(B) LISTS.—A list referred to under subparagraph (A) is any list of names and addresses (or other related information) compiled from individuals who exercise an election under subsection (d).

''(2) CIVIL PENALTY.—Any person who violates paragraph (1) shall be assessed a civil penalty by the Postal Service not to exceed $2,000,000 per violation.

''(g) CIVIL PENALTIES.—

''(1) IN GENERAL.—Any promoter—

''(A) who recklessly mails nonmailable matter in violation of subsection (b) shall be liable to the United States in an amount of $10,000 per violation for each mailing to an individual of nonmailable matter; or

''(B) who fails to comply with the requirements of subsection (c)(2) shall be liable to the United States.

''(2) ENFORCEMENT.—The Postal Service shall assess civil penalties under this section.''.

(b) TECHNICAL AND CONFORMING AMENDMENTS.—The table of sections for chapter 30 of title 39, United States Code, is amended by adding after the item relating to section 3016 the following:

''3017. Nonmailable skill contests or sweepstakes matter; notification to prohibit mailings.''.

(c) EFFECTIVE DATE.—This section shall take effect 1 year after the date of enactment of this Act.

Ms. COLLINS. Mr. President, I offer this managers' amendment on behalf of myself and Senator LEVIN to clarify certain provisions of S. 335.

As I described in my opening statement, this legislation imposes a number of new standards on promotional mailings. The managers' amendment further defines the ''clear and conspicuous'' standard for the disclaimers and notices required in this bill. All disclaimers and notices must be ''clearly and conspicuously displayed,'' which means ''in a manner that is readily noticeable, readable and understandable to the group to whom the applicable matter is disseminated.''

During its investigation into deceptive sweepstakes mailings, the Permanent Subcommittee on Investigations found numerous examples of mailings that misled consumers into believing that they must purchase a product to win a prize, or that a purchase will improve their chances of winning. The investigation showed that many mailings did not clearly inform consumers that no purchase was necessary to enter the sweepstakes and that buying a product did not increase their chances of winning. The disclaimers and notices in many existing sweepstakes mailings are of little value because they are too often buried in tiny print or contradicted by the promotional copy. Consumers should not need a law degree or a magnifying glass to read the rules or to decipher how to enter a sweepstakes without placing an order. In order to give some value to the disclaimers and consumer notices mandated by this bill, S. 335 requires each of these disclosures to be ''clearly and conspicuously displayed.''

The managers' amendment defines ''clearly and conspicuously displayed'' in a manner that is consistent with previous agency and court rulings. As the committee report for this legislation explains, the Federal Trade Commission has issued opinions on the meaning of ''clear and conspicuous'' and this standard is a staple of commercial law. The definition of clear and conspicuous, as used in S. 335, is meant to be consistent with the interpretation of the standard as developed in previous regulatory opinions, statements, and case law.

Thus, as the definition states, the required disclosures must be readily noticeable, readable, and understandable to the group to whom the matter is mailed. As the committee report notes, in some instances, the language may need to be highlighted, in bold letters, or placed in a visible location. We recognize that the format and layout of promotional mailings differ dramatically and, accordingly, the presentation of each required disclosure will necessarily vary. Thus, we believe it is unwise to dictate the size, font, color, or placement of each disclaimer imposed on promotional mailings. The definition in this managers' amendment, however, gives the regulators broad guidance to interpret on a case-by-case basis what is required for a disclaimer or notice to qualify as ''clearly and conspicuously displayed.''

The committee report accompanying S. 335 provides a detailed description of the clear and conspicuous standard as enunciated by the Federal Trade Commission and in court decisions. The standard was designed to prevent deception, and we expect those enforcing this Act to make use of this standard to protect consumers receiving promotional mailings from deceptive practices. We agree with the Federal Trade Commission that deception occurs if there is a representation, omission, or practice that is likely to mislead the reasonable consumer or his or her detriment.

Furthermore, the managers' amendment adds the word ''prominently'' to the two most significant disclosures required by S. 335: first, that no purchase is necessary to enter the sweepstakes; and second, that a purchase will not increase an individual's chances of winning with that entry. S. 335 already places significance on these two disclaimers by requiring that they appear in three different places in most sweepstakes mailings: (1) the mailing, (2) the rules, and (3) the entry or order form. Because the subcommittee's investigation found strong evidence that some consumers believed a purchase would increase their chances of winning, we view these two disclosures as particularly important. As such, and because of the brevity of these disclosures, we believe that it is particularly important that they be easily identifiable by the reader.

The Federal Trade Commission has used a variety of terms to describe clear and conspicuous, including sufficiently clear and prominent. Because many of the other disclosures required by S. 335 may be lengthy and may only appear in one place in a mailing, we believe that what is ''clear and conspicuous'' for one disclaimer may differ from what is necessitated by another. A disclosure of a few words, such as ''no purchase necessary,'' would by its very nature dictate a different yardstick than would the entire contest rules, which might consist of several hundred words. We expect all disclosures to be clear and conspicuous but these two disclosures should be ''prominent'' in the three required places in each mailing.

The managers' amendment also makes several technical changes. it removes duplicative language from several different disclosures required by S. 335. These deletions, however, are not intended in any way to weaken the overall requirement that disclosures must be ''clearly and conspicuously displayed.'' The managers' amendment also deletes a somewhat duplicative requirement relating to advantages that a sweepstakes might imply are given to those entries that accompany a purchase. Given the disclaimer which states that a purchase will not improve the contestant's chance of winning, we determined that this provision was superfluous.

Finally, the managers' amendment replaces section 8 of the bill reported by the Governmental Affairs Committee with new language requiring all companies sending sweepstakes or skill contest mailings to establish a system for removing the names of individuals who do not wish to receive such mailings. Section 8, as reported out of the Committee on Governmental Affairs, established a uniform notification system for most sweepstakes and contest mailings.

Under the new provisions companies would be required—on a company-by-company basis—to include on their mailings a notice of the address or toll-free telephone number that individuals could contact to request that their names be removed from future mailings. Such names must be removed within 35 days after appropriate notice. If a mailing is recklessly sent to consumers who have requested not to receive further solicitations, the mailer shall be subject to a penalty of $10,000. This section shall take effect one year after enactment of this legislation. We commend our colleague and friend Senator EDWARDS for his strong leadership in crafting this proposal.

In closing, I thank my colleagues, particularly Senator LEVIN, for their assistance in crafting this managers' amendment, and I urge its adoption.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The amendment (No. 1497) was agreed to.

Ms. COLLINS. Mr. President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

Ms. COLLINS. Mr. President, we are expecting additional speakers. In the meantime, I suggest the absence of a quorum, and I ask unanimous consent that time be charged equally to both sides.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Ms. COLLINS. Mr. President, I ask unanimous consent that the order for the quorum call be dispensed with.

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

Mr. ROTH. Mr. President, I rise today to speak in support of the Deceptive Mail Prevention and Enforcement Act. Unrequested mailings are seen by many as a nuisance. But when junk mail makes insupportable and outrageous claims of instant wealth, phantom prices, and bogus benefits annoyance becomes fraud—the small print notwithstanding.

Among its provisions, the Deceptive Mail Prevention and Enforcement Act, S. 335, would place new requirements on sweepstakes offerings and allow fines to be levied on deceptive mailings. S. 335 would also require sweepstakes information to be presented clearly, and grants the Postal Service new authority to halt misleading mailings. I feel strongly that these reforms will benefit an untold number of American families and elderly persons from some unscrupulous elements of our society.

It pleases me to remark briefly on the genesis of this proposal. In my experience, the role of oversight and investigation has enabled the Congress to craft its most informed, well reasoned, and thorough legislative proposals. As past chairman of the Senate's Permanent Subcommittee on Investigation and current chairman of the Senate Finance Committee, I have long used and will continue to use these tools to assess and reform.

I commend my successor as chairman of the Permanent Subcommittee on Investigation, Senator SUSAN COLLINS, for taking a thorough approach to crafting this proposal. Following a process of investigation and hearings, Senator COLLINS has applied the right tools to a common problem. The people of Maine, Delaware, and the rest of our Nation will benefit from her hard work.

Mr. JEFFORDS. Mr. President, I rise today to express my strong support for S. 335, the Deceptive Mail Prevention and Enforcement Act.

As a cosponsor of this legislation, let me first thank Senator COLLINS for her hard work in crafting this legislation, and for the informative and insightful oversight hearings she has held on the sweepstakes industry this year. Those hearings have exposed some troubling practices, and clearly demonstrate the need for this important legislation.

Earlier this year a constituent of mine from Huntington, Vermont, e-mailed my office and relayed his own personal story as an example of the need for this legislation. He had been asked by his mother to help review her mail as she was certain she had won something from a variety of sweepstakes mailings. He was shocked to learn in reviewing the material that while technically correct the material she was sent was very misleading. Any information that would lead the person to believe they had won was highlighted or in bold print, while the statements containing words like ''if you have the winning number'' are subdued, and in small print. The intent of these mailings was clearly to create a false sense of ''winning'' in the recipient.

As his e-mail further points out, it used to be only the big names which sent out these sweepstakes mailings, but it ow seems to be every fund-raising group, catalog, or magazine has some version of these sweepstakes mailings. However, even if you are just receiving material from one company if can be an overwhelming amount of sweepstakes mailings.

For example, another constituent of mine from Barre, Vermont, brought into my office over fifteen pounds of sweepstakes mailings from one company that related to only one contest. You heard me right, fifteen pounds of material for only one contest from one company. Multiply that by the number of contests and companies people receive mailings from and you are looking at an overwhelming amount of mail.

One of the most outrageous practices in these mailings is the request for a donation or a purchase of a product without making it clear that the donation or purchase has no effect on your chances of winning any of the prizes. This has caused some people to expend their precious resources thinking they are giving themselves a better chance at winning the grand prize, when in reality it has done nothing to change the odds.

Senator COLLINS' legislation, S. 335, will go a long way to solve the problems of these deceptive sweepstakes mailings. It requires a clear disclosure of the game's rules and an indication that the odds of winning are not improved by purchasing any products that are being advertised. It also will restrict the mailing from depicting an individual as a winner unless that person actually has won a prize. In addition, the bill will implement stricter penalties for sending mail that does not comply with the federal standards.

Every day people are being inundated with these mailings and many of them promote a belief that you have already won, or that a donation or purchase will increase your chances of winning. For many, especially for the most vulnerable in our society, it has been very difficult to separate the truth from the fantasy in these mailings, and as past history has shown sweepstakes mailings are a particular problem for the elderly in our society.

Mr. President, we have a chance to protect all Americans, particularly the elderly, and I urge all my colleagues to support this important piece of legislation.

Ms. COLLINS. 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.

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

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

Ms. COLLINS. Mr. President, how much time is remaining on the majority side?

The PRESIDING OFFICER. Fifteen minutes 12 seconds.

Ms. COLLINS. Mr. President, I ask unanimous consent that the time remaining on the majority side be equally divided between Senator THOMPSON and Senator BURNS.

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

Ms. COLLINS. I thank the Chair.

Mr. LEVIN. Mr. President, I ask unanimous consent that the time under the quorum call, which I will ask for, be charged against our side.

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

Mr. LEVIN. 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. THOMPSON. 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. THOMPSON. Mr. President, I lend my strong support for Senate approval of S. 335, the Deceptive Mail Prevention and Enforcement Act. This bill will establish new consumer protections to shield consumers from falling victim to deceptive and fraudulent practices found in some sweepstakes and mail promotions.

Thanks to the hard work of the Permanent Subcommittee on Investigations, under the leadership of Senator SUSAN COLLINS, we have become privy to the operations of some of these sweepstakes companies. As the hearings pointed out, sweepstakes companies are now sending out more than one billion mailings per year. In the course of these mailings, some recipients have been led to believe that their chances of winning large amounts of money could be increased through the purchase of the promoter's products or merchandise. Whether through the use of unclear and ambiguous language, symbols, or documents, these mailings have been a source of confusion and have lead to some readers spending significant sums of money ordering products in the mistaken belief that this would increase their chances of winning.

S. 335, for the first time, would establish specific guidelines and parameters for mailings containing sweepstakes, games of skill and facsimile checks. The legislation requires clear and conspicuous disclaimers that ''no purchase is necessary'' on the sweepstakes claim or entry form. The legislation also improves restrictions on government

look-alike mailings. Further, the bill directs sweepstakes companies to adopt procedures to prevent the mailing of these materials to anyone who submits a request stating their intent not to receive these mailings.

This bill has the strong support of the Postal Service. In providing the Postal Service with the ability to protect consumers through civil enforcement, the bill further grants the Postal Service administrative subpoena authority. It will also give U.S. district courts the ability to impose nationwide temporary training orders.

As a strong proponent of federalism, I think it is important that this bill does not preempt the authority of the state attorneys general and various consumer protection agencies which also combat deceptive mailings. The Postal Service and these agencies have a history of cooperation in the investigation and prosecution of these cases. The Postal Service reports that this collective effort has produced significant results in policing a variety of frauds while enabling state prosecution efforts to investigate questionable promotion practices beyond their state borders. S. 335 will not only improve the Postal Service's ability to investigate and stop deceptive mailings, but it will also help state attorneys general work more effectively against fraud.

This bill represents the bipartisan efforts of a number of Senators. S. 335 was unanimously reported out of the Committee on Governmental Affairs with the support of both myself and the ranking minority member, Senator LIEBERMAN. I would like to take this opportunity to acknowledge the hard work put forth by the bill's sponsor, Senator COLLINS, and other cosponsors of the legislation including Senators COCHRAN, LEVIN, and EDWARDS. In addition I want to acknowledge the role of Senator CAMPBELL in first introducing legislation last year on this issue. His efforts served as the genesis for the successful investigative and legislative efforts we have seen this year.

In conclusion, Mr. President, S. 335 presents a balanced and fair approach in protecting consumers from misleading and fraudulent sweepstakes and related mailings, while not unduly burdening those mailers who legitimately use the mail as an advertising medium. I urge all Senators to support Senate approval of S. 335.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. LEVIN. I yield 6 minutes to the Senator from Connecticut.

Mr. LIEBERMAN. Mr. President, I thank my friend and colleague from Michigan.

I am delighted to stand in support of defending S. 335, the Deceptive Mail Prevention and Enforcement Act. I commend my colleague from Michigan, along with Senators COLLINS, COCHRAN, and EDWARDS, for the way they have worked together with my former colleagues, the State attorneys general, the AARP, and the sweepstakes industry itself to put together this important consumer protection legislation. I think their combined efforts stand as a model not only of cooperation but of thoughtful legislating from which we can all learn. I am very proud to join them as a cosponsor of this bill.

No marketing effort should be based on misleading advertising. That principle is at the core of the legislation before the Senate. It reminds everyone that occasionally the Federal Government has to step in to make sure that the free market we celebrate and benefit so much from truly remains free. That freedom is so often based on the truthfulness of representations made by those who are marketing.

The purpose of this bill is to eliminate deceptive practices in the sweepstakes industry. We have all seen them. Who wouldn't be tantalized by a letter proclaiming you may already be a winner? It is hard not to open that one up. Everybody wants to be a winner. Most of us have probably fantasized about how we would spend a sudden windfall that dropped into our bank accounts.

Unfortunately, sweepstakes mailings often involve sophisticated marketing techniques that persuade recipients to spend money in the hope of finding the pot of gold at the end of the rainbow, but it is a long way off in almost all cases. Often the mailings are targeted at the elderly or the financially vulnerable who don't realize that sweepstake companies are not in business primarily to rain riches down upon them. Sweepstakes companies are in business to sell products that make a profit, plain and simple. That is legitimate so long as they do it fairly and truthfully.

It is a big business. The fact is that sweepstakes and telemarketing firms take in more than $400 million a year from promotional campaigns in my State of Connecticut alone. Nationally, estimates are that the sweepstakes in telemarketing firms have gross revenues between $40 and $60 billion a year. This legislation makes sure that before consumers take a chance on the sweepstakes, they know it is just that, a chance—not a winning ticket, not a prize, but a chance. They will know the odds are not improved no matter how many subscriptions they buy.

This legislation requires a clear statement that no purchase is necessary to win, as well as terms and conditions of the promotion in language that is easy to find, to read, and to understand. It prohibits abuses we have seen such as symbols or statements that imply Federal Government endorsement, and it provides meaningful disclosures to let consumers know the actual odds of winning.

Further, the bill sets up a mechanism for consumers and those who care for them to stop unwanted sweepstake solicitations and a recordkeeping requirement to assure that such requests are properly implemented.

Finally, the bill gives the Postal Service the additional enforcement authority it needs to stop unlawful sweepstake schemes, particularly those that flirt with fraud and skip from State to State.

I strongly support this legislation as a tool to help consumers negotiate their way through the high pressure sales tactics sometimes employed by marketers using sweepstakes to sell their products. I am very grateful to colleagues on the Governmental Affairs Committee for the leadership they have shown.

I am delighted to join this bipartisan effort to protect our citizens—again, particularly the aged—from these deceptive marketing tactics. I urge the Senate to vote for this strong consumer protection measure. I hope the House will then join in adopting this bill and sending it to the President.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative assistant proceeded to call the roll.

Mr. WELLSTONE. 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. WELLSTONE. Mr. President, I am going to speak for a brief period of time in morning business. I see the Senator from Mississippi is coming into the Chamber. I know we are ready to start with the Ag appropriations bill.

FOOD ASSISTANCE PROGRAMS

Mr. WELLSTONE. Mr. President, I want to very briefly speak to an issue that actually might be one we will debate as we go through this Ag appropriations bill since part of what we deal with within the Department of Agriculture is food assistance programs such as the Women, Infants, and Children Program and the Food Stamp Program.

We have heard a great deal from the White House and from some Members of Congress about the success of the welfare bill. On Sunday, the White House released data on the number of women who were on welfare and are now working. There will be a gathering in Chicago tomorrow, I believe, where

the President will be talking about welfare to work and talking about the success of this.

As a Senator, I want to raise a couple of questions that I think are important and to focus on some unpleasant facts that we should be willing to face up to.

First of all, I point out for my colleagues the fact that the welfare rolls are down 40 percent begs the question of whether or not we have reduced poverty. The fact of the matter is, the welfare rolls are down 40 percent, but poverty is barely down. The goal was not to reduce the welfare rolls; the goal everybody talked about was to move families from poverty to economic independence. That is really what the goal was all about. The issue has never been welfare; the issue has been poverty.

The question is, How do you reduce the poverty? I do not quite understand how the White House or any Democrat or any Republican can proclaim this a success when we have done so little to reduce poverty in our country, especially poverty of children. There are about 14 million people who are poor in the country.

My second point is, when the President and the White House talk about the number of mothers who are now working, that begs the question as to what kind of jobs and what kind of wages. What we should be talking about are family-wage or living-wage jobs. The evidence we have right now is that most of the mothers who are working are working in jobs with wages somewhere between about $5.50 and $7 an hour, which is barely above minimum wage but does not enable these families to escape poverty.

My third point is, Families USA just came out with a study that points out there are about 675,000 low-income citizens who have now been cut off medical assistance because of the welfare bill. There are about 675,000 low-income citizens who no longer are receiving any medical assistance.

My final point is, there was a Wall Street Journal piece today about the dramatic, precipitous decline of participation in the Food Stamp Program. I argue especially the decline of participation among children which cannot be explained alone by the state of the economy, especially with the dramatic increase in the use of food shelf service.

What is going on? Do we have a situation now where the AFDC structure is no longer there, and when people come in, no one tells them about the fact they and their families are eligible for food stamps—that is happening—or they are not told they are eligible for medical assistance—that is happening—all of which leads me to two final things today as we move into this debate about the Agriculture appropriations bill.

First, I lost by one vote on a welfare tracking amendment, and then the Senate adopted it on the Treasury-Postal bill. It is now in conference committee. The amendment called upon the States, when they apply for the $1 billion bonus money, to present to Health and Human Services the data on what kind of jobs women have, whether or not they and their children are participating in food stamps and do the families have medical assistance, so we can find out if families are better off or worse off. That is now in conference. If that gets taken out of conference committee—amendments are adopted in the Senate and taken out in conference committee—I am going to bring that amendment back up on this bill, and we are going to have a vote because sometimes we do not know what we do not want to know, and sometimes we only know what we want to know.

That is the way it is with the White House about this welfare bill. We ought to be engaged in an honest policy evaluation to find out what is happening in the country. We are talking about poor women and poor children, and we ought to know whether they are better off or whether they are worse off. There is some disturbing evidence that many of these families might, in fact, be worse off. It is a little early and premature for the White House to be declaring this a success or for any Senator or Representative, Democrat or Republican, to be declaring it a success.

My final point is, since we are dealing with an Ag appropriations bill—and I think I will have an amendment to this effect—we need to call on USDA, or someone, to do a study and to report back to the Senate and to the Congress in a relatively brief period of time, as soon as possible, what is happening with the Food Stamp Program in this country. We need to know.

There was a dramatic piece in the Washington Post about 2 weeks ago. I could hardly bear to read it. It was the front page of the B section. It was a picture of an 8-year-old child, a little boy. The whole piece was devoted to hungry children in the District of Columbia.

The gist of the article was that in August—now—the summer schools are going to shut down and the breakfasts will not be there, the School Lunch Program will not be there, and there is no food at home.

In this particular family, this grandmother with four children does not have enough money to feed her children. What I want to know is, whatever happened to the Food Stamp Program? That has been our safety net program. What is going on when we have a dramatic rise in the use of food shelves and food pantries in this country? The Catholic Church network study pointed this out just last month.

What is going on when 675,000 low-income people are removed from medical assistance as a result of the welfare bill? What is going on when the vast majority of these women are working at jobs that still do not get them and their families out of poverty? What is going on when we are unwilling to do an honest policy evaluation of this legislation, because very soon in many States there will be a drop-dead date certain, and all families, all women, and all children will be cut off from any welfare assistance at all. Before that happens, we need to know what is happening with this legislation.

I have come to the floor of the Senate today to basically challenge my colleagues to make sure this stays in the conference committee and to announce I will be out here on the floor with an amendment if it gets eliminated from the conference committee, and to announce we ought to also have a study of the Food Stamp Program to find out why it is not reaching children and families who need the help, and also to directly challenge the White House and the President. It is not enough to say we have cut the rolls by 40 percent. The question is, Have we reduced the poverty by 40 percent? We have not.

It is not enough to say these mothers are now working. The question is, Are they working jobs that will enable them and their children to no longer be poor in our country? That is the goal which I do not believe has been met.

We are talking about the lives of poor women and poor children. They deserve to be on our radar screen. They deserve an honest, rigorous policy evaluation so that we, as decisionmakers, know whether or not, by our actions, we are helping these women and children or whether or not we are hurting these women and children. We ought to have the courage to step up to the plate.

I think we are about ready to start on the Ag appropriations bill. I will yield the floor. I look forward to this debate. I came down here on the floor to debate this bill. This is the crisis that is staring my State of Minnesota in the face. I am going to leave it up to Senator HARKIN or Senator DASCHLE to start out debate on our side, but I am very anxious to be in this debate and very anxious to speak for farmers and for agriculture.

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

The PRESIDING OFFICER (Mr. THOMAS). The clerk will call the roll.

The legislative assistant proceeded to call the roll.

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

The PRESIDING OFFICER (Ms. COLLINS). Without objection, it is so ordered.

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 2000—Resumed

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of S. 1233, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 1233) making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 2000, and for other purposes.

Mr. LOTT. Madam President, I believe we have a unanimous consent request now and some motions that we will need to make. It might take a few minutes to get through this.

First, I ask unanimous consent that Senator DASCHLE be recognized to offer his amendment relative to disaster assistance and, following the reporting by the clerk, the amendment be laid aside and Senator COCHRAN be recognized to offer his disaster assistance amendment. I further ask unanimous consent that debate run concurrently on both amendments, with the votes occurring in a stacked sequence at 2:15 p.m. on Tuesday, the first in relation to the COCHRAN amendment to be followed by a vote in relation to the DASCHLE amendment, as amended, if amended, with 2 minutes of debate prior to each vote. I further ask unanimous consent that no amendments be in order to either amendment prior to the votes.

I ask unanimous consent that following those votes, Senator JEFFORDS be recognized to offer his amendment relative to dairy and immediately following the reporting by the clerk, Senator LOTT be recognized to send a cloture motion to the desk and that cloture vote occur at 9:30 a.m. on Wednesday, with the mandatory quorum being waived notwithstanding rule XXII.

The PRESIDING OFFICER. Is there objection?

Mr. KOHL. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. LOTT. Since objection has been heard, I have no alternative other than to offer a series of amendments. This is important because we do need to move forward with the Agriculture appropriations bill. We brought it up earlier, this past month. It became embroiled in an unrelated issue, and we had to set it aside.

The farmers in America and the consumers of America and the children of America are depending on this very important legislation going through the process. We are talking about $60.7 billion, probably more than that by the time it is completed, for agriculture in America. We need to get it completed.

I know there are some issues that cause a lot of concern: How do you deal with a disaster in America, when do you deal with it, and how would any assistance be apportioned among the farmers that have been impacted by disasters in a number of ways. And also, of course, we have this very important dairy issue. I have advised Senator COCHRAN, Senator JEFFORDS, Senator KOHL, and Senator DASCHLE to make sure everybody understands what I am doing here. I am doing it because I do think it is so important that we move forward on this bill.

AMENDMENT NO. 1499

(Purpose: To provide emergency and income loss assistance to agricultural producers)

Mr. LOTT. Madam President, I send an amendment to the desk on behalf of Senator DASCHLE and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Mississippi [Mr. LOTT], for Mr. HARKIN, for himself, Mr. DASCHLE, Mr. DORGAN, Mr. KERREY, Mr. JOHNSON, Mr. CONRAD, Mr. BAUCUS, Mr. DURBIN, Mr. WELLSTONE, Mrs. LINCOLN, and Mr. SARBANES, proposes an amendment numbered 1499.

Mr. LOTT. Madam 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. LOTT. Madam 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.

AMENDMENT NO. 1500 TO AMENDMENT NO. 1499

(Purpose: To make a perfecting amendment)

Mr. LOTT. Madam President, on behalf of Senator COCHRAN and others, I send a second-degree amendment to the desk and ask for its consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Mississippi [Mr. LOTT], for Mr. COCHRAN, proposes an amendment numbered 1500 to amendment No. 1499.

Mr. LOTT. Madam 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.'')

MOTION TO RECOMMIT WITH AMENDMENT NO. 1501

(Purpose: To restrict the use of certain funds appropriated to the Agricultural Marketing Service)

Mr. LOTT. Madam President, I now move to recommit the bill with instructions to report back forthwith with an amendment, and I send the motion to the desk.

The PRESIDING OFFICER. The clerk will report the motion and the amendment.

The assistant legislative clerk read as follows:

The Senator from Mississippi [Mr. LOTT] moves to recommit the pending bill to the Appropriations Committee with instructions to report back forthwith with the following amendment.

Mr. LOTT. Madam 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 21, between lines 10 and 11, insert the following:

None of the funds appropriated or otherwise made available by this Act may be used to pay the salaries and expenses of personnel of the Department of Agriculture to implement—

(1) sections 143 or 147(3) of the Agricultural Market Transition Act (7 U.S.C. 7253, 7256(3));

(2) the final decision for the consolidation and reform of Federal milk marketing orders, as published in the Federal Register on April 2, 1999 (64 Fed. Reg. 16025); or

(3) section 738 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1999 (Public Law 105–277; 112 Stat. 2681–30).

CLOTURE MOTION

Mr. LOTT. Madam President, I send a cloture motion to the desk.

The PRESIDING OFFICER. The clerk will report the cloture motion.

The assistant legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, do hereby move to bring to a close debate on the pending motion regarding the dairy compact amendment:

Trent Lott, Jim Jeffords, Susan M. Collins, John H. Chafee, Fred Thompson, Richard Shelby, Olympia J. Snowe, Christopher Bond, Jesse Helms, Paul Coverdell, John Ashcroft, Strom Thurmond, John Breaux, Jay Rockefeller, Arlen Specter, and Patrick Leahy.

Mr. LOTT. Madam President, I now withdraw the motion to recommit.

The PRESIDING OFFICER. The motion is withdrawn.

Pending is the second-degree amendment offered by the majority leader on behalf of Senator COCHRAN.

Mr. LOTT. For the information of all Senators who may have missed a step or two there, a cloture motion was just filed on the dairy amendment. The vote on the cloture motion will occur Wednesday under Rule XXII, unless agreement can be reached to set a time certain for that vote.

I encourage Senators on all sides of this issue to communicate with each other and see if there is some accommodation that could be worked out so that both sides can find it acceptable. In the meantime, it is my hope that we can continue to debate the important disaster relief amendments.

I thank my colleagues. I am delighted to yield the floor to the distinguished Senator from Mississippi, or to

Senator DASCHLE if he has any comment at this time.

I yield the floor.

Mr. DASCHLE addressed the Chair.

The PRESIDING OFFICER. The Democratic leader is recognized.

Mr. DASCHLE. Madam President, I will be very brief. I thank the majority leader for moving this process along to accommodate a procedure that takes into account a number of very important matters that we hope to resolve this week. I think this procedure will do it. I also note for my colleagues that I designate the Senator from Iowa, the ranking member of the committee, to be my designee in offering the amendment.

The yield the floor.

Mr. COCHRAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Mississippi is recognized.

Mr. COCHRAN. Madam President, as I understand the parliamentary situation at this time, pending before the Senate is a second-degree amendment to an amendment offered on behalf of the Democratic leader to provide disaster assistance and economic assistance to our Nation's farmers.

The amendment, which is the amendment in the second degree offered by the majority leader on my behalf, provides a wide range of benefits to individual farmers and ranchers who, under the terms of this legislation, are eligible for disaster assistance because of economic losses and disasters that have occurred by reason of vagaries in the weather and other conditions that will cause these farmers to undergo unusual hardship.

We think this amendment is better and a more sensitive approach to the real needs of those involved in production agriculture than the proposal coming from the Democratic leader. Here is why. Most of the funds that are appropriated in this amendment for economic and disaster assistance go directly to the agriculture producer who has been victimized by floods or drought or economic catastrophes affecting his ability to earn a profit this year.

On the other hand, much of the assistance that is appropriated or funded in the Democrats' package goes to continue or expand Federal programs, to enlarge programs. In other words, the money is going to the Government to expand and administer programs that either have to work, in some cases, or really do nothing to improve the farmer's ability to derive income from his labor. So that is a major distinction that I hope Senators will consider as they try to decide which of these proposals to support.

As Senators know, most of the funds that go to protect income, or support the production of agriculture commodities in our country, are in the form of assistance called AMTA payments. These payments are transition payments that were begun under the last farm bill to prepare farmers for the time when predictable subsidies under the old farm bill program are reduced and then finally eliminated. Over this 5-year period under this new farm law, the transition payments are made to help support farmers as they become accustomed to agriculture without the benefit of the old subsidy payments. Farmers are now free to make planting decisions, for example, for themselves, as indicated by the condition of the market and the likelihood of crops being productive and efficiently produced, rather than what the Government tells them they should produce under the restraints of Federal law.

Many farmers are beginning to make these decisions and shift from one program crop to another, without running the risk of losing Federal Government support. In order to show that the economic conditions and the market conditions have been so severe as to cause farmers not to be able to operate profitably under the new transition payment system, that payment is doubled under the Cochran amendment. And so instead of receiving $5,000 as a transition payment, a person who is entitled to that benefit under existing law this year will get twice that amount as an economic assistance payment from the Federal Government. A total of $5.54 billion will be paid to agriculture producers for market transition payments under the Cochran amendment. This is a 100 percent increase in a producer's 1999 payment under the existing farm bill.

Other benefits that are available to agriculture producers under this amendment would include $500 million in direct payments to soybean and oilseed producers; $350 million in assistance to livestock and dairy producers, to be administered by the Secretary of Agriculture. The amendment would also suspend the budget deficit reduction assessment on sugar producers for the remainder of the farm bill, as long as no Federal budget deficit exists.

There will be a direct payment provided in this amendment to producers of quota and non-quota peanuts, equal to 5 percent of the current loan rate. The Cotton Step Two Export Program is reinstated in this amendment. There is an increase in the current loan deficiency payment limit from $75,000 to $150,000. There is, additionally, a provision in this bill that expresses the sense of the Congress, encouraging the President to be more aggressive in strengthening trade negotiating authority for American agriculture and expressing the Congress' objectives for future agriculture trade negotiations. The amendment also requests that the President evaluate and make recommendations on the effectiveness of our existing export and food aid programs.

If you add up all of the direct benefits that are payable, they have been scored by the Congressional Budget Office as amounting to a total of $6.67 billion for fiscal year 2000. The added cost over the next 3 years, from 2000 to 2004, would add another $309 million to the cost of the bill, for a total of $6.979 billion in total cost from fiscal year 2000 to 2004, as scored by the Congressional Budget Office.

Madam President, Senators will remember that when we first brought this bill from the committee to the floor of the Senate, there was a great deal of concern about whether or not there should be a disaster program included in a title of the bill. We had asked the administration to submit a budget request for any funds that were expected to be needed. We have had no response whatsoever from the administration to that request. We attached that as an amendment in the Committee on Appropriations. We discussed it on the floor of the Senate when this bill was before the Senate earlier, and I am very distressed that we have yet to hear any request made by the administration for this assistance. So in spite of the absence of cooperation in trying to identify and work together on a program that would be sensitive to the problems in production agriculture, we are moving to suggest to the Senate that this is a program that ought to be adopted.

I have additional comments to make. I will be glad to respond to questions that may arise from Senators on the content of this legislation to try to answer any questions that others may have. But I know we will soon have a vote that is scheduled to occur on another bill that was debated in the Senate earlier today. In an effort to accommodate friends who have asked for time to talk on their amendment, I will yield the floor at this time so other Senators may speak.

Mr. HARKIN. Madam President, I wonder if the Senator will yield. I would like to ask the Senator a question.

Mr. COCHRAN. I would be happy to respond to the Senator.

Mr. HARKIN. I didn't get a copy of the amendment. What is the bottom line? What is the total package?

Mr. COCHRAN. The Congressional Budget Office has scored the items I discussed at $6.67 billion for fiscal year 2000, and the total cost during fiscal years 2000 to 2004 is scored at $6.979 billion.

Mr. HARKIN. I thank the Senator.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. HARKIN. Madam President, today all across America most people are doing pretty well. Unemployment is at its lowest rate in years. The stock market keeps going up. Our gross national product is going up at a great rate. As we now know, we have a surplus for the first time in almost 30 years in the Federal budget. We just

had a lengthy debate last week on what we are going to do with that surplus. Our friends on the other side want to take most of it and give it, through a tax break, to people mostly in the upper-income brackets.

If you just looked at that, you would think we shouldn't be worried too much about what is happening in America; things look pretty good.

Out of the glare of Wall Street, far from the floor of the New York Stock Exchange, sort of silently and quietly, American farmers and ranchers are losing their businesses. They are at the end of their rope. Our small towns and communities that dot our countryside are facing a bleak winter, with the prospect that things will get even worse after the harvest is in and the snow falls.

The situation facing American agriculture today—according to bankers, farm economists, and agricultural economists from many of our universities—is the worst it has been since the Great Depression. We have to respond to that. We have to respond in a way that is meaningful. That is what our first-degree amendment does.

I listened to my friend from Mississippi describe this amendment. I guess my response basically would be, ''Nice try.'' Would it help farmers? Would the Republican amendment help farmers? Why, sure. Any little bit would help. Does it get to the underlying problem? Does it really help get our farmers through this winter and into next year? The answer is no. It is hopelessly too short.

While I appreciate the effort by my friends on the Republican side to come up with a last-minute amendment to perhaps put out a smokescreen on what is really happening in agriculture and what we need to do to respond to the crisis, it is a nice effort, but it really doesn't do it. Our hard-working, dedicated, progressive farmers and ranchers across this country don't just need a little bit of a handout that the Republican amendment will give them. What they need is a package of help that will not only get them through this summer and this fall but through next winter so they can get back on their feet again next year.

You will hear a lot of talk about how one of the problems is our lack of exports. I just want to point out that even though the United States has a trade deficit, one sector that earns us money and that has a positive trade balance is agriculture. But there are those who would have you believe it is because of the lack of exports that our farmers are in such bad shape. Here is the chart that puts the lie to that.

For wheat, rice, corn, and soybeans—the major commodities we export—the exports are fully up this year over what they were in the previous couple of years. We are exporting more. If we are exporting more, what is the problem? The problem is, there is no price and farmers aren't getting anything for their commodities.

Here is what has happened to soybeans just in my State of Iowa since the fall of 1997: Basically about a 45-percent decrease in the value of that crop. The same is true with corn. There have been precipitous drops just in the last year and a half. It is not a lack of total exports. It is a lack of the money and the price that farmers are getting.

While we need to get an emergency package of money out to farmers, we need to do it now. We also have to be about changing the farm policy. We cannot go on another year under the Freedom to Farm bill and be back here again next year looking at another package of several billion dollars. The Freedom to Farm bill has failed miserably. It has failed our Nation. It has failed our farmers. It has failed our rural communities.

I have an article that was in the Kansas paper back in 1995 when we passed the Freedom to Farm bill by my friend from Kansas, Senator ROBERTS. He said:

> Finally, Freedom to Farm enhances the farmer's total economic situation. In fact, the bill results in the highest net farm income over the next seven years of any proposal before Congress.

I hate to say it to my friend from Kansas, but net farm income in key farming areas is down dramatically. For the principal field crops, net farm income is going to be down about 29 percent this year from the average of the last 5 years. That is why we are facing one of the greatest depressions in agriculture since the 1930s. That is why halfhearted measures are not going to work. That is why the bill we have come up with really does address the magnitude of the problem. It is deep, and it is a very large problem and one that has to be addressed efficiently.

The amendment that Senator DASCHLE and I, along with Senator DORGAN, Senator KERREY, Senator JOHNSON, Senator CONRAD, Senator BAUCUS, Senator DURBIN, Senator WELLSTONE, Senator LINCOLN, and Senator SARBANES have just sent to the desk provides for a total of $10.79 billion to farmers and ranchers for this next year.

There is a great gulf of difference between what the Republicans have set up and what we are proposing. First, the Republicans are proposing that we send all of this money out in a direct payment to farmers; an AMTA payment, it is called, a market transition payment. Our payments go out in supplemental loan deficiency payments, which means they are based upon a farmer's production—what that farmer actually produced this year, not what they did 10 or 20 years ago. In that way, it is more fair and it is more direct to the actual farmers this year. We include $2.6 billion for disaster assistance.

We include a number of other measures such as $212 million for emergency conservation. We have had a lot of floods and a lot of damages in a lot of States. We need to repair the damage to farm and ranch land and enhance our conservation. For emergency trade provision, we have $978 million for purchases of commodities for humanitarian assistance. We have people starving all over the world. We have a Public Law 480 food assistance program and related programs. Our bill provides about $1 billion to take the surplus food we have and send it around the world to starving people. The Republican proposal does not include that.

We include money for emergency economic development for our rural towns, small towns, and communities that are hit hard. Our total package of $10.79 billion addresses the magnitude of the problem. It is that big.

I say to the people who think $10.79 billion is a lot of money, we passed a tax break bill last week for $792 billion, most of which goes to upper-income people in this country. Very little will ever go to our farmers and our ranchers around America.

This point in time is going to decide what happens to rural America this winter. That is why it is so important to act now. That is why it is so important that we get the money out that is needed—not some halfhearted measure in a way that doesn't address the real and devastating economic problems that farmers have all over America.

I will have more to say about my amendment later.

Mr. COCHRAN. Will the Senator yield?

Mr. HARKIN. I yield to the Senator.

Mr. COCHRAN. My colleague asked me whether the Congressional Budget Office had scored the amendment that I offered. I ask my colleague the same question: What does the Congressional Budget Office say the amendment that the Democratic leader has offered will cost the American taxpayer over the next few years?

Mr. HARKIN. I answer to my friend from Mississippi that all of the items in our amendment are direct appropriations for next year. The only items that are not are the Cotton Step Two Export Program, and that is scored by CBO at $439 million for 3 years, and the adjustment to the payment limitations.

Mr. COCHRAN. Does that mean that the exact dollar amount set aside for each of the programs such as the Wetlands Restoration Program, the EQIP program—which is an emergency conservation program—emergency watershed program, all total $212 million in the bill?

Mr. HARKIN. That is the amount of money provided for those items.

Mr. COCHRAN. Emergency trade provisions, humanitarian assistance, cooperator program, for a total of $988 million; is that what the Senator is saying the CBO has verified the cost to be?

Mr. HARKIN. That is the amount of money we specifically provide in the amendment.

Mr. DORGAN. Will the Senator yield?

Mr. HARKIN. I am delighted to yield, and I want to thank the Senator from North Dakota with whom I serve on the agriculture appropriations subcommittee.

I appreciate the very strong help in putting this package together. It has been a very difficult year for farmers in North Dakota as well as Iowa and I can say without fear of contradiction the Senator from North Dakota has been one of the instrumental people in actually putting this package together.

I appreciate the support.

Mr. DORGAN. I want to address the question to the Senator from Iowa. The discussion we had about income support for family farmers in the nature of a disaster program being income support in the form of a transition payment or AMTA, the whole notion of a transition payment is to transition farmers out of a farm program into the free market.

This chart shows what has happened to the price of wheat since 1996. This chart is similar to the corn chart and the price of corn which the Senator from Iowa shared. This is what has happened to the so-called ''free market'' for wheat. The price of wheat has collapsed. The notion of a transition was philosophically by those in this Chamber who said let's transition people out of a farm program.

Isn't that the base of an AMTA payment?

Mr. HARKIN. As I read the debate and all the talk on the Freedom to Farm bill when it passed, the idea was that we would transition out of farm programs with AMTA payments.

Mr. DORGAN. This is the right subject and the right time; we are debating the right issues. The Senator said it well. We have an economy that is growing and prospering, more people are working, fewer people are unemployed, fewer people on welfare, inflation is down. So many good things are going on in this country, but in rural America family farmers are in desperate trouble through no fault of their own.

If any group of Americans found their income had collapsed, or if the salary for Members of Congress had fallen where income for family farmers had fallen, we would have dealt with this immediately and a long time ago. The same is true with corporate earnings.

However, we are here through no fault of the family farmers but because they are trying to do business in a marketplace where prices have just collapsed. If we don't take action soon, we won't have many family farmers left across the bread basket of the country.

Mr. HARKIN. The Senator is absolutely correct. The Freedom to Farm bill was premised that we would put farmers on the free market. As the Senator from Kansas said, they would have high net income for the next several years. However, Freedom to Farm ripped the safety net out from agriculture.

As I pointed out, our exports are up. We are exporting more of our key commodities, but there is no price. The safety net has been taken out from underneath agriculture. Farmers all across America recognize that Freedom to Farm has been a total and absolute disaster when it comes to protecting farm income, and it has to be changed. That is why the first thing we need to do is get the emergency package, but then we have to address the end-of-the-line problem of Freedom to Farm.

Mr. WELLSTONE. Madam President, I have a question.

Mr. HARKIN. I yield for a question.

Mr. WELLSTONE. I actually have three quick questions. First of all, dealing with the urgency of now, is it not true that the Senator from Iowa and other Democrat Senators have tried to pass an emergency assistance package and we have been working on this for some time? Would the Senator from Iowa give a little bit of a historical background? I think farmers are wondering how much more has to happen to them before there is some assistance.

Mr. HARKIN. I thank my friend from Minnesota. I also thank him for his help in putting this package together.

The Senator is right. We started this spring, in the emergency supplemental appropriations bill, trying to add some money. We got beat on a nearly straight party-line vote. All but one Republican voted no; Democrats voted yes.

We then came back, as the Senator from Minnesota knows, and tried it again in the subcommittee on this bill. We again lost on a straight party-line vote.

Now we are on the floor. I will say we are making some progress. At least now our friends on the other side recognize there is a problem. At least they are willing to address it somewhat. The amendment that the Senator from Mississippi sent to the desk is better than nothing, but it is not going to do enough to help get our farmers through this winter. It is only a little more than half of what is needed.

Mr. WELLSTONE. If I might ask my colleague from Iowa a second question to be clear about what is at stake—we will all have a chance to speak later. My colleague from Iowa says that what the Senator from Mississippi introduces is an emergency assistance package for farmers to try to get some income out there to families, and my colleague says it does about half the job.

Mr. HARKIN. A little bit over half. Give them the benefit of the doubt—about half, though.

Mr. WELLSTONE. Where are the gaps? In other words, I think people assume, if we pass something that we say is going to enable them to continue to stay on the farm until we deal with the structural problems, it is going to help them. Again, could the Senator emphasize the difference?

Mr. HARKIN. I will be delighted to respond to the Senator, but I understand our time is up.

Madam President, if I might inquire what the parliamentary situation is right now?

The PRESIDING OFFICER. The Senate resumes consideration of S. 335 in 15 seconds.

Mr. HARKIN. I understand there is a vote at 5:30.

The PRESIDING OFFICER. That is correct.

Mr. HARKIN. Further parliamentary inquiry. After that vote is over, will we return then to the Agriculture appropriations bill?

The PRESIDING OFFICER. The Senator is correct.

Mr. HARKIN. Madam President, I ask unanimous consent that at the end of that vote, when we return to this bill, the Senator from Iowa be recognized to complete his statement. It will not take very long to complete my statement.

The PRESIDING OFFICER. Is there objection?

The Chair hears none. It is so ordered.

DECEPTIVE MAIL PREVENTION AND ENFORCEMENT ACT—Continued

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to vote on S. 335, after recognizing Senator EDWARDS for 10 minutes, Senator LEVIN for 5 minutes, and Senator COLLINS for 5 minutes.

The Senator from Maine is recognized.

Ms. SNOWE. Madam President, I rise today in support of S. 335, the Deceptive Mail Prevention and Enforcement Act, legislation authored by my colleague from Maine, Senator SUSAN COLLINS. I applaud her leadership on this issue as chair of the Permanent Subcommittee on Investigations. I believe that this legislation strikes an important balance between consumer protection and over-regulation of the sweepstakes industry.

This issue has long been a priority for me. In the late 1980s, while in the House of Representatives, I began working on initiatives to curb deceptive mailings, and during the 101st Congress, I co-authored H.R. 2331, the Deceptive Mailings Prevention Act of

1989, which was signed into law by President Bush on November 6, 1990. H.R. 2331 prohibited solicitations by private entities for the purchase of products or services or the contribution of funds or membership fees, which imply false federal government connection or endorsement.

At the time, our main focus was on mailings that led one to believe that they were endorsed by the government—for example, offers that promise consumers information on federal benefits for which they may be eligible for a fee, when in fact such information is available at no cost directly from federal agencies.

The legislation barred the use of any seal, insignia, trade or brand name, or other symbol designed to construe government connection or endorsement. Today, I am pleased to support S. 335, which builds on the foundation laid by the 1990 law, in recognition of the problems that have emerged as sweepstakes offers have proliferated, with all of the accompanying abuses we have witnessed.

How many times have each of us received an offer in the mail promising enormous sweepstakes payoffs or other prizes? These promises are a clever way to market magazine subscriptions and other products. The old adage—''if it's too good to be true, it probably is''—comes to mind. Regrettably, for many, such offers seem too good to pass up particularly when the are accompanied by dire warnings such as ''urgent advisory,'' ''don't risk losing your multimillion dollar prize,'' or ''don't risk forfeiture now!'' Many consumers are misled by this type of advertising, which is deliberately designed to mislead.

Many offers are designed to entice the consumer into believing that he or she has already won a valuable prize, for example, or is on the verge of winning, when in fact, the odds against winning may be astronomical.

The sad truth is that companies use deceptive advertising because it works—it sells more product. And the tragic problem facing us today is this: all too often, the consumer who is being victimized is a senior on a fixed income or is disabled.

We have all heard the horror stories about unwitting victims on fixed incomes who have purchased hundreds or thousands of dollars worth of magazine subscriptions—sometimes multiple subscriptions to the same magazine, thinking they would improve their chances of winning a prize. We have heard the tragic accounts of individuals flying to another city or state to claim a prize, genuinely believing that they had been selected as the winner, only to find that they have become a victim. Some have squandered life savings on misleading offers. When these types of incidents become commonplace, I think, we have a good indication that there is a problem. And we have a responsibility to correct the problem.

What I find most troubling about this issue is that many unscrupulous companies intentionally target the most vulnerable consumers, knowing full well how devastating the results can be. S. 355 is designed to target these those companies that have demonstrated that they will not police themselves.

Among other things, S. 335 requires sweepstakes mailings to display rules clearly and state explicitly that no purchase is necessary to increase one's chance of winning. It requires the sponsor of an offer to clearly state the odds of winning and the value of the prize, and prohibits companies from making false statements, such as an individual is a winner, unless they have actually won a prize. It also strengthens safeguards to protect those who have requested not to receive sweepstakes mailings and other such offers, and enhances the Postal Service's authority to investigate, penalize, and stop deceptive mailings.

S. 335 does not prohibit legitimate offers. Rather, it puts fair, common sense restrictions in place in order to protect consumers, particularly those most at risk, such as seniors, or the disabled.

This week, the Senate Commerce Committee, of which I am a member, is scheduled to hold a hearing on fraud against seniors. It is a serious problem, and one that is not going to go away on its own. We must address the problem, and the deceptive mailings which S. 335 seeks to curb are certainly a component of this problem.

I am pleased that S. 335 has generated so much debate on this issue, because I believe that in addition to government action, the key to this challenge is increased awareness and personal responsibility—on the part of companies and individual consumers and families.

Companies should police themselves. Likewise, there are steps that consumers can take to protect themselves. For example, always read the rules for any offer very carefully, especially if it sounds too good to be true. And if it sounds too good to be true, it probably is. If you receive a letter in the mail informing you that you have won a prize, and it solicits a shipping or handling fee, be wary. This type of offer should raise a red flag, and could be a fraud. Finally, make sure you know the company is a reputable one, and don't give out your bank account or credit card number.

I hope this legislation will be a constructive step forward in this important effort, and I hope that it sends a strong message that government takes its responsibility as a watchdog and regulator of anti-consumer practices very seriously.

Mr. CAMPBELL. Madam President, today the Senate is taking another important step toward enacting sweepstakes reform legislation.

Today we continue the good fight that was launched nearly fourteen months ago when the Senate first began consideration of sweepstakes reform legislation. I was pleased to lead the fight for sweepstakes reform on June 5th, 1998, in the 105th Congress, when I introduced S. 2414, the Honesty in Sweepstakes Act of 1998. This was the first legislation of its kind.

A few months later, on September 1st, 1998, a high-impact Senate hearing focusing on the Honesty in Sweepstakes Act of 1998 attracted national attention and widespread public support. That hearing, followed by a series of hearings chaired by Senator COLLINS this year, was the turning point in the battle for sweepstakes reform and helped generate the powerful momentum that has carried sweepstakes reform forward.

I was prompted to fight for Honesty in Sweepstakes when I heard far too many horrible stories about how consumers, especially our seniors, were being taken advantage of, and all too often seriously financially harmed by sweepstakes promotions that prey upon people's hopes and dreams by making convincing yet false promises of riches. They use massive mailing lists to deliberately target our most vulnerable consumers with false promises of riches and then bombard them again and again.

Since I first introduced the Honesty in Sweepstakes Act I have been contacted by many people from Colorado and all over the country with stories of their unfortunate experiences with sweepstakes promotions. They told stories of how their loved ones, often their elderly parents, had squandered many thousands of dollars after having been lured in by cleverly presented promotions promising instant riches. Many people from all over the country have also sent me large envelopes stuffed full of examples of the misleading sweepstakes promotions they and their loved ones have received.

I am pleased to be an early cosponsor of the bill we consider today, S. 335, the Deceptive Mail Prevention and Enforcement Act, which was introduced by my colleague Senator COLLINS. This bill includes a number of provisions similar to those I included in the Honesty in Sweepstakes Act. There are two additional provisions included in S. 335 that I believe will be especially beneficial in the fight against misleading sweepstakes. The first calls for establishing centralized and easy to access toll free phone numbers where consumers' questions can be answered. The second provision makes it much easier for people to have their names removed from mailing lists.

Our nation's seniors and other vulnerable consumers are clearly being taken advantage of, and in some cases

seriously financially harmed, by intentionally misleading sweepstakes promotions. Something needs to be done. I support passage of this legislation to bring this harmful practice to a halt.

Mr. DODD. Mr. President, I rise today in support of S. 335, the Deceptive Mail Prevention and Enforcement Act. I am proud to be one of the cosponsors of this important legislation.

I commend Senators COLLINS and LEVIN for their efforts in addressing the serious problems with deceptive mailings involving sweepstakes, skill contests, facsimile checks, and mailings made to look like government documents. The investigation and hearings of the Senate Governmental Affairs Permanent Subcommittee on Investigations have shed light on sweepstakes and other mailings that promise extravagant prizes in order to entice individuals to make unnecessary purchases.

Far too many of these mailings are full of deceptive and misleading statements, which lead unsuspecting recipients to believe that they must purchase various items in order to be a winner or in order to improve their chances of winning. In too many cases, the prizes and awards are never granted. In many instances, the customer receives a trinket or coupon book of little value. Those consumers who respond to these mailings are then bombarded with additional mailings seeking more money for the same or similar items.

The effect on many consumers can be devastating. One of my constituents wrote about his 88-year-old father, who had spent thousands of dollars in hopes of receiving a large cash prize.

This legislation would set new standards for mailings that use sweepstakes, skill contests, and facsimile checks as promotions to sell merchandise. More disclosures would be required, disclosures which are clear and conspicuous, displayed in a manner that is readily noticeable, readable and understandable. Sweepstakes mailings must include prominent notice that no purchase is necessary to win, and that a purchase will not increase the chances of winning. In addition, the mailing must state the estimated odds of winning.

While S. 335 will probably not put a stop to all of the egregious practices that the unscrupulous companies employ, I am hopeful that this bill will result in fewer deceptive mailings and that fewer consumers will lose their hard-earned savings and retirement funds.

One important provision of this bill would require each company that sends these mailings to have a toll-free number that consumers may call to have their names removed from that company's mailing list. This is a first step in making it possible for individuals to have their names removed from mailing lists. However, this particular system places an undue burden on the consumer to call each company that sends him a mailing. The unscrupulous companies could circumvent the intent of this provision by forming a new company that would then use the old mailing lists.

To minimize this risk, I encourage the industry groups to establish a system whereby consumers would have one toll-free number to call which would serve as the mechanism to remove their names from all mailing lists for all sweepstakes, skill contests, facsimile checks and government look-alike mailings. This system has worked in other areas, and I believe that it would work here, as well.

I urge my colleagues to support this bill.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. EDWARDS. Madam President, I rise today to urge my colleagues to vote in favor of the sweepstakes legislation, which is S. 335, the Deceptive Mail Prevention and Enforcement Act.

Let me say first, I thank my colleague, Senator LEVIN—I do not see him on the floor right now—also, my colleague, Senator COLLINS. They worked so hard and so long on this remarkably important piece of legislation.

Let me start by telling a story. It is a story I have told before, but I think it goes to the very heart of what this legislation is about.

There is an elderly man in North Carolina who lives in Raleigh, NC, I believe—right outside of Raleigh—named Bobby Bagwell. Bobby Bagwell is an elderly man who was watched over by his family, his daughter-in-law. Although he lived alone, he had a difficult time living alone.

His daughter-in-law went over to his house one day. When going through his various belongings, she discovered boxes and boxes of sweepstakes mailings. She came to discover in addition to that, in response to these sweepstakes mailings, Mr. Bagwell had purchased thousands and thousands of dollars of devices—goods that were basically useless. They were of no value to him at all. When she questioned her father-in-law about why he had bought these goods, the response was that he believed it would increase his chances of winning the sweepstakes. He had spent, I think, something on the order of $20,000, which was basically his life's savings, on purchasing this useless, worthless material.

As I mentioned earlier, Mr. Bagwell was an elderly man. For that reason, he was vulnerable. But there is an even worse part to this story. Mr. Bagwell, as it turns out, suffers from dementia. So he could not remember from day to day what he had bought, how much money he had spent, or why he had spent it. His daughter-in-law, doing everything in her power to do something about this very sad situation, contacted the sweepstakes companies, asking them to take him off the mailing lists. She got no response. She then sent a doctor's order to the sweepstakes companies saying, ''My father-in-law suffers from dementia. I ask you, take him off your lists for sweepstakes mailings because he is buying all these goods, he doesn't remember that he is spending his life's savings, and we need to take him off the lists so he does not continue to engage in this kind of behavior.'' For the second time, she got no response.

Finally, when they contacted me and I became aware of the situation and I contacted the sweepstakes companies, they responded appropriately and took him off the lists.

The sad part of this story is that in this country, in this day and time, it was necessary for a Senator to contact the sweepstakes companies in order to get this accomplished. That goes to the very heart of what this sweepstakes legislation is about. It is the reason Senator COLLINS has done such a remarkable job in conducting hearings and bringing this matter to the attention of the American people so something can be done about it. It is something for which I believe we have broad bipartisan support, support on both sides of the aisle. Everyone knows and recognizes something needs to be done about this problem.

I do want to discuss one specific feature. The bill has many wonderful provisions, including provisions that require the sweepstakes companies, for example, to tell people that buying these goods does not increase their chances of winning. That would save a man such as Bobby Bagwell from being taken advantage of.

One specific provision I worked on awfully hard, with Senator COLLINS and Senator LEVIN, basically provides that sweepstakes companies be required to provide a vehicle for people to be taken off these mailing lists so someone such as Bobby Bagwell, who has dementia, an elderly person who is being taken advantage of, who is vulnerable, can be protected and can be taken off the lists. In addition to that, it helps every North Carolinian—in my case—and every American who simply does not want to continue to receive these sweepstakes mailings.

We all recognized during the course of the hearings there are some reputable, legitimate companies that engage in these sweepstakes techniques as a marketing tool. But people need to have a way to get off these lists if they want to get off the lists. One of the provisions in this legislation specifically provides for that.

The bottom line is this. This legislation goes a long way toward eliminating any sort of deceptive, misleading sweepstakes mailings. It allows

people who do not want to receive these mailings to no longer receive them. Ultimately, what it does is it empowers American families who want to make sure the elderly members of their families—their parents, their in-laws—are taken care of. It empowers them to make sure they are not taken advantage of with these sweepstakes mailings, and in fact, if they so choose, that they no longer continue to receive these mailings.

This is a wonderful piece of legislation. As I mentioned earlier, it has bipartisan support. I am very proud to have worked with Senator COLLINS and Senator LEVIN, who have done a tremendous job for the American people in connection with this legislation.

Lastly, I ask unanimous consent that a letter from the American Association of Retired Persons be printed in the RECORD. They specifically provide their strong support for this legislation.

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

AARP,
Washington, DC, July 28, 1999.

Hon. JOHN EDWARDS,
U.S. Senate, Hart Senate Office Building, Washington, DC.

DEAR SENATOR EDWARDS: AARP thanks you for including a provision to the Managers Amendment to S. 335, the Deceptive Mail Prevention and Enforcement Act, to institute a notification system. As drafted, the notification system would provide consumers with numbers to call to have their names removed from the mailing lists of companies that promote products and services through sweepstakes. The ability to have one's name removed from mailing lists is an important consumer protection, and facilitating such removal through the use of a toll free number is even better for consumers.

AARP has supported the use of toll free helplines to respond to questions or concerns in the telemarketing area, and the requirement that companies provide such a service to slow the proliferation of deceptive mailings is a logical extension. Further, we applaud the amendment's strong civil penalty provisions imposed on companies that violate a consumer's request.

AARP appreciates your efforts on behalf of consumers to eradicate the practice of fraudulent sweepstakes mailings through this provision to the Manager's Amendment to S. 335. We strongly support the ''notification system'' provisions that you authored, and hope that this section of the bill will be retained as it works its way through conference. We look forward to working with you and other Members on a bi-partisan basis to ensure that this issue is resolved in the 106th Congress.

Sincerely,

HORACE B. DEETS,
Executive Director.

The PRESIDING OFFICER. The Senator from Michigan is recognized.

Mr. LEVIN. Madam President, I again commend Senator COLLINS for her really strong leadership of our subcommittee in so many consumer protection measures. This is just the latest of many on which Senator COLLINS has been the leader. That leadership is critically important to the American people. I commend her on it.

I also want to single out Senator EDWARDS. He made a major contribution to this bill by making it possible for people who no longer want to receive these sweepstakes to call a phone number to stop the deluge of mail which is received in so many homes. As in so many other areas, he is already making a great contribution to this Senate. I especially thank him for his contribution to this bipartisan bill. That part of this bill is a very important part. It is a very creative part of the bill. Again, it makes it possible, in a very practical way, for people who get sick and tired of the swamping of their mailboxes with these sweepstakes offers, to end that.

This bill attempts to end these sweepstakes swindles which are swamping our Nation. The sweepstakes scams are part of a $1 billion industry, an industry which is too often based on deception, an industry which too often tells people they have won a prize, dangles in front of them that promised prize, and then, of course, encloses the promotional materials that create the impression that buying a product will help to get that prize.

Most people are skeptical when they get this mail. They realize there could be 100,000 people who are told they have just won a huge amount of money, but there is a significant percentage of our people who are misled. The companies that do this prey on some of the most vulnerable among us and they take special advantage of our seniors. This is shown, in particular, when somebody responds to one of these promotions and then they are frequently inundated with followup targeted promotions. In fact, according to one of our witnesses, one person could get as many as 144 mailings from one company in 1 year and that, by the way, is one of the larger companies that does that, one of the so-called legitimate companies.

Our bill is aimed at ending the abuses and the deceptions and the scams. It will require the companies that are using these sweepstakes to display clearly and conspicuously and in a prominent place and in a prominent manner a statement that no purchase is necessary to enter the contest and, even more important, in my judgment at least, a statement saying that a purchase will not improve their chances of winning.

There are other requirements in this bill, and they are important requirements, but I think those are two of the most important requirements that we do now impose on an industry to see if we can clean up some of these abuses.

We also give the Postal Service some long-needed tools to put the scam artists out of business. The Postal Service will have subpoena authority. The Postal Service will no longer have to take two steps before clamping down on the deception; they will be able to do it in one step. If the representation is deceptive and violates our bill, the Postal Service will be able to end it directly and not have to first go through an order which, in turn, will have to be violated as is the current law.

If someone violates the law, they should not need two steps. One step ought to be enough to stop the violation and punish the perpetrator. This bill is intended to close the loopholes in our law, to end the deceptions that permit too many of these sweepstakes to take in too many people, usually too many vulnerable people, raising hundreds of millions of dollars from people who usually cannot afford the dollars they are scammed into sending to the deceptive mailers of some of these sweepstakes.

Madam President, again, I commend the Senator from Maine, Ms. COLLINS, for her very strong leadership, and the other members of our committee who have participated, including Senator COCHRAN who has been a leader in this and, again, Senator EDWARDS for his major contribution to this bill.

I thank the Chair.

The PRESIDING OFFICER. The Senator from Maine.

Ms. COLLINS. I thank the Chair. Madam President, I ask unanimous consent that Senator DOMENICI and Senator FEINGOLD be added as cosponsors to the pending legislation S. 335.

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

Ms. COLLINS. Madam President, let me start by expressing my deep appreciation to the members of the subcommittee and the full committee who worked so closely with me on this legislation. In particular, I recognize the enormous contributions of the Senator from Michigan, Mr. LEVIN; the Senator from North Carolina, Mr. EDWARDS; and the Senator from Mississippi, Mr. COCHRAN. Without their help, we would not have been able to craft such an effective bill. I am very grateful for their assistance and support.

We have heard very eloquent statements from a number of Senators today about the need for this legislation. In closing this debate, let me quote from a 74-year-old woman who wrote to me about how deceptive sweepstakes put her deeply into debt. In her letter, she said:

> My only source of income is a monthly Social Security check totaling $893. I estimate that I have spent somewhere between $10,000 and $20,000 in the last 19 years. What money I did not have, I borrowed from my daughter who is now responsible for my total financial support. I am deeply in financial debt. Their mailings were worded in such a way that I was certain I was going to win anywhere from $1 million to $10 million. I truly wish I could recoup the moneys that I squandered in the hope that a real payoff would come my way.

Unfortunately, it is too late for this woman, but today the Senate can act

to avoid financial hardship, wasted savings, and a great deal of heartache for countless other vulnerable citizens by passing this legislation.

It is my hope that we will have a very strong vote today and that it will prompt the House to act and we will see this important legislation signed into law before we adjourn this year.

I yield back the remainder of my time. I ask for the yeas and nays. I think they have already been ordered, but if they have not, I request 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.

Ms. COLLINS. I believe the vote is slated for 5:30 p.m. Seeing no other speakers requesting time, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Ms. COLLINS. I ask unanimous consent that the order for the quorum call be rescinded.

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

Ms. COLLINS. Madam President, I ask unanimous consent that the Senator from Minnesota, Mr. WELLSTONE, be added as a cosponsor of the bill S. 335.

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

Ms. COLLINS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Ms. COLLINS. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Without objection, the substitute amendment, as amended, is agreed to.

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

The bill was ordered to be engrossed for a third reading and was read the third time.

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

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

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Utah (Mr. HATCH), the Senator from Missouri (Mr. BOND), the Senator from New Mexico (Mr. DOMENICI), the Senator from Arizona (Mr. MCCAIN), the Senator from Alabama (Mr. SESSIONS), and the Senator from Alabama (Mr. SHELBY) are necessarily absent.

I further announce that, if present and voting, the Senator from Utah (Mr. HATCH) would vote ''yea.''

Mr. REID. I announce that the Senator from Delaware (Mr. BIDEN), is absent attending a funeral.

I further announce that, if present and voting, the Senator from Delaware (Mr. BIDEN) would vote ''aye.''

The result was announced—yeas 93, nays 0, as follows:

[Rollcall Vote No. 248 Leg.]

YEAS—93

Abraham	Feingold	Lott
Akaka	Feinstein	Lugar
Allard	Fitzgerald	Mack
Ashcroft	Frist	McConnell
Baucus	Gorton	Mikulski
Bayh	Graham	Moynihan
Bennett	Gramm	Murkowski
Bingaman	Grams	Murray
Boxer	Grassley	Nickles
Breaux	Gregg	Reed
Brownback	Hagel	Reid
Bryan	Harkin	Robb
Bunning	Helms	Roberts
Burns	Hollings	Rockefeller
Byrd	Hutchinson	Roth
Campbell	Hutchison	Santorum
Chafee	Inhofe	Sarbanes
Cleland	Inouye	Schumer
Cochran	Jeffords	Smith (NH)
Collins	Johnson	Smith (OR)
Conrad	Kennedy	Snowe
Coverdell	Kerrey	Specter
Craig	Kerry	Stevens
Crapo	Kohl	Thomas
Daschle	Kyl	Thompson
DeWine	Landrieu	Thurmond
Dodd	Lautenberg	Torricelli
Dorgan	Leahy	Voinovich
Durbin	Levin	Warner
Edwards	Lieberman	Wellstone
Enzi	Lincoln	Wyden

NOT VOTING—7

Biden	Hatch	Shelby
Bond	McCain	
Domenici	Sessions	

The bill (S. 335), as amended, was passed, as follows:

S. 335

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 ''Deceptive Mail Prevention and Enforcement Act''.

SEC. 2. RESTRICTIONS ON MAILINGS USING MISLEADING REFERENCES TO THE UNITED STATES GOVERNMENT.

Section 3001 of title 39, United States Code, is amended—

(1) in subsection (h)—

(A) in the first sentence by striking ''contains a seal, insignia, trade or brand name, or any other term or symbol that reasonably could be interpreted or construed as implying any Federal Government connection, approval or endorsement'' and inserting the following: ''which reasonably could be interpreted or construed as implying any Federal Government connection, approval, or endorsement through the use of a seal, insignia, reference to the Postmaster General, citation to a Federal statute, name of a Federal agency, department, commission, or program, trade or brand name, or any other term or symbol; or contains any reference to the Postmaster General or a citation to a Federal statute that misrepresents either the identity of the mailer or the protection or status afforded such matter by the Federal Government''; and

(B) in paragraph (2)—

(i) in subparagraph (A) by striking ''and'' at the end;

(ii) in subparagraph (B) by striking ''or'' at the end and inserting ''and''; and

(iii) by inserting after subparagraph (B) the following:

''(C) does not contain a false representation implying that Federal Government benefits or services will be affected by any purchase or nonpurchase; or'';

(2) in subsection (i) in the first sentence—

(A) in the first sentence by striking ''contains a seal, insignia, trade or brand name, or any other term or symbol that reasonably could be interpreted or construed as implying any Federal Government connection, approval or endorsement'' and inserting the following: ''which reasonably could be interpreted or construed as implying any Federal Government connection, approval, or endorsement through the use of a seal, insignia, reference to the Postmaster General, citation to a Federal statute, name of a Federal agency, department, commission, or program, trade or brand name, or any other term or symbol; or contains any reference to the Postmaster General or a citation to a Federal statute that misrepresents either the identity of the mailer or the protection or status afforded such matter by the Federal Government''; and

(B) in paragraph (2)—

(i) in subparagraph (A) by striking ''and'' at the end;

(ii) in subparagraph (B) by striking ''or'' at the end and inserting ''and''; and

(iii) by inserting after subparagraph (B) the following:

''(C) does not contain a false representation implying that Federal Government benefits or services will be affected by any purchase or nonpurchase; or'';

(3) by redesignating subsections (j) and (k) as subsections (m) and (o), respectively; and

(4) by inserting after subsection (i) the following:

''(j)(1) Matter otherwise legally acceptable in the mails described under paragraph (2)—

''(A) is nonmailable matter;

''(B) shall not be carried or delivered by mail; and

''(C) shall be disposed of as the Postal Service directs.

''(2) Matter that is nonmailable matter referred to under paragraph (1) is any matter that—

''(A) constitutes a solicitation for the purchase of any product or service that—

''(i) is provided by the Federal Government; and

''(ii) may be obtained without cost from the Federal Government; and

''(B) does not contain a clear and conspicuous statement giving notice of the information under subparagraph (A) (i) and (ii).''.

SEC. 3. RESTRICTIONS ON SWEEPSTAKES AND DECEPTIVE MAILINGS.

Section 3001 of title 39, United States Code, is amended by inserting after subsection (j) (as added by section 2(4) of this Act) the following:

''(k)(1) In this subsection, the term—

''(A) 'clearly and conspicuously displayed' means presented in a manner that is readily noticeable, readable, and understandable to the group to whom the applicable matter is disseminated;

''(B) 'facsimile check' means any matter designed to resemble a check or other negotiable instrument that is not negotiable;

''(C) 'skill contest' means a puzzle, game, competition, or other contest in which—

''(i) a prize is awarded or offered;

''(ii) the outcome depends predominately on the skill of the contestant; and

''(iii) a purchase, payment, or donation is required or implied to be required to enter the contest; and

''(D) 'sweepstakes' means a game of chance for which no consideration is required to enter.

''(2) Matter otherwise legally acceptable in the mails that is nonmailable matter described under paragraph (3) shall not be carried or delivered by mail and may be disposed of as the Postal Service directs.

''(3) Matter that is nonmailable matter referred to under paragraph (2) is any matter (except matter as provided under paragraph (4)) that—

''(A)(i) includes entry materials for a sweepstakes or a promotion that purports to be a sweepstakes; and

''(ii)(I) does not contain a statement that prominently discloses in the mailing, in the rules, and on the order or entry form, that no purchase is necessary to enter such sweepstakes;

''(II) does not contain a statement that prominently discloses in the mailing, in the rules, and on the order or entry form, that a purchase will not improve an individual's chances of winning with such entry;

''(III) does not state all terms and conditions of the sweepstakes promotion, including the rules and entry procedures for the sweepstakes;

''(IV) does not disclose the sponsor or mailer of such matter and the principal place of business or an address at which the sponsor or mailer may be contacted;

''(V) does not contain sweepstakes rules that state—

''(aa) the estimated odds of winning each prize;

''(bb) the quantity, estimated retail value, and nature of each prize; and

''(cc) the schedule of any payments made over time;

''(VI) represents that individuals not purchasing products may be disqualified from receiving future sweepstakes mailings;

''(VII) requires that a sweepstakes entry be accompanied by an order or payment for a product previously ordered;

''(VIII) represents that an individual is a winner of a prize unless that individual has won a prize; or

''(IX) contains a representation that contradicts, or is inconsistent with sweepstakes rules or any other disclosure required to be made under this subsection, including any statement qualifying, limiting, or explaining the rules or disclosures in a manner inconsistent with such rules or disclosures;

''(B)(i) includes entry materials for a skill contest or a promotion that purports to be a skill contest; and

''(ii)(I) does not state all terms and conditions of the skill contest, including the rules and entry procedures for the skill contest;

''(II) does not disclose the sponsor or mailer of the skill contest and the principal place of business or an address at which the sponsor or mailer may be contacted; or

''(III) does not contain skill contest rules that state, as applicable—

''(aa) the number of rounds or levels of the contest and the cost to enter each round or level;

''(bb) that subsequent rounds or levels will be more difficult to solve;

''(cc) the maximum cost to enter all rounds or levels;

''(dd) the estimated number or percentage of entrants who may correctly solve the skill contest or the approximate number or percentage of entrants correctly solving the past 3 skill contests conducted by the sponsor;

''(ee) the identity or description of the qualifications of the judges if the contest is judged by other than the sponsor;

''(ff) the method used in judging;

''(gg) the date by which the winner or winners will be determined and the date or process by which prizes will be awarded;

''(hh) the quantity, estimated retail value, and nature of each prize; and

''(ii) the schedule of any payments made over time; or

''(C) includes any facsimile check that does not contain a statement on the check itself that such check is not a negotiable instrument and has no cash value.

''(4) Matter that appears in a magazine, newspaper, or other periodical and contains materials that are a facsimile check, skill contest, or sweepstakes is exempt from paragraph (3), if the matter—

''(A) is not directed to a named individual; or

''(B) does not include an opportunity to make a payment or order a product or service.

''(5) Any statement, notice, or disclaimer required under paragraph (3) shall be clearly and conspicuously displayed.

''(6) In the enforcement of paragraph (3), the Postal Service shall consider all of the materials included in the mailing and the material and language on and visible through the envelope.

''(l)(1) Any person who uses the mails for any matter to which subsection (h), (i), (j), or (k) applies shall adopt reasonable practices and procedures to prevent the mailing of such matter to any person who, personally or through a conservator, guardian, individual with power of attorney—

''(A) submits to the mailer of such matter a written request that such matter should not be mailed to such person; or

''(B)(i) submits such a written request to the attorney general of the appropriate State (or any State government officer who transmits the request to that attorney general); and

''(ii) that attorney general transmits such request to the mailer.

''(2) Any person who mails matter to which subsection (h), (i), (j), or (k) applies shall maintain or cause to be maintained a record of all requests made under paragraph (1). The records shall be maintained in a form to permit the suppression of an applicable name at the applicable address for a 5-year period beginning on the date the written request under paragraph (1) is submitted to the mailer.''.

SEC. 4. POSTAL SERVICE ORDERS TO PROHIBIT DECEPTIVE MAILINGS.

Section 3005(a) of title 39, United States Code, is amended—

(1) by striking ''or'' after ''(h),'' both places it appears; and

(2) by inserting '', (j), or (k)'' after ''(i)'' in both such places.

SEC. 5. TEMPORARY RESTRAINING ORDER FOR DECEPTIVE MAILINGS.

Section 3007 of title 39, United States Code, is amended—

(1) by redesignating subsection (b) as subsection (c); and

(2) by striking subsection (a) and inserting the following:

''(a)(1) In preparation for or during the pendency of proceedings under sections 3005 and 3006, the Postal Service, in accordance with section 409(d), may apply to the district court in any district in which mail is sent or received as part of the alleged scheme, device, lottery, gift enterprise, sweepstakes, skill contest, or facsimile check or in any district in which the defendant is found, for a temporary restraining order and preliminary injunction under the procedural requirements of rule 65 of the Federal Rules of Civil Procedure.

''(2)(A) Upon a proper showing, the court shall enter an order which shall—

''(i) remain in effect during pendency of the statutory proceedings, any judicial review of such proceedings, or any action to enforce orders issued under the proceedings; and

''(ii) direct the detention by the postmaster, in any and all districts, of the defendant's incoming mail and outgoing mail, which is the subject of the proceedings under sections 3005 and 3006.

''(B) A proper showing under this paragraph shall require proof of a likelihood of success on the merits of the proceedings under section 3005 or 3006.

''(3) Mail detained under paragraph (2) shall—

''(A) be made available at the post office of mailing or delivery for examination by the defendant in the presence of a postal employee; and

''(B) be delivered as addressed if such mail is clearly shown not to be the subject of proceedings under sections 3005 and 3006.

''(4) No finding of the defendant's intent to make a false representation or to conduct a lottery is required to support the issuance of an order under this section.

''(b) If any order is issued under subsection (a) and the proceedings under section 3005 or 3006 are concluded with the issuance of an order under that section, any judicial review of the matter shall be in the district in which the order under subsection (a) was issued.''.

SEC. 6. CIVIL PENALTIES AND COSTS.

Section 3012 of title 39, United States Code, is amended—

(1) in subsection (a) by striking ''$10,000 for each day that such person engages in conduct described by paragraph (1), (2), or (3) of this subsection.'' and inserting ''$50,000 for each mailing of less than 50,000 pieces; $100,000 for each mailing of 50,000 to 100,000 pieces; with an additional $10,000 for each additional 10,000 pieces above 100,000, not to exceed $2,000,000.'';

(2) in subsection (b) (1) and (2) by inserting after ''of subsection (a)'' the following: '', (c), or (d)'';

(3) by redesignating subsections (c) and (d), as subsections (e) and (f), respectively;

(4) by inserting after subsection (b) the following:

''(c)(1) In any proceeding in which the Postal Service may issue an order under section 3005(a), the Postal Service may in lieu of that order or as part of that order assess civil penalties in an amount not to exceed $25,000 for each mailing of less than 50,000 pieces; $50,000 for each mailing of 50,000 to 100,000 pieces; with an additional $5,000 for each additional 10,000 pieces above 100,000, not to exceed $1,000,000.

''(2) In any proceeding in which the Postal Service assesses penalties under this subsection the Postal Service shall determine the civil penalty taking into account the nature, circumstances, extent, and gravity of the violation or violations of section 3005(a), and with respect to the violator, the ability to pay the penalty, the effect of the penalty on the ability of the violator to conduct lawful business, any history of prior violations of such section, the degree of culpability and other such matters as justice may require.

''(d) Any person who violates section 3001(l) shall be liable to the United States for a civil penalty not to exceed $10,000 for each mailing to an individual.''; and

(5) by amending subsection (e) (as redesignated by paragraph (3) of this section) to read as follows:

''(e)(1) From all civil penalties collected in the administrative and judicial enforcement of this chapter, an amount equal to the administrative and judicial costs incurred by the Postal Service in such enforcement, not to equal or exceed $500,000 in each year, shall be—

''(A) deposited in the Postal Service Fund established under section 2003; and

''(B) available for payment of such costs.

''(2) Except for amounts deposited in the Postal Service Fund under paragraph (1), all civil penalties collected in the administrative and judicial enforcement of this chapter shall be deposited in the General Fund of the Treasury.''.

SEC. 7. ADDITIONAL AUTHORITY FOR THE POSTAL INSPECTION SERVICE.

(a) IN GENERAL.—Chapter 30 of title 39, United States Code, is amended by adding at the end the following:

''§ 3016. Administrative subpoenas

''(a) AUTHORIZATION OF USE OF SUBPOENAS BY POSTMASTER GENERAL.—In any investigation conducted under this chapter, the Postmaster General may require by subpoena the production of any records (including books, papers, documents, and other tangible things which constitute or contain evidence) which the Postmaster General finds relevant or material to the investigation.

''(b) SERVICE.—

''(1) SERVICE WITHIN THE UNITED STATES.—A subpoena issued under this section may be served by a person designated under section 3061 of title 18 at any place within the territorial jurisdiction of any court of the United States.

''(2) FOREIGN SERVICE.—Any such subpoena may be served upon any person who is not to be found within the territorial jurisdiction of any court of the United States, in such manner as the Federal Rules of Civil Procedure prescribe for service in a foreign country. To the extent that the courts of the United States may assert jurisdiction over such person consistent with due process, the United States District Court for the District of Columbia shall have the same jurisdiction to take any action respecting compliance with this section by such person that such court would have if such person were personally within the jurisdiction of such court.

''(3) SERVICE ON BUSINESS PERSONS.—Service of any such subpoena may be made by a Postal Inspector upon a partnership, corporation, association, or other legal entity by—

''(A) delivering a duly executed copy thereof to any partner, executive officer, managing agent, or general agent thereof, or to any agent thereof authorized by appointment or by law to receive service of process on behalf of such partnership, corporation, association, or entity;

''(B) delivering a duly executed copy thereof to the principal office or place of business of the partnership, corporation, association, or entity; or

''(C) depositing such copy in the United States mails, by registered or certified mail, return receipt requested, duly addressed to such partnership, corporation, association, or entity at its principal office or place of business.

''(4) SERVICE ON NATURAL PERSONS.—Service of any subpoena may be made upon any natural person by—

''(A) delivering a duly executed copy to the person to be served; or

''(B) depositing such copy in the United States mails, by registered or certified mail, return receipt requested, duly addressed to such person at his residence or principal office or place of business.

''(5) VERIFIED RETURN.—A verified return by the individual serving any such subpoena setting forth the manner of such service shall be proof of such service. In the case of service by registered or certified mail, such return shall be accompanied by the return post office receipt of delivery of such subpoena.

''(c) ENFORCEMENT.—

''(1) IN GENERAL.—Whenever any person, partnership, corporation, association, or entity fails to comply with any subpoena duly served upon him, the Postmaster General may request that the Attorney General seek enforcement of the subpoena in the district court of the United States for any judicial district in which such person resides, is found, or transacts business, and serve upon such person a petition for an order of such court for the enforcement of this section.

''(2) JURISDICTION.—Whenever any petition is filed in any district court of the United States under this section, such court shall have jurisdiction to hear and determine the matter so presented, and to enter such order or orders as may be required to carry into effect the provisions of this section. Any final order entered shall be subject to appeal under section 1291 of title 28. Any disobedience of any final order entered under this section by any court may be punished as contempt.

''(d) DISCLOSURE.—Any documentary material provided pursuant to any subpoena issued under this section shall be exempt from disclosure under section 552 of title 5.''.

(b) REGULATIONS.—Not later than 120 days after the date of enactment of this section, the Postal Service shall promulgate regulations setting out the procedures the Postal Service will use to implement this section.

(c) TECHNICAL AND CONFORMING AMENDMENT.—The table of sections for chapter 30 of title 39, United States Code, is amended by adding at the end the following:

''3016. Administrative subpoenas.''.

SEC. 8. REQUIREMENTS OF PROMOTERS OF SKILL CONTESTS OR SWEEPSTAKES MAILINGS.

(a) IN GENERAL.—Chapter 30 of title 39, United States Code (as amended by section 7 of this Act) is amended by adding after section 3016 the following:

''§ 3017. Nonmailable skill contests or sweepstakes matter; notification to prohibit mailings

''(a) DEFINITIONS.—In this section, the term—

''(1) 'promoter' means any person who—

''(A) originates and mails any skill contest or sweepstakes, except for any matter described under section 3001(k)(4); or

''(B) originates and causes to be mailed any skill contest or sweepstakes, except for any matter described under section 3001(k)(4);

''(2) 'removal request' means a request stating that an individual elects to have the name and address of such individual excluded from any list used by a promoter for mailing skill contests or sweepstakes;

''(3) 'skill contest' means a puzzle, game, competition, or other contest in which—

''(A) a prize is awarded or offered;

''(B) the outcome depends predominately on the skill of the contestant; and

''(C) a purchase, payment, or donation is required or implied to be required to enter the contest; and

''(4) 'sweepstakes' means a game of chance for which no consideration is required to enter.

''(b) NONMAILABLE MATTER.—

''(1) IN GENERAL.—Matter otherwise legally acceptable in the mails described under paragraph (2)—

''(A) is nonmailable matter;

''(B) shall not be carried or delivered by mail; and

''(C) shall be disposed of as the Postal Service directs.

''(2) NONMAILABLE MATTER DESCRIBED.—Matter that is nonmailable matter referred to under paragraph (1) is any matter that—

''(A) is a skill contest or sweepstakes, except for any matter described under section 3001(k)(4); and

''(B)(i) is addressed to an individual who made an election to be excluded from lists under subsection (d); or

''(ii) does not comply with subsection (c)(1).

''(c) REQUIREMENTS OF PROMOTERS.—

''(1) NOTICE TO INDIVIDUALS.—Any promoter who mails a skill contest or sweepstakes shall provide with each mailing a statement that—

''(A) is clearly and conspicuously displayed;

''(B) includes the address or toll-free telephone number of the notification system established under paragraph (2); and

''(C) states that the notification system may be used to prohibit the mailing of all skill contests or sweepstakes by that promoter to such individual.

''(2) NOTIFICATION SYSTEM.—Any promoter that mails or causes to be mailed a skill contest or sweepstakes shall establish and maintain a notification system that provides for any individual (or other duly authorized person) to notify the system of the individual's election to have the name and address of the individual excluded from all lists of names and addresses used by that promoter to mail any skill contest or sweepstakes.

''(d) ELECTION TO BE EXCLUDED FROM LISTS.—

''(1) IN GENERAL.—An individual (or other duly authorized person) may elect to exclude the name and address of that individual from all lists of names and addresses used by a promoter of skill contests or sweepstakes by submitting a removal request to the notification system established under subsection (c).

''(2) RESPONSE AFTER SUBMITTING REMOVAL REQUEST TO THE NOTIFICATION SYSTEM.—Not later than 35 calendar days after a promoter receives a removal request pursuant to an election under paragraph (1), the promoter shall exclude the individual's name and address from all lists of names and addresses used by that promoter to select recipients for any skill contest or sweepstakes.

''(3) EFFECTIVENESS OF ELECTION.—An election under paragraph (1) shall remain in effect, unless an individual (or other duly authorized person) notifies the promoter in writing that such individual—

''(A) has changed the election; and

''(B) elects to receive skill contest or sweepstakes mailings from that promoter.

''(e) PROMOTER NONLIABILITY.—A promoter shall not be subject to civil liability for the exclusion of an individual's name or address from any list maintained by that promoter for mailing skill contests or sweepstakes, if—

''(1) a removal request is received by the promoter's notification system; and

''(2) the promoter has a good faith belief that the request is from—

''(A) the individual whose name and address is to be excluded; or

''(B) another duly authorized person.

''(f) PROHIBITION ON COMMERCIAL USE OF LISTS.—

''(1) IN GENERAL.—

''(A) PROHIBITION.—No person may provide any information (including the sale or rental of any name or address) derived from a list described under subparagraph (B) to another person for commercial use.

''(B) LISTS.—A list referred to under subparagraph (A) is any list of names and addresses (or other related information) compiled from individuals who exercise an election under subsection (d).

''(2) CIVIL PENALTY.—Any person who violates paragraph (1) shall be assessed a civil penalty by the Postal Service not to exceed $2,000,000 per violation.

''(g) CIVIL PENALTIES.—

''(1) IN GENERAL.—Any promoter—

''(A) who recklessly mails nonmailable matter in violation of subsection (b) shall be liable to the United States in an amount of $10,000 per violation for each mailing to an individual of nonmailable matter; or

''(B) who fails to comply with the requirements of subsection (c)(2) shall be liable to the United States.

''(2) ENFORCEMENT.—The Postal Service shall assess civil penalties under this section.''.

(b) TECHNICAL AND CONFORMING AMENDMENTS.—The table of sections for chapter 30 of title 39, United States Code, is amended by adding after the item relating to section 3016 the following:

''3017. Nonmailable skill contests or sweepstakes matter; notification to prohibit mailings.''.

(c) EFFECTIVE DATE.—This section shall take effect 1 year after the date of enactment of this Act.

SEC. 9. STATE LAW NOT PREEMPTED.

(a) IN GENERAL.—Nothing in the provisions of this Act (including the amendments made by this Act) or in the regulations promulgated under such provisions shall be construed to preempt any provision of State or local law that imposes more restrictive requirements, regulations, damages, costs, or penalties. No determination by the Postal Service that any particular piece of mail or class of mail is in compliance with such provisions of this Act shall be construed to preempt any provision of State or local law.

(b) EFFECT ON STATE COURT PROCEEDINGS.—Nothing contained in this section shall be construed to prohibit an authorized State official from proceeding in State court on the basis of an alleged violation of any general civil or criminal statute of such State or any specific civil or criminal statute of such State.

SEC. 10. EFFECTIVE DATE.

Except as provided in section 8, this Act shall take effect 120 days after the date of enactment of this Act.

The title was amended so as to read: ''A bill to amend chapter 30 of title 39, United States Code, to provide for the nonmailability of certain deceptive matter relating to sweepstakes, skill contests, facsimile checks, administrative procedures, orders, and civil penalties relating to such matter, and for other purposes.''.

Ms. COLLINS. Mr. President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 2000—Continued

The PRESIDING OFFICER (Mr. FITZGERALD). The Senator from Mississippi.

Mr. COCHRAN. Mr. President, I understand the parliamentary situation is that we are now back on the Agriculture appropriations bill. The pending amendment is the Cochran amendment to the Daschle amendment.

The PRESIDING OFFICER. The Senator is correct.

Mr. COCHRAN. The Senator from Iowa asked unanimous consent before we permitted discussion of the Collins bill that he be recognized following the vote.

I am rising to clarify the situation, and also to inquire how long the distinguished Senator is planning to speak at this point. I am hopeful that there will be time for the distinguished Senator from Indiana, Mr. LUGAR, who is chairman of the Committee on Agriculture, to speak for about 30 minutes. He has to chair a committee hearing in the morning beginning at 9 o'clock and won't be available tomorrow morning. I am hopeful the Senator will either let Senator LUGAR proceed now or after a reasonable time for the Senator to then be recognized for 30 minutes.

That is the purpose of my inquiry of the Senator from Iowa. I did not object when the Senator sought unanimous consent to be recognized because I thought I had talked about 15 minutes and the Senator had talked about the same period of time, or maybe a little longer. That is the purpose of my inquiry.

Mr. HARKIN. I appreciate it.

The PRESIDING OFFICER. The Senator from Iowa.

PRIVILEGE OF THE FLOOR

Mr. HARKIN. Mr. President, I ask unanimous consent that Traci Parmenter, an intern in my office, be granted floor privileges for the duration of the debate on the Agriculture appropriations bill.

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

Mr. HARKIN. Mr. President, I say to my friend from Mississippi that I don't intend to talk too much longer. I did want to engage in a colloquy with a couple of Senators who wanted to do so. I don't imagine it will take that long—a little bit of time, not that long.

Mr. COCHRAN. I thank the Senator for his clarification.

Mr. HARKIN. We will not take that long. As the Senator knows, I have tremendous respect for my chairman of the Agriculture Committee. But I wanted to wrap up our presentation with a short colloquy with my fellow Senators prior to yielding the floor. If I might, Mr. President, let me try to conclude the remarks that I had earlier.

Did the Senator have a question?

Mr. COCHRAN. No. My question of the Senator was how much longer he thought he would take. This is for the purpose of advising my friend from Indiana how long he would sit on the floor and listen to your colloquy, or whatever it is the Senator intends to do, or for how long the Senator intends to do it. It is just a question. I am not suggesting the Senator does not have the right to talk all night, if he wishes.

Mr. HARKIN. I am not going to talk all night.

Mr. COCHRAN. The Senator from Iowa has the floor. I am just curious about how much time he might take, or could we interrupt the remarks and let the Senator from Indiana proceed?

Mr. HARKIN. About 15 minutes—perhaps not that long.

Let me conclude my earlier remarks. Quite frankly, I find myself in a very uncomfortable position. This is extremely uncomfortable for me. I think the pending amendments are the ultimate statement on the failure of the current farm policy. Why do I say it is uncomfortable for me? Because I don't like it when farmers have to rely on government payments because they are not getting enough from the marketplace.

I am uncomfortable with an amendment that provides above $10 billion in support for our farmers. I find myself extremely uncomfortable. That is why I view what we are doing here as part of a two-step process. First, we must get the emergency money; but second, we have to change the underlying failures of the Freedom to Farm bill or we will be right back where we are again next year, asking for billions more in emergency payments to deal with the crisis in the farm economy.

Our farm policy now is based on cash payments. Now we are back here talking about even more cash payments. We are forced into this situation because the underlying farm policy is wrong. And that is how the Republicans' proposal is shaped. It is a stopgap gesture based on AMTA payments. So naturally, the larger farmers with the larger base acreages are going to get the most money. This policy goes against what government programs ought to be. Government programs ought to be for those who are in need. This amendment stands that principle on its head. The Republican proposal will give most of the money to the biggest farmers under the so-called AMTA payments. Our proposal offers a more equitable distribution by providing the assistance to producers who are actually on the farm right now and in relation to what they are growing now—not what they grew 20 or more years ago. That is a big difference between the two approaches.

The Republicans' said they wanted to get rid of the old farm programs when they passed Freedom to Farm, but

their AMTA type payments are based on that very same outdated base acreage and payment yield system that is decades old. And quite frankly, with the AMTA system, payments can go to someone who is not even trying to grow a crop and has not incurred those expenses. And the benefits of AMTA payments are too easily claimed by absentee landlords. They could be long gone and living in—Palm Beach, Miami, or retired in southern Texas or someplace else. Our proposal is designed to provide the money to real farmers who are actually farming and trying to grow crops.

I might also add one other thing: We are facing some terrible disaster conditions around the country. I know out in the upper Midwest we have had floods and excessive moisture that have prevented planting, in the Dakotas for example, and we have had terrible floods and rainstorms in parts of Iowa. We are facing a tremendous drought on the eastern seaboard among the Atlantic coastal States where we also have farmers who are in dire straits.

In our package, we have over $2 billion for disaster-related assistance. The Republican package has zero dollars to help farmers survive disasters, not for those on the Eastern seaboard suffering that terrible drought or others undergoing disasters. That is another big difference because these are truly farmers in need. They need help. Our bill has that help for them; the Republican bill doesn't.

Those are the two major differences I see. I will have more to say tomorrow about the Freedom to Farm bill. Freedom to Farm had a lot of cheerleaders when it passed a few years ago, saying how great it would be. Those cheers ring hollow now. The proof of the pudding is in the eating. Quite frankly, farmers are going broke. And they know it is a failure. It has not protected farm.

We must change the underlying farm policy. We need to get loan rates up. We had a bipartisan group of State representatives and Senators from Iowa here last week, Republicans and Democrats. They had a proposal for us: Raise the loan rates, allow the Secretary of Agriculture to extend commodity loans and provide storage payments to farmers, all of which I support. I said: You are talking to the wrong person; you ought to talk to the backers of Freedom to Farm. Don't try to convince me, I am for it.

We ought to raise the loan rates. We ought to provide for storage payments. We ought to extend the loans. I think that is what we will come back and try to do in September, the second part of our two-step process.

The name Freedom to Farm reminds me of a conversation a little bit ago when it was asked, is there anything good about the bill. I said about the only thing good in the Freedom to Farm bill is the name ''freedom.''

But considering where the farm economy is now, I am reminded of the words in the Janis Joplin song. ''Freedom is just another word for nothin' left to lose.'' How accurate that is when it comes to the farm crisis. For our farmers, the word ''freedom'' in the Freedom to Farm bill, is just another word for ''nothin' left to lose.''

Mr. WELLSTONE. Mr. President, every time I'm home, farmers are saying to me: We appreciate some assistance so we can live to be able to farm another day, but we want to know whether we or our children or grandchildren will have any future? How are you going to deal with the price crisis? What are you going to do to change the direction that this freedom to farm bill has taken us?

Farmers focus on the structural issues. They want Members to write a new farm bill. They don't want a bail out every year. They want to be able to get a decent price in the marketplace. They want a fair shake. That is all they want.

I ask my colleague from Iowa, also my friend from North Dakota, what should we be focusing on here in the U.S. Senate beyond this emergency assistance package to make sure that farmers can get a decent price, and that family farmers can be able to make a living and their children can farm and our rural communities can flourish?

Mr. HARKIN. In responding to my friend from Minnesota, I was meeting with farmers this week in Iowa talking about our emergency package. On more than one occasion the farmers got up and said: We appreciate what you are trying to do. We can sure use the money. But if all you are going to do is send out another check and we are going to have the Freedom to Farm bill again next year, it isn't going to work because we will be even deeper in the hole next year.

They are begging Congress to change this policy.

I tell my friend from Minnesota what I hear most often from them is they have to have a better price, they have to be able to market their grain more efficiently, and they need some limited kinds of conservation land idling program shorter than 10 years.

The vast majority of farmers I talked to said we have to get our supply and demand in line. The only way we will get them in line anytime soon is if we have some land out of production. With short-term land retirement, something to take land out for conservation purposes for 2 years, or 3 years at the most, where they get some economic benefit for that, coupled with higher loan rates and the extension of the loan and storage payments, we can start to get some stability and get the farm economy back on track.

This past weekend as well as on other Iowa visits, farmers are telling me if we don't change the underlying farm bill it will get worse next year.

Mr. DORGAN. Will the Senator yield?

Mr. HARKIN. I yield.

Mr. DORGAN. I think the points being made here are important to understand. If all we do is to pass a disaster relief package and do nothing to change the underlying farm bill, we will not have addressed problems in a way that gives family farmers hope that there is a future.

Let me ask the Senator about the underlying farm bill. The underlying farm bill, the Freedom to Farm bill, has put us in a position where payments were made to farmers early on when farm prices were very high and farmers didn't need those payments. Now, when farm prices have collapsed and farmers need a bigger payment, they are still getting the same payment or a lower payment than they were getting when prices were high.

In other words, there is a disconnection with respect to need. Freedom to Farm, was it not, was a transition payment. It was to transition them out of the farm program. That was the philosophical underpinning of the farm bill.

Is it the judgment of the Senator from Iowa that while we do this—and it is urgent that we must do this, pass some disaster relief bill—that we also must accompany that with a change in the underlying farm bill, sooner rather than later, because if we do not, those farmers who are making decisions about the future will have to decide there is no hope ahead?

Freedom to Farm means there are lower price supports even when prices collapse. Isn't it true that this must be the first step in a two-step process?

Mr. HARKIN. I could not agree more. I would proffer this. If all we do is pass this emergency package, either this one or the scaled-down package of the Republicans, and we do nothing else, farmers are going to see the handwriting on the wall. If we do not change that Freedom to Farm bill, they are going to see it and they will say, I'm going to be right back where I am again next year. Farmers are going to say, I'm getting out. They will be leaving in droves. It will drive farmers out.

In the State of Iowa, from April of 1998 to April of 1999, land prices in Central Iowa have gone down 11 percent already. The Governor of Iowa was at a meeting I held in Iowa this weekend. He said, when the legislature left 3 months ago, when they went out of session, they estimated the growth in revenues at 1.8 percent. It is now down to 1 percent. That is going to affect our schools and everything else in the State of Iowa. So the broader impacts on Iowa's economic health are already being felt. It is already happening.

I have had people tell me if all we are going to do is put the money out there, it will help them some with their debts, it will help them get through the next few months, help them get through the harvest, but if we do not change the Freedom to Farm bill, they are out, they are not going to be there next year.

Mr. DORGAN. May I ask one further question?

Mr. HARKIN. I yield for a question.

Mr. DORGAN. Payments, as I understand them, have gone too far in the current farm bill, the underlying farm bill; too high in the disaster programs. Perhaps both programs should be adjusted lower. My understanding of the program that has been offered earlier today, by the majority party, is with the triple-entity rule, the payment limits would effectively, under that rule, be about $460,000—under their disaster package. In my judgment, that is too high. In my judgment, we should craft a farm program and craft disaster programs that target help for family-size farms. If that is not what it is about, my feeling has always been, if we are not targeting help to family farmers, we don't need a Department of Agriculture. The only reason to have all of this is to help family farmers.

Mr. HARKIN. The Senator is onto something regarding payment limitations. In the Republicans' proposal, the maximum payments that an individual can receive—by setting up partnerships or corporations to maneuver around the limits—would be $460,000. Nearly half a million dollars to one individual.

Mr. DORGAN. If I might—

Mr. HARKIN. Again, I think we ought to be here to help people who really need some help and get it out. To me, that is going way beyond the bounds there.

I yield for a question.

Mr. DORGAN. If I might again just inquire, I had computed it under the three-entity rule, what they could achieve. If I have missed part of that and they can achieve $460,000, it simply makes the point; $300,000 is too much. Mr. President, $460,000 is way out of bounds. We ought to be trying to get a reasonable amount of support during this price collapse to family-size farms.

I come from ag country, but I will not support giving $300,000 to anybody in farm country. We don't need that. That is not what a farm program ought to be about, in disaster help or in regular help, when prices collapse. That is not supporting a family-size farm; that is spending taxpayers' money in support of farm operations far in excess of family farms. That doesn't make any sense to me.

Again, when I inquired of the Senator from Iowa, I was thinking of the repeal of the three-entity rule. If there is another device that goes above the $300,000, that simply compounds the aggravation with respect to who is going to get this money and how much. Let us find a way.

I ask the Senator from Iowa, isn't our job here to craft a decent disaster bill, first, that gets the most help possible to family-size farms and, second, to decide we must follow it quickly by saying the current farm bill doesn't work, that is obvious to everyone—obvious because we have to pass disaster bills every year now—and we should change the underlying farm bill in the same way that provides real help to family farmers so when prices collapse they have a chance to survive?

Mr. HARKIN. I respond to my friend from North Dakota: These big cash payments are an inherent part of the Freedom to Farm bill—an inherent part of it. A lot of that money goes to the big operators. Yet we have our family farmers out there who are just trying to get by.

That is why this Freedom to Farm bill—I wish I could say just one good thing—the only good thing about Freedom to Farm was flexibility. It gave the farmer planting flexibility. But as the Senator from North Dakota might remember, when we were debating the farm bill, the Senator from North Dakota offered an amendment to provide the planting flexibility to farmers and still have a farm program that provided higher loan rates and storage payments and some set-asides within the confines of the farm program. If I am not mistaken, it was the Senator from North Dakota who offered the amendment to provide the flexibility to farmers to plant what they wanted, where they wanted, and yet it was defeated on a party-line vote.

So there were those who sold to the farmers the Freedom to Farm bill on the basis that they would have planting flexibility. But we did so in our proposal. We provided planting flexibility in our alternative—I believe it was the Senator from North Dakota who offered it——

Mr. DORGAN. Senator CONRAD.

Mr. HARKIN. Senator CONRAD, the other Senator from North Dakota, offered it. That was to provide that planting flexibility. We were all for that. There was no one here who was not for that. I think farmers by and large got very confused by that. They were told by our friends on the other side of the aisle you had to have Freedom to Farm to get flexibility. That is not so. What happened with Freedom to Farm is that it took away the safety net and we are in the situation we are in right now. I repeat, for emphasis' sake, these big cash payments are an inherent part of the Freedom to Farm bill.

I will yield for one more question.

Mr. WELLSTONE. I will say to my colleagues—and I know they are waiting to speak, and I will soon be done after just a final question—I apologize you have to wait.

I especially say that to Senator GRASSLEY since he was gracious enough, when I was in Iowa, to tell me if I needed a place to stay, I could stay at his farm. I much appreciated it.

Mr. HARKIN. He would have fed you pretty well, too.

Mr. WELLSTONE. I know. I am going to do it next time for sure.

Let me ask one more question, and before I do, I ask unanimous consent—if tomorrow morning we are going to be in debate as well—that I could have 15 minutes to speak on this.

Mr. COCHRAN. Reserving the right to object, what is the request?

Mr. WELLSTONE. I was asking whether or not tomorrow morning we are also going to be in debate on this and that I could have 15 minutes to speak on it.

Mr. COCHRAN. I am constrained to object to any request to speak in the morning. We have not had an announcement as to what time we are coming in or how the bill will be handled. The usual rules of seeking recognition I think probably will apply tomorrow.

Mr. WELLSTONE. OK. Let me ask my colleague: My friend from North Dakota made the distinction between agriculture and family farmers; his passion is for the producers, the family farmers. Beyond this assistance bill, we would like to see something that would help people continue to survive. In Minnesota, on August 21, we are going to have a Rural Crisis Unity Day with a whole congressional delegation there to meet with the farmers and business people and all, really, of rural Minnesota. Does he think it would be helpful for people to say: We need you to do something about the price crisis; we need you to do something to make sure we get a fair shake; we need you to make sure it is not just for Cargill, it is for family farmers; it is not just for IBP or the packers—it is not for the packers, it is for the producers? Do you think this is the kind of thing we are going to need to see in many of our agricultural States over the next several months to come, to put the pressure on the House and Senate to pass a bill for family farmers as opposed to these big conglomerates?

Mr. HARKIN. I say to my friend from Minnesota, I hope each of us in our own capacity would understand what is happening out there right now. We are not blind. We are not deaf. We are not without the capability of going out in the countryside and talking to farmers and listening to them. We all do that.

If we have eyes to see and ears to hear and a decent knowledge of what is happening on the farms, I hope we will not have to have all the rallies and have farmers come to big meetings to try to impress upon us this need. I daresay, however, the way things are going that will happen.

If we do not address the underlying aspects of the Freedom to Farm bill,

you are going to get more and more farmers out to these meetings, especially after harvest. Of course, farmers are busy during the harvest. You will not see too many of them probably in the fall. It is going to be a long, cold winter if we do not change the underlying bill. It will not be just the farmers, you will have the bankers come in. I have heard from bankers in, and you are going to have people from small towns and communities, the school boards and everybody else saying: Look, what is happening? Our towns are drying up.

I say to my friend from Minnesota, I hope we will not force farmers to go to meetings and plead with us to recognize the dire straits they are in. We know it. We know what it is like out there. We have all the data. We have the statistics. We know what the prices are like. Pick up the newspaper and read what the prices are. Look at what futures prices are. I had a chart earlier today about the prices. Cash price of soybeans is down about half, about 45 percent in about the last 2 years. You do not really need much more than that to understand what the problem is, I say to my friend from Minnesota.

Mr. President, I ask unanimous consent to print in the RECORD an outline of the $10.793 billion that is in the first-degree amendment, which is pending at the desk, outlining the different line items and where that money goes so people can look at it tonight.

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

Democratic position: Emergency relief for agriculture

[In billions of dollars]

Income	6.045
Income Loss Payment	5.600
Dairy	0.400
Peanuts	0.045
Tobacco farmers	0.328
Total	6.373
Disaster	2.274
Crop insurance—30% premium discount	0.400
Backfill 1998 disaster programs	0.356
Livestock assistance programs	0.200
Section 32 (domestic food purchases, direct payments related to natural disasters)	0.500
Disaster Reserve	0.500
Flooded land program	0.250
Emergency short-term land diversion program	0.200
Producers erroneously denied eligibility for '98 relief	0.070
FSA loans	0.100
FSA emergency staffing needs	0.040
Ag mediation	0.002
USDA rapid response teams	0.001
Shared Appreciation Agreement regulatory relief	.....
Total	2.619
Income/disaster total	8.992
Emergency conservation	0.212

Democratic position: Emergency relief for agriculture—Continued

[In billions of dollars]

Emergency Watershed Program	0.060
Emergency Conservation Program	0.030
EQIP—Prioritize livestock/nutrient management	0.052
Wetlands Restoration Program	0.070
Total	0.212
Emergency trade provisions	1.288
Humanitarian assistance, oilseeds and other	0.978
Cooperator program (foreign market development)	0.010
Step 2 (cotton)	0.439
Total	1.427
Emergency economic development	0.150
Cooperative revolving loan fund	0.050
Emergency rural economic assistance	0.100
Total	0.150
Emergency policy reform	0.012
Mandatory price reporting funding	0.004
Country-of-origin labeling	0.008
Total	0.012
Grand total	10.793

Mr. HARKIN. I thank the indulgence of my friend from Indiana. I know my friend wanted to engage in a little colloquy. I am sorry for holding him up. I yield the floor.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. COCHRAN. Mr. President, I ask unanimous consent that the distinguished Senator from Indiana, Mr. LUGAR, be recognized for such time as he may consume.

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

Mr. LUGAR. Mr. President, I want to discuss the two amendments which have been offered by my colleagues, the distinguished ranking member, Senator HARKIN of Iowa, and the distinguished chairman of the Agriculture Subcommittee on Appropriations, Senator COCHRAN. But I want to do so in the context in which Senators may be thoughtful about what type of action is appropriate, given not only the problems of agriculture but likewise the general problems that we have in this country that we are trying to address.

I note, for example, that the President of the United States, in his speech to the Nation on agriculture on Saturday, indicated that there are a number of things at stake here. I quote the President:

> I am committed to working with Congress to provide the resources to help our farmers and ranchers by dealing with today's crisis and by fixing the farm bill for the future. But we must do so in a way that maintains the fiscal discipline that has created our prosperity that now makes it possible for us to save Social Security, strengthen and modernize Medicare with a prescription drug benefit and to pay off our national debt guaranteeing our long-term financial prosperity. These things are good for America's farming and ranching families, too, and they're good for all Americans.

I quote the President because the administration has been asked a number of times for an opinion on what type of emergency spending, if any, is appropriate at this point, on August 2, for a harvest that, by and large, is not yet in and with conditions that must, of necessity, be unknown. The administration has been reticent to address this situation with any figure, in large part because the administration and, for that matter, many people in this Senate have been arguing over how the surplus we believe will come after September 30 should be spent or the surplus for future years. There have been a number of strong contending ideas which include the rescue of Medicare and Social Security reform, tax reduction, prescription drugs for those in Medicare who do not have that, and the various other things the President has cited.

I make this point because usually on this floor we are into that kind of debate about our future and about how to use our resources. But from time to time, we have a debate on agriculture, and everything else is suspended. It is as if the money we are talking about today, the $10.8 billion, for example, that Senator HARKIN addressed, does not pertain to any of the above—tax reduction, Medicare, Social Security, the surplus, and what have you. It is deemed emergency spending, outside the budget, outside the budget caps, outside of our general consideration.

If we are to do emergency spending of that amount or any amount, there must be some requirements to show the criteria for what is required. That is what I want to review with the Senate this evening.

I suggest the Department of Agriculture, in its most recent summary of where agriculture stands, points out that with low commodity prices in 1999, the year we are in, net farm income will be $43.8 billion. They point out that will fall below the revised estimate of $44.1 billion for 1998, last year. That means the estimate for this year is $300 million, or less than a 1 percent change, from the net income in 1998.

I make that point because, as I have listened to the debate, Senators appear to be describing a loss that is substantially greater than that, but USDA in estimates made just last week, plugging in the low prices and plugging in also sometimes low inputs—that is, for feed costs and various other things agriculture people will need—have come to a conclusion the net change is only the difference between $44.1 billion and $43.8 billion.

Beyond that, the average net income of the last 5 years has been $46.7 billion, which means this year's figure, if

it comes out this way, is $2.9 billion less than the 5-year average. The average for the 8-year period covering 1990 through 1997 is $45.7 billion, so this year's result is 1.9 less than the 8-year average, or approximately 4 percent.

I am not making a claim it is higher; I am saying it is going to be lower. It is going to be lower by $300 million as opposed to last year and at least $2 billion to $3 billion less than the 5-year and 8-year averages.

As I have been listening to the debate and Senators have described this as a depression, a circumstance, Senators must take a look at the parameters of what is the actual set of facts. Let me point out historically the high water mark for agricultural income in the last 10 years was $54.9 billion in 1996. That followed the low year in 1995 of $37.2 billion. Low of 37, high of 54.9. Average: 45, 46 for the 5-year/10-year situations. This year: 43.8, close to 44 billion.

That is the range. This is net income, not net loss. Agriculture had a substantial net income never below $37 billion and never higher than $54.9 billion in this 10-year period of time.

We are taking a look at a situation that shows loss, but we ought to quantify that loss. These are the official USDA projections as of last week.

Senators will recall that 1998's net farm income of $44 billion included $12.2 billion of direct Federal Government payments. About $9 billion was provided by the farm bill and the remaining $3 billion was made available by the October 1998 emergency appropriations bill. But this year, already, before this legislation comes to the floor, Federal payments are projected to be $16.6 billion.

Let me point out how this can be true. The safety net provided by the current farm bill—that safety net—provides for an annual transition payment, a so-called AMTA payment, of $5.1 billion. That is provided for by the farm bill, and to be paid to all farmers according to formula at the times that are prescribed. But loan deficiency payments for corn, wheat, soybean, and other crops eligible for marketing loans are estimated at $6.6 billion. This is a safety net provided by the current farm bill.

It has been suggested a number of times that the current farm bill, in its emphasis upon market economics, has no safety net. But I am pointing out $5.1 billion in AMTA payments and another $6.6 billion in so-called loan deficiency payments, still another $4.8 billion to be paid out in conservation and crop loss disaster payments, with $2 billion of that authorized by the 1998 October emergency appropriations bill.

It is important to note that most of the farm debate has focused on low prices, and charts have been given to the Senate indicating how prices have tended downward over the years. But, nevertheless, the more important figure would be price times yield; that is, the income that comes from an acre.

If, in fact, the price is low but the yield is high, the product of the two may still be a reasonable return for that acre in that year. There is an even more important fact that I suspect that many Senators have not thought through clearly. An article that I saw on the front page of USA Today talked about a farm meeting the distinguished occupant of the Chair attended in Illinois. That particular article mentioned low prices and pointed out the depression and the fall of those prices.

But if the price of corn—as has been sometimes suggested—has been quoted at elevators at $1.75 or $1.70 per bushel, the good news is that a farmer will receive, at least if he is a farmer in the central part of Indiana, $1.95. That is price guaranteed through the loan deficiency payment in that part of the state.

How does this work? Let's say the farmer brings the corn in and the market price is $1.70 per bushel at the time of harvest. At the Beach Grove elevator in Indianapolis, that farmer will receive what amounts to 25 cents a bushel more, bringing that $1.70 up to $1.95. The same is true for soybeans at Beach Grove, IN. The soybean loan rate will be $5.40. In some parts of the country it may be $5.26, I am advised, but it is not $4 or $4.50 or $4.60 or $3.75 or various figures that have been quoted.

This is a tough concept to try to get across because even after you make the point again and again, people talk about a $3.75 market price for soybeans. What I am saying is that every bushel of soybeans the farmer brings into the elevator, he is going to get $5.26 to $5.40 because the government's loan deficiency payment will provide him with a payment equal to the difference between his market price and the local county loan rate. That is very different.

This is not a question about how low the prices are going to go. If they go lower, the loan deficiency payment is higher. That is why the Federal Government will be paying out at least $6.6 billion to make up the difference. It was the same for wheat. In many parts of the country, the wheat harvest has already come in. But the government guarantees at least $2.58 for wheat at many elevators around the country.

I make that point because that is the safety net of the current farm bill. It is a pretty strong safety net. It will provide a very substantial amount of income as the harvests occur, as the grain comes in, as the loan rates are established. It will amount to $6.6 billion that has not yet been received but will be received by farmers. Hopefully, that will take the debate away from a comparison of how low the prices are going to go to the concrete figure of what the loan deficiency payment will be—specifically, as I say, again, in most parts of the country, at least $1.89 for every bushel of corn, $2.58 for every bushel of wheat, and $5.26 for every bushel of soybeans. At many elevators it will be a higher figure than that, including the one in Indianapolis that I cited. Farmers receive that even if the quoted market price is much lower.

Let me mention some other statistics the USDA has pointed out that may give you some idea about the parameters of our discussion.

In the same report last week of USDA giving estimates on net income, USDA also went into the question of farm assets and farm debt and farm equity. If you had heard the entirety of the debate today—or maybe for some time—on this issue, the Chair might logically believe that land values in this country are going down if they pertain to agriculture; that the net worth of farmers collectively in this country is going way down. That, in fact, is not the case.

The Agriculture Department points out that farm equity, which was $825 billion in 1996, rose to $857 billion in 1997. It is estimated to go up to $865 billion this year. That is an increase of approximately $9 billion more, or a 1-percent increase in net worth. The farm real estate figures are $802 billion for this year as opposed to $794 billion last year, and $783 billion the year before, and $746 billion the year before that.

It does not mean every acre of land in every county all over America is going up. As a matter of fact, the Federal Reserve Board statistics for my home State of Indiana indicate an estimate that in the first quarter of 1999, real estate values in agriculture may have gone down by 2 percent. As a matter of fact, that was true of a number of States. But in a fair number of States, obviously, the estimate is that agricultural land is going up. The aggregate, the total, for America is the land values are higher. Furthermore, the net worth is higher because farm debt will decrease from $172 billion to $171 billion.

Once again, listening to the debate you would say, how can that be? If we are in a depression circumstance, how can you be arguing that real estate on farms is going up, that net worth is going up, that debt is coming down? Because that is what is occurring. You can give any number of statistics about prices falling, but the fact is that net income is going to fall by $300 million. And that will still be within $2 to $3 billion of a range for the last 5 or 10 years of time.

Let me try to bring clarity to the argument in still another way.

The distinguished Senator from Iowa, Mr. HARKIN, has mentioned, in a fact sheet that he released and he gave some of these figures again today, that there will be a 29-percent drop in agricultural income, but Senator HARKIN

correctly says this is a drop in principal field crops, not all of agriculture, but principal field crops.

I have noted that situation on my own farm. The distinguished Senator from Iowa, Mr. GRASSLEY, is on the floor. He has a family farm and could cite statistics from his farm if he were inclined to do so.

On my farm, Lugar farm in Marion County, IN, our net income in 1998 was 18 percent less than in 1997. That was true principally because our major income sources were soybeans and corn. My guess is that our net income in 1999 may have a similar reduction, although I hope not so great as the 18-percent that was suffered the earlier year.

Obviously, it makes a very great deal of difference, when you come to the net income situation or the difficulty of a farmer, whether the farmer has debt. Our situation is one in which we do not have debt. We are able to finance our operating loans, our operating expenses, without loans and out of retained capital. So that gives you a big headstart. For those farmers who have extended themselves to buy the adjacent farm or have never quite paid off the family mortgage and who must borrow each year to put a crop in the field, the interest costs are very substantial. Those are reflected still in the overall aggregate statistics of net farm income in this country.

As you take a look at ag statistics, the fourth that do the best as opposed to the fourth that do not do as well, very frequently the same amount of land is involved, same weather was involved. The question of debt intrudes and makes a big difference in the bottom line figure; likewise, the sophistication of the marketing plan. Even in the midst of the crisis we were talking about last week, I was able to make a sale of 1,000 bushels of corn to an elevator in Indianapolis at a figure higher than the loan rate, the government's guaranteed minimum price. That prospect was available to each farmer in America, I suspect, that day. We sold that corn for $1.97 for fall delivery. That is not a high price, but that is corn that will not be receiving a loan deficiency payment, corn sold in a market which is still out there. In weather-driven spurts, farmers have been able to market corn and soybeans even under these dire circumstances.

I make that point because those who made sales forward contracts last February and March were able to sell their corn and their soybeans at prices that were substantially higher. Many farmers do these sales; some farmers do not. We are attempting to deal with a situation of a total aggregate, those that did very well and those that did not do so well.

Finally, it seems to me it comes to a basic decision the Senate must make. That is, should the Senate say that agriculture, farmers in America, ought to be made whole, at least to the extent their income is raised to, say, the average level of the last 5 years or the average level of the last 10 years? Is it the goal of the Senate to say no, that is not good enough? What we ought to do is make certain that 1999 is one of the best years agriculture has ever had.

The proposals before us today will not boost the $44 billion more or less of net farm income to $54.9, although they come very close. If the Democratic amendment was adopted and, literally, you added $10.8 billion to the estimate of 43.8, you come up to 54.6, which is just 300 million short of the all-time record for net farm income. In short, not a rescue operation but an idea, I suspect, that this is a good time to, if not set a new record, at least come very close to that through additional Government payments. That may not be the intent of the Senate.

My guess is most Senators understand that farm income is down and they would like to make farmers whole, at somewhere around an average level, which would appear to mean a payment of $2 or $3 billion. Neither of the proposals before us is of that nature.

I have pointed out in colloquies with the press during the past week that there is before the Agriculture Committee now a risk management bill that would, in fact, provide about $2 billion a year for each of the next 3 years if passed, and that would pretty well fill the gap, if that was the intent of the Senate to do that.

I conclude that Senators finally will take a look at this entire situation and reach some overall judgments. Let me offer at least some reasons why some payments might be justified.

First of all, farmers or the rest of America could not have anticipated the Asian crisis that hit about 2 years ago. The last year, in 1998, probably took away 40 percent of the demand of Asian countries for American agricultural products. That probably took away 10 percent of our entire market last year, which means that demand fell overnight by 10 percent, whereas supplies for the last 3 years have not only been ample but around the world the weather has been mighty good and the amount of supply abundant, really throughout that period of time. So a 40-percent hit in terms of the Asian export demand hit very hard. It hit suddenly. Within a 90-day period of time we realized that difficulty.

Let me also mention, in addition to the Asian situation and the oversupply situation, the abnormally good weather in China, in Europe, in Brazil, in Argentina, Australia, major sources of food throughout the world, that the American farmers have run up against the problem of genetically modified organisms in European debate, which means that Europeans are rejecting corn and soybeans that come with the roundup ready genetic changes.

As we all know in America agriculture, in order to get rid of the weeds in the field, it is a much simpler process. It strengthens, certainly, the soybean and corn plants, if a gene is changed in the corn or soybean plants that rejects the herbicides that kills all the weeds but leaves the corn and the soybeans standing. We believe that not only is corn and soybeans from such situations safe, but as a matter of fact, our yields have increased. The health of the plants has increased, and we felt all over the world people might want to benefit from these breakthroughs. Not so in Europe, and a debate rages as to whether there is something fundamentally wrong with our genetically modified seeds to the point we are finding it very difficult to export a single bushel of corn or beans to the European market. That debate is going to go on for awhile, and it has not been helpful.

We are on the threshold of a World Trade Organization meeting in Seattle that comes up in October. We must have fast track authority. That is, the President must be able to negotiate on behalf of the administration with other countries, knowing this body will vote up or down on the treaty without amendment, because amendments by all of us attempting to influence the situation to benefit our particular States or crops or so forth could be matched by amendments all over the world and the treaty negotiations collapse.

We don't have fast track authority. We have tried in this body several times to obtain that. The House of Representatives had similar difficulties. It will require enormous leadership by the President and by many of us, but we cannot make a new treaty that knocks down trade barriers, that increases our exports in the way that all Senators want, without doing the basic steps. Fast track authority is one of them, as well as a determined will that agriculture will not be left off the wagon, that agriculture is an integral part of what our Nation must do at the WTO meetings.

I make this point because we talk, often glibly, about the need for exports. Of course, we have a need for exports. But they will not happen in the quantities that we need to have happen without lowering tariff and nontariff barriers, and the Seattle meeting is where that does or does not get done. If we don't have fast-track authority, it will not occur during this administration. That is a long time.

So for all these reasons, farmers have taken a direct hit, largely because of worldwide demand and in the case of many fields in the State of Illinois, or in my State of Indiana, or the State of Iowa, as much as a third to a half of all our acreage literally results in yields that must be exported, or we have it coming up around our ears. We know

that and yet, as a Nation, we have not moved aggressively to make the difference that has to occur.

So for all these reasons, the Senate might come to a conclusion that some compensation is required for farmers in order to keep their cash flow going. I made the point earlier that, as a matter of fact, loans will be reduced this year. But cash flow will be reduced, also. And for those farmers who have the need for operating loans, who are genuinely in danger because of debt situations, the situation could be dire and family farms could be lost.

In the event that we are to make payments, the so-called AMTA payments, put money into the hands of farmers quickly, directly, and certainly—we had a pretty good demonstration of that last year. The Senate, in its wisdom, at the very end of the session as the large appropriation compromise came together, appropriated as part of a package about $6 billion for American agriculture. It came as a surprise to many, but the form of it came as a surprise that was even more difficult. About $3 billion of it came in AMTA payments. Those were made immediately. They were received by farmers in the first week of November, after passage late in October of the appropriation bill.

I make that point because if we are serious about money actually arriving in the hands of farmers, then we must be serious about the distribution method. The AMTA method gets the money to farmers. It does increase cash flow. It is seen as equitable. The ratios were long ago worked out on the basis of crop history and the signatures for the farm bill. The other half of the $6 billion was for so-called disaster payments. They were ill-defined then, as they are ill-defined now in the legislation in front of us.

The USDA struggled and, as a matter of fact, finally made payments in June of this year—not in November or October of last year—and it did so after exploring not only disasters of 1998 in some States, but '97, '96, '95 and '94—multiple years, all mopped up with some type of distribution and equity found among all sorts of contending parties in various States and counties.

Mr. President, money is not going to get to farmers very fast in distribution methods that suggest that type of procedure, however humane the motivation may be. As a matter of fact, payments aren't going to go to any farmer very soon from this legislation because the House of Representatives is not prepared to act upon this. So, therefore, whatever we are doing with urgency now is going to be a matter for September, or if the appropriation bills do not pass for October or November, or whenever a grand compromise occurs.

I make that point because farmers listening to this debate might feel there is some possibility as of tomorrow or the next day a vote by the Senate could lead to money coming to them. But it will not come to them very soon, whatever our result may be on the floor. Therefore, last week, I suggested that we have 3 days of hearings before the Senate Agriculture Committee, in which on the first day the Secretary of Agriculture would come before the committee and, hopefully, respond to our questions as to what the administration's recommendations are, given all that the President and the Secretary have said about the overall budget condition, about taxes, about Medicare, about Social Security, and given the administration's view of what is appropriate farm or agricultural legislation.

And if you follow this with other groups in our society who would respond to Senator's questions about this, the committee will hold a markup in the first week of September so that the Appropriations Committee that must now struggle with this legislation would have a fairly clear roadmap of what the compromises were and what considerations have been given.

Furthermore, the September debate would give us a pretty good idea of what the yields actually are going to be for a number of our major crops. I suspect that, even as we speak, as people now begin to talk about a different problem in agriculture—namely, drought—a whole slew of new considerations are going to come into the picture. The price might go up and the yield might go down. Once again, the product of the two is the critical element, rather than the new per acre.

Mr. President, obviously, we are in this debate because the occupant of the chair and, more particularly, the distinguished floor leader has indicated that we need to get on with this. I accept that fact. We will have tomorrow morning in the Agriculture Committee at 9 o'clock an appearance by the Secretary of Agriculture. We will ask him for his testimony and we will ask him for the administration's point of view, which I think is relevant to what we are discussing here.

I know it is relevant on the basis of last year's experience because we passed an agriculture appropriation bill, and it had considerable benefits for farmers. But it was vetoed by the President. And, as a result, the benefits did not accrue very rapidly, and we got into what I would say was a bidding war again. That is not advisable if it can be avoided in some normal framework. So I am hopeful that we will have a hearing, and at least that it will provide some benefit for the debate we are now having before us, and certainly for the debate we shall have again. We will have it again because the Appropriations Committees will have to come back with conference reports, and we will have to judge the adequacy or inadequacy of what we have done at that point.

Mr. President, I finally make the point that the previous speakers have stated there is an emergency to be met, an immediate need for income. But, fundamentally, we must debate the entire farm bill when we come back—not simply a question of adequate income for farmers, but the fundamental law of the land.

I am prepared for that debate, but I simply say that before Senators get engaged in the debate, it is well to gauge at least the benefits that come from the current farm bill. There are, to date, $16.6 billion this year, which is just $100 million short of an all-time record of farm payments. That is a substantial safety net. I make the point that the farm bill recognizes that point and, in fact, provides fairly amply when that occurs. But it also provides freedom to farm, and that is very important to most farmers in this country—the ability to determine how to manage their land, how many acres of corn, or beans, or cotton, or rice, or whatever the farmer wants to plant, or not to plant at all. The AMTA payment comes to a farmer who does not plant at all, because this is a transition from the date of supply control to a day in which we move into market economics and the farm area more completely. The thing the world dictates presently is that market economics is the important way to go. Our country testifies to that in almost every other debate.

I hope we will continue to testify in behalf of that when it comes to American agriculture.

I thank the Chair for this indulgence; likewise for other Senators.

I am hopeful that before action is taken on either of the two amendments, there will be testimony by the Secretary and then very thorough analysis by each Senator as to what our obligations should be to American agriculture both to encourage and enhance it and, likewise, that our obligation is to all the taxpayers of the country and the other major objectives that lie before our country.

I thank the Chair.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. COCHRAN. Mr. President, I thank the Senator from Indiana. He has definitely elevated the level of discussion on the issue before the Senate by his remarks. He has given this debate unusual insight based on his experience and his knowledge of the subject and his personal experience as one who is engaged in production agriculture in the State of Indiana.

I think the Senate has benefited from his remarks. I, for one, want to congratulate him and thank him for remaining on the floor this evening and giving the Senate the benefit of his observations on this issue.

Tomorrow, as he points out, there will be a hearing in the Agriculture

Committee which could also be very helpful to our further understanding of the situation. The Economic Research Service and other agencies of the Department of Agriculture could make available to us information that would be very helpful and constructive as we try to decide what is best in this situation for our farmers around the country.

I don't want to overdue this or guild the lily too brightly. But I personally respect the Senator so much—and he knows that —and consider him a great friend. I again express my personal appreciation for his being here tonight and for his leadership in the agriculture area specifically.

Mr. LUGAR. Mr. President, I thank the distinguished Senator from Mississippi, who is my friend and whose leadership I appreciate so much.

Let me inquire of the distinguished Senator from Mississippi if he knows of further debate. If not, I make an inquiry because I have been asked to substitute for the leader in making motions.

Mr. COCHRAN. Mr. President, I know of no other Senator who seeks recognition on this. I think it would be appropriate to go to final wrap-up.

Mr. LUGAR. I thank the Senator.

MORNING BUSINESS

Mr. LUGAR. Mr. President, I ask unanimous consent that the Senate now proceed to a period of morning business with Senators permitted to speak for up to 10 minutes each.

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

TAXPAYER REFORM ACT OF 1999

Mrs. LINCOLN. Mr. President, I wish to express my support for the Bingaman amendment to recommit S. 1429 to the Senate Finance Committee which would have enabled us to clarify that debt reduction is a top priority for this government in spending any budget surplus.

As we say in my home state of Arkansas, the best time to fix the roof is when the sun is still shining.

Now is the time for us to take steps to reduce our enormous federal debt. I believe we have an unprecedented opportunity before us. We've been making tough decisions—living within our means, so to speak.

We have a surplus that's bigger than we thought it would be and a chance to save Social Security for future generations, protect for Medicare and help older people afford prescription drugs.

So, now we have a shot at reducing our nation's debt, which in turn will lower interest rates and put more money back in the pockets of more Americans.

Using a major portion of any surplus accumulated in these times of prosperity to improve the financial integrity of the federal government. Reducing the national debt is a smart long-term strategy for the U.S. economy and it must be our priority in this bill.

Reducing our national debt will provide a tax cut for millions of Americans because it will restrain interest rates, saving them money on variable mortgages, new mortgages, auto loans, credit card payments, etc. Each percentage point decrease in interest rates would save American families hundreds of dollars every year.

By reducing the national debt we will protect future generations from increasing tax burdens. Currently, more than 25 percent of individual income taxes go to paying interest on our national debt. Every dollar of lower debt saves more than one dollar for future generations, a savings that can be used for tax cuts, or for covering the baby boomers retirement without tax increases.

Reducing the national debt will also make it easier for the government to deal with the future costs of Social Security and Medicare and repay the Social Security trust fund when the Social Security system faces annual shortfalls.

In addition, reducing the national debt will reduce our reliance on foreign investors. More than $1.2 trillion of the national debt—roughly one third of the publicly held debt—is held by foreign investors. In 1998, the U.S. government paid $91 billion in interest payments to foreign investors.

It was not the American way to live beyond one's means. Our parents taught us to work hard so that we can pay our bills, clothe our children and save for the future.

Accumulating debt and simply letting it grow and grow is not—and should not be—an option for most families around this country. It should no longer be the practice of this government.

Federal Reserve Board Chairman Alan Greenspan has repeatedly advised Congress that the most important action we could take to maintain a strong and growing economy is to pay down the national debt. I, for one, believe he is on the right track.

Clarifying our intent to prioritize debt reduction is the right thing to do.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business yesterday, Thursday, July 29, 1999, the Federal debt stood at $5,640,577,276,840.14 (Five trillion, six hundred forty billion, five hundred seventy-seven million, two hundred seventy-six thousand, eight hundred forty dollars and fourteen cents).

One year ago, July 29, 1998, the Federal debt stood at $5,543,291,000,000 (Five trillion, five hundred forty-three billion, two hundred ninety-one million).

Five years ago, July 29, 1994, the Federal debt stood at $4,636,362,000,000 (Four trillion, six hundred thirty-six billion, three hundred sixty-two million).

Twenty-five years ago, July 29, 1974, the Federal debt stood at $476,155,000,000 (Four hundred seventy-six billion, one hundred fifty-five million) which reflects a debt increase of more than $5 trillion—$5,164,422,276,840.14 (Five trillion, one hundred sixty-four billion, four hundred twenty-two million, two hundred seventy-six thousand, eight hundred forty dollars and fourteen cents) during the past 25 years.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business Friday, July 30, 1999, the Federal debt stood at $5,638,655,711,931.60 (Five trillion, six hundred thirty-eight billion, six hundred fifty-five million, seven hundred eleven thousand, nine hundred thirty-one dollars and sixty cents).

One year ago, July 30, 1998, the Federal debt stood at $5,544,483,000,000 (Five trillion, five hundred forty-four billion, four hundred eighty-three million).

Fifteen years ago, July 30, 1984, the Federal debt stood at $1,535,192,000,000 (One trillion, five hundred thirty-five billion, one hundred ninety-two million).

Twenty-five years ago, July 30, 1974, the Federal debt stood at $475,337,000,000 (Four hundred seventy-five billion, three hundred thirty-seven million) which reflects a debt increase of more than $5 trillion—$5,163,318,711,931.60 (Five trillion, one hundred sixty-three billion, three hundred eighteen million, seven hundred eleven thousand, nine hundred thirty-one dollars and sixty cents) during the past 25 years.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Williams, one of this secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

REPORT ON THE UNITED STATES EMERGENCY REFUGEE AND MIGRATION ASSISTANCE FUND—MESSAGE FROM THE PRESIDENT—PM 54

The PRESIDING OFFICER laid before the Senate the following message

from the President of the United States, together with an accompanying report; which was referred to the Committees on Appropriations, the Budget, and Foreign Relations.

To the Congress of the United States:

In accordance with the Congressional Budget and Impoundment Control Act of 1974, I herewith report one revised deferral of budget authority, now totaling $173 million.

The deferral affects programs of the Department of State.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *August 2, 1999.*

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. CAMPBELL, from the Committee on Indian Affairs, without amendment:

S. 944. A bill to amend Public Law 105–188 to provide for the mineral leasing of certain Indian lands in Oklahoma (Rept. No. 106–132).

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. BREAUX:

S. 1471. A bill to amend the Internal Revenue Code of 1986 to allow a deduction for contributions to individual investment accounts, and for other purposes; to the Committee on Finance.

By Mr. SARBANES (for himself, Ms. MIKULSKI, Mr. WARNER, Mr. ROBB, and Mr. AKAKA):

S. 1472. 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 Governmental Affairs.

By Mr. ROBB (for himself, Ms. COLLINS, Mr. JEFFORDS, Mr. LUGAR, Mr. TORRICELLI, Ms. SNOWE, and Mr. HOLLINGS):

S. 1473. A bill to amend section 2007 of the Social Security Act to provide grant funding for additional Empowerment Zones, Enterprise Communities, and Strategic Planning Communities, and for other purposes; to the Committee on Finance.

By Mrs. HUTCHISON:

S. 1474. A bill providing conveyance of the Palmetto Bend project to the State of Texas; to the Committee on Energy and Natural Resources.

By Mr. KENNEDY (for himself, Mr. DODD, Mr. CHAFEE, Mr. ROBB, Mr. AKAKA, Mrs. MURRAY, Mr. BINGAMAN, Mr. HARKIN, Mr. FEINGOLD, Mr. KERRY, and Mr. INOUYE):

S.J. Res. 30. A joint resolution proposing an amendment to the Constitution of the United States relative to equal rights for women and men; to the Committee on the Judiciary.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. THOMPSON:

S. Res. 170. A resolution recognizing Lawrenceburg, Tennessee, as the birthplace of southern gospel music; to the Committee on the Judiciary.

By Mr. TORRICELLI:

S. Res. 171. A resolution expressing the sense of the Senate that the President should renegotiate the Extradition Treaty Between the United States of America and the United Mexican States; to the Committee on Foreign Relations.

By Mr. VOINOVICH (for himself and Mr. LIEBERMAN):

S. Con. Res. 49. A concurrent resolution expressing the sense of Congress regarding the importance of ''family friendly'' programming on television; to the Committee on Commerce, Science, and Transportation.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. SARBANES (for himself, Ms. MIKULSKI, Mr. WARNER, Mr. ROBB, and Mr. AKAKA):

S. 1472. 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 Governmental Affairs.

FEDERAL EMPLOYEE RETIREMENT CONTRIBUTIONS ACT OF 1999

Mr. SARBANES. Mr. President, I am again pleased to join with my colleagues, Senators MIKULSKI, WARNER, ROBB and AKAKA, in introducing the Federal Employee Retirement Contributions Act of 1999. This bill makes a technical correction to legislation introduced last week that would return Federal employee retirement contribution rates to their 1998 levels, effective January 1st, 2000. It is my belief that the temporarily increased retirement contributions enacted as part of the Balanced Budget Act of 1997 represent an unfair penalty against Federal workers at a time when budget surpluses are predicted into the next ten years.

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. 1472

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 Employee Retirement Contributions Act of 1999''.

SEC. 2. DEDUCTIONS, CONTRIBUTIONS, AND DEPOSITS.

(a) CIVIL SERVICE RETIREMENT SYSTEM.—The table under section 8334(c) of title 5, United States Code, is amended—

(1) in the matter relating to an employee by striking:

''7.4 January 1, 2000, to December 31, 2000.
7.5 January 1, 2001, to December 31, 2002.
7 After December 31, 2002.'';

and inserting the following:

''7 After December 31, 1999.'';

(2) in the matter relating to a Member or employee for Congressional employee service by striking:

''7.9 January 1, 2000, to December 31, 2000.
8 January 1, 2001, to December 31, 2002.
7.5 After December 31, 2002.'';

and inserting the following:

''7.5 After December 31, 1999.'';

(3) in the matter relating to a Member for Member service by striking:

''8.4 January 1, 2000, to December 31, 2000.
8.5 January 1, 2001, to December 31, 2002.
8 After December 31, 2002.'';

and inserting the following:

''8 After December 31, 1999.'';

(4) in the matter relating to a law enforcement officer for law enforcement service and firefighter for firefighter service by striking:

''7.9 January 1, 2000, to December 31, 2000.
8 January 1, 2001, to December 31, 2002.
7.5 After December 31, 2002.'';

and inserting the following:

''7.5 After December 31, 1999.'';

(5) in the matter relating to a bankruptcy judge by striking:

''8.4 January 1, 2000, to December 31, 2000.
8.5 January 1, 2001, to December 31, 2002.
8 After December 31, 2002.'';

and inserting the following:

''8 After December 31, 1999.'';

(6) in the matter relating to a judge of the United States Court of Appeals for the Armed Forces for service as a judge of that court by striking:

''8.4 January 1, 2000, to December 31, 2000.
8.5 January 1, 2001, to December 31, 2002.
8 After December 31, 2002.'';

and inserting the following:

''8 After December 31, 1999.'';

(7) in the matter relating to a United States magistrate by striking:

''8.4 January 1, 2000, to December 31, 2000.
8.5 January 1, 2001, to December 31, 2002.
8 After December 31, 2002.'';

and inserting the following:

''8 After December 31, 1999.'';

(8) in the matter relating to a Court of Federal Claims judge by striking:

''8.4 January 1, 2000, to December 31, 2000.
8.5 January 1, 2001, to December 31, 2002.
8 After December 31, 2002.'';

and inserting the following:

''8 After December 31, 1999.'';

(9) in the matter relating to the Capitol Police by striking:

''7.9 January 1, 2000, to December 31, 2000.
8 January 1, 2001, to December 31, 2002.
7.5 After December 31, 2002.''.

and inserting the following:

''7.5 After December 31, 1999.'';

and

(10) in the matter relating to a nuclear material courier by striking:

''7.9 January 1, 2000, to December 31, 2000.
8 January 1, 2001, to December 31, 2002.
7.5 After December 31, 2002.''.

and inserting the following:

7.5 After December 31, 1999.''.

(b) FEDERAL EMPLOYEES' RETIREMENT SYSTEM.—Section 8422(a) of title 5, United States Code, is amended by striking paragraph (3) and inserting the following:

''(3) The applicable percentage under this paragraph for civilian service shall be as follows:

''Employee	7	January 1, 1987, to December 31, 1998.
	7.25	January 1, 1999, to December 31, 1999.
	7	After December 31, 1999.
Congressional employee.	7.5	January 1, 1987, to December 31, 1998.
	7.75	January 1, 1999, to December 31, 1999.
	7.5	After December 31, 1999.
Member	7.5	January 1, 1987, to December 31, 1998.
	7.75	January 1, 1999, to December 31, 1999.
	7.5	After December 31, 1999.
Law enforcement officer, firefighter, member of the Capitol Police, or air traffic controller.	7.5	January 1, 1987, to December 31, 1998.
	7.75	January 1, 1999, to December 31, 1999.
	7.5	After December 31, 1999.
Nuclear materials courier.	7	January 1, 1987, to the day before the date of enactment of the strom Thurmond National Defense Authorization Act for Fiscal Year 1999.
	7.75	The date of enactment of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 to December 31, 1998.
	7.75	January 1, 1999, to December 31, 1999.
	7.5	After December 31, 1999.''.

SEC. 3. CONFORMING AMENDMENTS RELATING TO MILITARY AND VOLUNTEER SERVICE UNDER FERS.

(a) MILITARY SERVICE.—Section 8422(e)(6) of title 5, United States Code, is amended to read as follows:

''(6) The percentage of basic pay under section 204 of title 37 payable under paragraph (1), with respect to any period of military service performed during January 1, 1999, through December 31, 1999, shall be 3.25 percent.''.

(b) VOLUNTEER SERVICE.—Section 8422(f)(4) of title 5, United States Code, is amended to read as follows:

''(4) The percentage of the readjustment allowance or stipend (as the case may be) payable under paragraph (1), with respect to any period of volunteer service performed during January 1, 1999, through December 31, 1999, shall be 3.25 percent.''.

SEC. 4. OTHER FEDERAL RETIREMENT SYSTEMS.

(a) CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM.—

(1) DEDUCTIONS, WITHHOLDINGS, AND DEPOSITS.—Section 7001(c)(2) of the Balanced Budget Act of 1997 (Public Law 105–33; 111 Stat. 659) is amended to read as follows:

''(2) INDIVIDUAL DEDUCTIONS, WITHHOLDINGS, AND DEPOSITS.—Notwithstanding section 211(a)(1) of the Central Intelligence Agency Retirement Act (50 U.S.C. 2021(a)(1)) beginning on January 1, 1999, through December 31, 1999, the percentage deducted and withheld from the basic pay of an employee participating in the Central Intelligence Agency Retirement and Disability System shall be 7.25 percent.''.

(2) MILITARY SERVICE.—Section 252(h)(1)(A) of the Central Intelligence Agency Retirement Act (50 U.S.C. 2082(h)(1)(A)), is amended to read as follows:

''(h)(1)(A) Each participant who has performed military service before the date of separation on which entitlement to an annuity under this title is based may pay to the Agency an amount equal to 7 percent of the amount of basic pay paid under section 204 of title 37, United States Code, to the participant for each period of military service after December 1956; except, the amount to be paid for military service performed beginning on January 1, 1999, through December 31, 1999, shall be 7.25 percent of basic pay.''.

(b) FOREIGN SERVICE RETIREMENT AND DISABILITY SYSTEM.—

(1) IN GENERAL.—Section 7001(d)(2) of the Balanced Budget Act of 1997 (Public Law 105–33; 111 Stat. 660) is amended by striking subparagraphs (A) and (B) and inserting the following:

''(A) IN GENERAL.—Notwithstanding section 805(a)(1) of the Foreign Service Act of 1980 (22 U.S.C. 4045(a)(1)), beginning on January 1, 1999, through December 31, 1999, the amount withheld and deducted from the basic pay of a participant in the Foreign Service Retirement and Disability System shall be 7.25 percent.

''(B) FOREIGN SERVICE CRIMINAL INVESTIGATORS/INSPECTORS OF THE OFFICE OF THE INSPECTOR GENERAL, AGENCY FOR INTERNATIONAL DEVELOPMENT.—Notwithstanding section 805(a)(2) of the Foreign Service Act of 1980 (22 U.S.C. 4045(a)(2)), beginning on January 1, 1999, through December 31, 1999, the amount withheld and deducted from the basic pay of an eligible Foreign Service criminal investigator/inspector of the Office of the Inspector General, Agency for International Development participating in the Foreign Service Retirement and Disability System shall be 7.75 percent.''.

(2) CONFORMING AMENDMENT.—Section 805(d)(1) of the Foreign Service Act of 1980 (22 U.S.C. 4045(d)(1)) is amended in the table in the matter following subparagraph (B) by striking:

''January 1, 1970, through December 31, 1998, inclusive	7
January 1, 1999, through December 31, 1999, inclusive	7.25
January 1, 2000, through December 31, 2000, inclusive	7.4
January 1, 2001, through December 31, 2002, inclusive	7.5
After December 31, 2002	7''.

and inserting the following:

''January 1, 1970, through December 31, 1998, inclusive	7
January 1, 1999, through December 31, 1999, inclusive	7.25
After December 31, 1999	7.''.

(c) FOREIGN SERVICE PENSION SYSTEM.—

(1) IN GENERAL.—Section 856(a)(2) of the Foreign Service Act of 1980 (22 U.S.C. 4071e(a)(2)) is amended to read as follows:

''(2) The applicable percentage under this subsection shall be as follows:

''7.5 Before January 1, 1999.
7.75 January 1, 1999, to December 31, 1999.
7.5 After December 31, 1999.''.

(2) VOLUNTEER SERVICE.—Section 854(c)(1) of the Foreign Service Act of 1980 (22 U.S.C. 4071c(c)(1)) is amended by striking all after ''volunteer service;'' and inserting ''except, the amount to be paid for volunteer service beginning on January 1, 1999, through December 31, 1999, shall be 3.25 percent.''.

SEC. 5. EFFECTIVE DATE.

This Act and the amendments made by this Act shall take effect on December 31, 1999.

By Mr. ROBB (for himself, Ms. COLLINS, Mr. JEFFORDS, Mr. LUGAR, Mr. TORRICELLI, Ms. SNOWE, and Mr. HOLLINGS):

S. 1473. A bill to amend section 2007 of the Social Security Act to provide grant funding for additional Empowerment Zones, Enterprise Communities, and Strategic Planning Communities, and for other purposes; to the Committee on Finance.

EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES ACT

• Mr. ROBB. Mr. President, I am pleased to introduce today important legislation that will help low-income rural and urban areas nationwide reinvigorate their communities.

The Empowerment Zones and Enterprise Communities Act will fully fund the Round II Enterprise Zones authorized by Congress in 1997. The Enterprise Zones/Enterprise Community (EZ/ECs) concept combines tax credits and social service grants to promote long-term economic revitalization. The most important aspect of Enterprise Zones are their inclusive approach—by design—so local government, the private sector and non-profit and civic groups together create a vision and a plan to implement that vision, with the federal government playing a supportive role rather than the lead role.

I'm sure many Senators can point with pride to the successes within their

own states, but I'd like to take a moment to talk about the Norfolk-Portsmouth Enterprise Zone (EZ) in my state of Virginia. The Norfolk-Portsmouth EZ won its new designation in 1997. One of the many services Norfolk-Portsmouth provides through Norfolk Works, Inc. the entity implementing the many activities of the EZ, are GED classes and job training and apprenticeship programs. There's even a Multi-media Training Course, which includes an 15-week internship at a media company. Norfolk Works also recruits and screen applicants for jobs. And they don't do this alone: Norfolk Works coordinates with many agencies, organizations and businesses to help the residents within the Norfolk-Portsmouth Zone. Already, the Norfolk Works has produced impressive results—from May 1995 to June 1999, 60 percent of those completing training are employed with another 16% involved in additional training.

The success of the Norfolk-Portsmouth Enterprise Zone is just one example of the promise and results of Enterprise Zones. But unlike Round I EZ/ECs, Round II EZ/ECs did not receive the Social Service Block Grant (SSBG) that provides resources for social services such as job training and child care which complements the tax incentives and bonding authority already approved.

Communities competed for these designations with the understanding that Congress would give them the full funding to implement their vision. We have a responsibility to fulfill our obligations to these communities, that worked very hard to win the resources to make their vision a reality.

I look forward to working with our colleagues to fulfill this promise.●

ADDITIONAL COSPONSORS

S. 37

At the request of Mr. GRASSLEY, the name of the Senator from Maine (Ms. COLLINS) was added as a cosponsor of S. 37, a bill to amend title XVIII of the Social Security Act to repeal the restriction on payment for certain hospital discharges to post-acute care imposed by section 4407 of the Balanced Budget Act of 1997.

S. 307

At the request of Mr. WYDEN, the name of the Senator from Minnesota (Mr. GRAMS) was added as a cosponsor of S. 307, a bill to amend title XVIII of the Social Security Act to eliminate the budget neutrality adjustment factor used in calculating the blended capitation rate for Medicare + Choice organizations.

S. 335

At the request of Mr. FEINGOLD, his name was added as a cosponsor of S. 335, a bill to amend chapter 30 of title 39, United States Code, to provide for the nonmailability of certain deceptive matter relating to games of chance, administrative procedures, orders, and civil penalties relating to such matter, and for other purposes.

At the request of Mr. HUTCHINSON, his name was added as a cosponsor of S. 335, supra.

At the request of Mr. ABRAHAM, his name was added as a cosponsor of S. 335, supra.

At the request of Ms. COLLINS, the names of the Senator from New Mexico (Mr. DOMENICI) and the Senator from Minnesota (Mr. WELLSTONE) were added as cosponsors of S. 335, supra.

At the request of Mr. LAUTENBERG, his name was added as a cosponsor of S. 335, supra.

S. 341

At the request of Mr. CRAIG, the names of the Senator from Alabama (Mr. SESSIONS) and the Senator from Mississippi (Mr. COCHRAN) were added as cosponsors of S. 341, a bill to amend the Internal Revenue Code of 1986 to increase the amount allowable for qualified adoption expenses, to permanently extend the credit for adoption expenses, and to adjust the limitations on such credit for inflation, and for other purposes.

S. 472

At the request of Mr. GRASSLEY, the names of the Senator from Ohio (Mr. DEWINE) and the Senator from Massachusetts (Mr. KERRY) were added as cosponsors of S. 472, a bill to amend title XVIII of the Social Security Act to provide certain medicare beneficiaries with an exemption to the financial limitations imposed on physical, speech-language pathology, and occupational therapy services under part B of the medicare program, and for other purposes.

S. 635

At the request of Mr. MACK, the name of the Senator from New Hampshire (Mr. SMITH) 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. 712

At the request of Mr. LOTT, the name of the Senator from Montana (Mr. BURNS) was added as a cosponsor of S. 712, a bill to amend title 39, United States Code, to allow postal patrons to contribute to funding for highway-rail grade crossing safety through the voluntary purchase of certain specially issued United States postage stamps.

S. 777

At the request of Mr. FITZGERALD, the name of the Senator from Michigan (Mr. LEVIN) was added as a cosponsor of S. 777, a bill to require the Department of Agriculture to establish an electronic filing and retrieval system to enable the public to file all required paperwork electronically with the Department and to have access to public information on farm programs, quarterly trade, economic, and production reports, and other similar information.

S. 935

At the request of Mr. LUGAR, the names of the Senator from Idaho (Mr. CRAIG), the Senator from Iowa (Mr. GRASSLEY), and the Senator from South Dakota (Mr. JOHNSON) were added as cosponsors of S. 935, a bill to amend the National Agricultural Research, Extension, and Teaching Policy Act of 1977 to authorize research to promote the conversion of biomass into biobased industrial products, and for other purposes.

S. 956

At the request of Ms. SNOWE, the name of the Senator from Maine (Ms. COLLINS) was added as a cosponsor of S. 956, a bill to establish programs regarding early detection, diagnosis, and interventions for newborns and infants with hearing loss.

S. 1028

At the request of Mr. HATCH, the name of the Senator from Arkansas (Mrs. LINCOLN) was added as a cosponsor of S. 1028, a bill to simplify and expedite access to the Federal courts for injured parties whose rights and privileges, secured by the United States Constitution, have been deprived by final actions of Federal agencies, or other government officials or entities acting under color of State law, and for other purposes.

S. 1128

At the request of Mr. KYL, the names of the Senator from Oregon (Mr. WYDEN) and the Senator from New Hampshire (Mr. GREGG) were added as cosponsors of S. 1128, a bill to amend the Internal Revenue Code of 1986 to repeal the Federal estate and gift taxes and the tax on generation-skipping transfers, to provide for a carryover basis at death, and to establish a partial capital gains exclusion for inherited assets.

S. 1187

At the request of Mr. DORGAN, the name of the Senator from Georgia (Mr. CLELAND) was added as a cosponsor of S. 1187, a bill to require the Secretary of the Treasury to mint coins in commemoration of the bicentennial of the Lewis and Clark Expedition, and for other purposes.

S. 1239

At the request of Mr. GRAHAM, the name of the Senator from Alaska (Mr. MURKOWSKI) was added as a cosponsor of S. 1239, a bill to amend the Internal Revenue Code of 1986 to treat spaceports like airports under the exempt facility bond rules.

S. 1240

At the request of Mr. MURKOWSKI, the name of the Senator from Georgia (Mr. COVERDELL) was added as a cosponsor of S. 1240, a bill to amend the Internal Revenue Code of 1986 to provide a partial inflation adjustment for capital

gains from the sale or exchange of timber.

S. 1268

At the request of Mr. HARKIN, the name of the Senator from Maine (Ms. COLLINS) was added as a cosponsor of S. 1268, a bill to amend the Public Health Service Act to provide support for the modernization and construction of biomedical and behavioral research facilities and laboratory instrumentation.

S. 1269

At the request of Mr. MCCONNELL, the name of the Senator from Idaho (Mr. CRAIG) was added as a cosponsor of S. 1269, a bill to provide that the Federal Government and States shall be subject to the same procedures and substantive laws that would apply to persons on whose behalf certain civil actions may be brought, and for other purposes.

S. 1272

At the request of Mr. NICKLES, the name of the Senator from Missouri (Mr. BOND) was added as a cosponsor of S. 1272, a bill to amend the Controlled Substances Act to promote pain management and palliative care without permitting assisted suicide and euthanasia, and for other purposes.

S. 1303

At the request of Mr. MURKOWSKI, the name of the Senator from Georgia (Mr. COVERDELL) was added as a cosponsor of S. 1303, a bill to amend the Internal Revenue Code of 1986 to modify certain provisions relating to the treatment of forestry activities.

S. 1468

At the request of Mr. LOTT, the name of the Senator from Michigan (Mr. ABRAHAM) was added as a cosponsor of S. 1468, a bill to authorize the minting and issuance of Capitol Visitor Center Commemorative coins, and for other purposes.

SENATE CONCURRENT RESOLUTION 42

At the request of Mr. ROBB, the name of the Senator from New Mexico (Mr. BINGAMAN) was added as a cosponsor of Senate Concurrent Resolution 42, a concurrent resolution expressing the sense of the Congress that a commemorative postage stamp should be issued by the United States Postal Service honoring the members of the Armed Forces who have been awarded the Purple Heart.

SENATE RESOLUTION 95

At the request of Mr. THURMOND, the name of the Senator from Alaska (Mr. STEVENS) 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 name of the Senator from Michigan (Mr. LEVIN) was added as a cosponsor of Senate Resolution 99, a resolution designating November 20, 1999, as ''National Survivors for Prevention of Suicide Day.''

AMENDMENT NO. 1495

At the request of Mr. BAUCUS the names of the Senator from New Mexico (Mr. BINGAMAN), the Senator from Kansas (Mr. ROBERTS), the Senator from South Dakota (Mr. JOHNSON), and the Senator from Washington (Mrs. MURRAY) were added as cosponsors of amendment No. 1495 intended to be proposed to S. 1233, an original bill making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 2000, and for other purposes.

SENATE CONCURRENT RESOLUTION 49—EXPRESSING THE SENSE OF CONGRESS REGARDING THE IMPORTANCE OF ''FAMILY FRIENDLY'' PROGRAMMING ON TELEVISION

Mr. VOINOVICH (for himself and Mr. LIEBERMAN) submitted the following concurrent resolution; which was referred to the Committee on Foreign Relations:

S. CON. RES. 49

Whereas American children and adolescents spend between 22 and 28 hours per week viewing television—more than any other activity except sleeping;

Whereas American homes have an average of 2.75 television sets, and 87 percent of homes with children having more than one television set;

Whereas a very limited number of prime time programs are suitable for the entire family;

Whereas surveys of television content demonstrate that many programs contain substantial sexual and/or violent content;

Whereas parents are ultimately responsible for the appropriate supervision of their child's television viewing, and critical viewing and ''co-viewing'' of television programming with the child are especially important;

Whereas ''family friendly'' programming means programs which are relevant, interesting, and appropriate for audiences of all ages, including movies, series, documentaries, and informational programs aired during hours when children and adults might be together watching television (between 8:00 p.m. and 10:00 p.m.);

Whereas ''family friendly'' programming is of a type that the average viewer or parent would not be embarrassed to watch with children in the room and ideally presents an uplifting message;

Whereas efforts must be made by television networks, studios, and the production community to produce more quality family friendly programs and to air them during times when parents and children are likely to be viewing together;

Whereas members of the Forum on Family Friendly Programming market products and services to entire families and are concerned about the dwindling availability of family friendly television programs during prime time viewing hours; and

Whereas Congress encourages activities by the Forum and other entities designed to promote family friendly programming, including—

(1) participating in meetings with leadership of major television networks, studios, and production companies to share concerns;

(2) expressing the importance of family friendly programming at industry conferences, meetings, and forums;

(3) honoring outstanding family friendly television programs with a new tribute, the Family Program Awards, to be held annually in Los Angeles, California;

(4) establishing a development fund to finance family friendly scripts; and

(5) underwriting scholarships at television studies departments at institutions of higher education to encourage student interest in family friendly programming: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That Congress—

(1) recognizes and honors the efforts of the Forum on Family Friendly Programming and other entities supporting family friendly programming;

(2) supports efforts to encourage television networks, studios, and the production community to produce more quality family friendly programs;

(3) supports the Family Friendly Programming Awards, which will encourage, recognize, and celebrate creative excellence in, and commitment to, family friendly programming; and

(4) encourages the media and American advertisers to further a family friendly television environment within which appropriate advertisements can accompany the programming.

• Mr. VOINOVICH. Mr. President, I rise today along with my distinguished colleague from Connecticut, Senator LIEBERMAN, to submit a concurrent resolution recognizing the importance of expanding the amount of family friendly television programming, and the contributions that the Forum for Family Friendly Programming is undertaking to make this goal a reality.

One of the more frustrating aspects of being a parent in the United States is the fact that we cannot always protect our children from what they see and hear. Images and descriptions of violence, sex and drug and alcohol consumption permeate our culture, but nowhere are these depicted more readily than on television. Recent studies support the theory that children exposed to violent video programming at a young age have a higher tendency to engage in violent and aggressive behavior later in life. Even more distressing is that children witness an average of five violent acts per hour on prime-time television and 200,000 acts of violence on television by the time they are 18 years old. There is no doubt that this exposure threatens the healthy development of our children.

For families that have both parents working, it's becoming harder for them to keep track of what their children watch after school or during the summer months. More likely than not, a child will pick up the television clicker before he or she will pick up a book. Indeed, each week, the average child will watch 22–28 hours of television, which is more time than he or she spends on any outside activity other than sleeping.

The trick for parents is to establish good viewing habits for their child—as well as the entire family—that emphasize quality programming and are suited to the age of the child. While there is generally a variety of quality children's programming throughout the morning and afternoon hours, the concern for many parents is the content of evening programming. Right now, most parents indicate that the so-called ''family viewing'' time of evening—traditionally between 8:00 and 10:00 p.m.—often contains programming that they feel is inappropriate for their children. It is important that broadcasters recognize that the daily ''family viewing'' period needs to focus more on programming that is actually family friendly; shows that parents and children can readily watch together.

No one can replace the good judgment of a parent in determining what a child watches on television. However, parents can use all the help they can get in ensuring that more family oriented shows are aired during the evening hours.

To help in this endeavor, a number of our nation's largest companies have joined together to establish the Forum for Family Friendly Programming. Like many American families, the members of the Forum are concerned that fewer and fewer television programs are specifically geared towards the entire family. They are concerned, also, that too many of the programs that our children view contain storylines, language and characters to which they should not be exposed.

Most of the companies that belong to the Forum are sponsors of a wide range of television programs, but they believe that more family-friendly television programming, including movies, documentaries, series or informational programs that are interesting or relevant to a broad audience, will actually appeal to more families.

Right now, the members of the Forum for Family Friendly Programming are working with and in the entertainment community on a variety of initiatives on family friendly programming including: meetings with industry leaders; speeches and discussions at industry meetings and conferences; award tributes to family friendly television programs; a development fund for family friendly scripts; university scholarships in television studies departments to encourage student interest in family friendly programming; and a public awareness campaign to promote more family friendly programming.

Mr. President, as a father and a grandfather, I am deeply concerned about the healthy development of all of our nation's children. Since the future of our country depends upon our children, we must do all that we can to limit their exposure to negative influences and provide them with as safe and nurturing an environment as possible. Therefore, I encourage efforts that will expand the number of quality family programs that are shown on television, and I congratulate the Forum for Family Friendly Programming on their leadership towards that goal.

I believe that passage of this resolution honoring the Forum's commitment will help raise awareness and inspire others in the business world to align themselves with the goal of bringing quality television to our nation's families. I am pleased to join with my colleague, Senator LIEBERMAN, who has been a leader in the Senate on addressing the needs of our children, and I urge my colleagues to join us in co-sponsoring this resolution, and calling for it's speedy consideration by the Senate.●

SENATE RESOLUTION 170—RECOGNIZING LAWRENCEBURG, TENNESSEE, AS THE BIRTHPLACE OF SOUTHERN GOSPEL MUSIC

Mr. THOMPSON submitted the following resolution; which was referred to the Committee on the Judiciary:

S. RES. 170

Whereas Lawrenceburg, Tennessee, is the home of many of the first major southern gospel music songwriters, including such songwriters as James D. Vaughan, Adger Pace, James Rowe, G. T. Speer, and William Walbert;

Whereas Lawrenceburg, Tennessee, is the home of the first professional southern gospel music quartet, which was founded by James D. Vaughan in 1910;

Whereas Lawrenceburg, Tennessee, is the home of the first southern gospel music radio station WOAN, which was founded in 1922;

Whereas Lawrenceburg, Tennessee, is the home of the Vaughan School of Music, which helped train the first generation of southern gospel music artists and songwriters, including V. O. Stamps, Frank Stamps, the LeFevers, and the Speers;

Whereas Lawrenceburg, Tennessee, is the home of the *Vaughan Family Visitor*, the first influential southern gospel music newspaper which was published from 1914 to 1964;

Whereas Lawrenceburg, Tennessee, is the home of the James D. Vaughan Music Company, which has published millions of shape-note southern gospel music songbooks from the date of its founding in 1902 until 1964; and

Whereas the Southern Gospel Music Association recognizes Lawrenceburg, Tennessee, as the official birthplace of southern gospel music; Now, therefore, be it

Resolved

SECTION 1. RECOGNITION OF LAWRENCEBURG, TENNESSEE AS THE BIRTHPLACE OF SOUTHERN GOSPEL MUSIC.

The Senate—

(1) recognizes Lawrenceburg, Tennessee, as the birthplace of southern gospel music; and

(2) requests that the President issue a proclamation honoring Lawrenceburg, Tennessee, as such a birthplace.

Mr. THOMPSON. Mr. President, today I rise to submit a resolution recognizing my hometown of Lawrenceburg, TN, as the official birthplace of Southern Gospel Music.

Lawrenceburg is not a large town by any means, nor is it altogether prominent in the political landscape. What this humble town lacks in size, however, it more than makes up for with its importance in the history of American music. Since the turn of the 20th century, Lawrenceburg has been the home of Southern Gospel Music, a musical tradition embraced and perpetuated by talented and dedicated artists.

The roots of Southern Gospel Music reach back to some of the most gifted songwriters of our time, such as Adger Pace, James Rowe, G.T. Speer, William Walbert, and the great James D. Vaughan. Vaughan went on to found the first Southern Gospel Music quartet in Lawrenceburg in 1910. He also founded, in Lawrenceburg, the Vaughan School of Music and the James D. Vaughan Music Company. This school helped train the first generation of Southern Gospel Music artists, such as V.O. Stamps, Frank Stamps, the Speers, and the LeFevers, while the music company published millions of shape-note Southern Gospel Music songbooks during its existence from 1902 until 1964.

Lawrenceburg was also integral in getting the word out to the world that Southern Gospel Music was on its way. Along with the many traveling quartets originating from the training ground of the Vaughan School of Music, Lawrenceburg was the home of the first influential Southern Gospel Music newspaper, The Vaughan Family Visitor, which began publication in 1914. Eight short years later the first Southern Gospel Music radio station WOAN was founded, also in Lawrenceburg.

With the endorsement of the Southern Gospel Music Association, which has designated Lawrenceburg the birthplace of Southern Gospel Music, I proudly ask my colleagues to support this resolution recognizing Lawrenceburg, TN, as the official birthplace of Southern Gospel Music.

SENATE RESOLUTION 171—EXPRESSING THE SENSE OF THE SENATE THAT THE PRESIDENT SHOULD RENEGOTIATE THE EXTRADITION TREATY BETWEEN THE UNITED STATES OF AMERICA AND THE UNITED MEXICAN STATES

Mr. TORRICELLI submitted the following resolution; which was referred to the Committee on Foreign Relations:

S. RES. 171

Whereas, under the Extradition Treaty Between the United States of America and the United Mexican States, Mexico refused to extradite murder suspect and United States citizen Jose Luis Del Toro to the United States until the State of Florida agreed not to exercise its right to seek capital punishment in its criminal prosecution of him;

Whereas under the Extradition Treaty Mexico has refused to extradite other suspects of capital crimes; and

Whereas the Extradition Treaty interferes with the justice system of the United States and encourages criminals to flee to Mexico: Now, therefore, be it

Resolved,

SECTION 1. SENSE OF THE SENATE REGARDING THE RENEGOTIATION OF THE UNITED STATES-MEXICAN EXTRADITION TREATY.

It is the sense of the Senate that the President should renegotiate the Extradition Treaty Between the United States of America and the United Mexican States, signed in Mexico City in 1978 (31 U.S.T. 5059), so that the possibility of capital punishment will not interfere with the timely extradition of criminal suspects from Mexico to the United States.

Mr. TORRICELLI. Mr. President, I rise today to introduce a resolution regarding our extradition treaty with Mexico. This resolution expresses the sense of the Senate that the United States renegotiate our extradition treaty to allow for the possibility of capital punishment. The case of Jose Luis del Toro has made the need for this resolution clear.

When Sheila Bellush was brutally murdered in November 1997, her accused murderer, Jose Luis del Toro, fled to Mexico to escape prosecution in the United States. From this time forward, there has been little consolation for the Bellush family, and a great deal of hardship. While Del Toro was apprehended in Mexico just 13 days later, a nightmare of government delays and roadblocks prevented his extradition to the United States.

The details of Sheila Bellush's murder are shocking. By all accounts, her four 23-month-old quadruplets probably witnessed their mother's murder, and wandered around in her blood trying to wake her up for as many as 4 or 5 hours before the 13-year-old daughter came home from school and found Mrs. Bellush's body.

There is overwhelming evidence that Del Toro was involved in the murder. The Sarasota police believe that he was, in fact, the gunman in a murder-for-hire scheme. Del Toro's cousin works at a golf course where Bellush's ex-husband plays golf. That cousin and one of the ex-husband's golfing partners have been arrested as co-conspirators. On the day of the murder, Del Toro asked directions to the Bellush house and left a clear fingerprint at the scene. He had directions to the Bellush house in his car, which was seen near the crime, and he stayed in a nearby motel, where a .45 caliber bullet was found, like the one used in the murder.

The Mexican government refused his extradition unless the United States agreed to waive the death penalty. Amazingly, we approved such a provision in the U.S.-Mexico Extradition Treaty of 1978. This agreement allows Mexico the right to refuse extradition if the death penalty may be applicable in the case. In the Bellush case, this provision allowed Del Toro to evade prosecution for over a year while awaiting his extradition.

I became involved in this case when Jamie Bellush moved their six children to Newton, New Jersey, and sought my help with Del Toro's extradition. I was in constant contact with the Justice and State Departments and the Mexican Embassy urging them to move quickly in returning Del Toro. The Mexican Government has since honored our request, and extradited Mr. Del Toro to Florida to stand trial. However, I believe that the U.S. should still move to renegotiate our extradition treaty with Mexico and prevent this unfortunate series of events from happening to other families in the future. I look forward to working with this Congress to pass this resolution.

AMENDMENTS SUBMITTED

DECEPTIVE MAIL PREVENTION AND ENFORCEMENT ACT

COLLINS (AND LEVIN) AMENDMENT NO. 1497

Ms. COLLINS (for herself and Mr. LEVIN) proposed an amendment to the bill (S. 335) to amend chapter 30 of title 39, United States Code, to provide for the nonmailability of certain deceptive matter relating to games of chance, administrative procedures, orders, and civil penalties relating to such matter, and for other purposes; as follows:

On page 19, insert between lines 22 and 23 the following:

''(A) 'clearly and conspicuously displayed' means presented in a manner that is readily noticeable, readable, and understandable to the group to whom the applicable matter is disseminated;

On page 19, line 23, strike ''(A)'' and insert ''(B)''.

On page 20, line 1, strike ''(B)'' and insert ''(C)''.

On page 20, line 9, strike ''(C)'' and insert ''(D)''.

On page 20, line 21, insert ''prominently'' after ''that''.

On page 21, line 1, insert ''prominently'' after ''that''.

On page 21, lines 4 and 5, strike ''an entry from such materials'' and insert ''such entry''.

On page 21, lines 8 and 9, strike '', in language that is easy to find, read, and understand''.

On page 21, line 15, strike ''clearly''.

On page 22, line 5, insert ''or'' after the semicolon.

On page 22, line 11, strike ''or'' after the semicolon.

On page 22, strike lines 12 through 17.

On page 22, lines 23 and 24, strike '', in language that is easy to find, read and understand''.

On page 23, line 1, strike ''clearly and conspicuously''.

On page 23, line 6, strike ''clearly''.

On page 34, line 1, strike all through page 39, line 23, and insert the following:

SEC. 8. REQUIREMENTS OF PROMOTERS OF SKILL CONTESTS OR SWEEPSTAKES MAILINGS.

(a) IN GENERAL.—Chapter 30 of title 39, United States Code (as amended by section 7 of this Act) is amended by adding after section 3016 the following:

''§ 3017. Nonmailable skill contests or sweepstakes matter; notification to prohibit mailings

''(a) DEFINITIONS.—In this section, the term—

''(1) 'promoter' means any person who—

''(A) originates and mails any skill contest or sweepstakes, except for any matter described under section 3001(k)(4); or

''(B) originates and causes to be mailed any skill contest or sweepstakes, except for any matter described under section 3001(k)(4);

''(2) 'removal request' means a request stating that an individual elects to have the name and address of such individual excluded from any list used by a promoter for mailing skill contests or sweepstakes;

''(3) 'skill contest' means a puzzle, game, competition, or other contest in which—

''(A) a prize is awarded or offered;

''(B) the outcome depends predominately on the skill of the contestant; and

''(C) a purchase, payment, or donation is required or implied to be required to enter the contest; and

''(4) 'sweepstakes' means a game of chance for which no consideration is required to enter.

''(b) NONMAILABLE MATTER.—

''(1) IN GENERAL.—Matter otherwise legally acceptable in the mails described under paragraph (2)—

''(A) is nonmailable matter;

''(B) shall not be carried or delivered by mail; and

''(C) shall be disposed of as the Postal Service directs.

''(2) NONMAILABLE MATTER DESCRIBED.—Matter that is nonmailable matter referred to under paragraph (1) is any matter that—

''(A) is a skill contest or sweepstakes, except for any matter described under section 3001(k)(4); and

''(B)(i) is addressed to an individual who made an election to be excluded from lists under subsection (d); or

''(ii) does not comply with subsection (c)(1).

''(c) REQUIREMENTS OF PROMOTERS.—

''(1) NOTICE TO INDIVIDUALS.—Any promoter who mails a skill contest or sweepstakes shall provide with each mailing a statement that—

''(A) is clearly and conspicuously displayed;

''(B) includes the address or toll-free telephone number of the notification system established under paragraph (2); and

''(C) states that the notification system may be used to prohibit the mailing of all skill contests or sweepstakes by that promoter to such individual.

''(2) NOTIFICATION SYSTEM.—Any promoter that mails or causes to be mailed a skill contest or sweepstakes shall establish and maintain a notification system that provides for any individual (or other duly authorized person) to notify the system of the individual's election to have the name and address of the individual excluded from all lists of names and addresses used by that promoter to mail any skill contest or sweepstakes.

''(d) ELECTION TO BE EXCLUDED FROM LISTS.—

''(1) IN GENERAL.—An individual (or other duly authorized person) may elect to exclude

the name and address of that individual from all lists of names and addresses used by a promoter of skill contests or sweepstakes by submitting a removal request to the notification system established under subsection (c).

''(2) RESPONSE AFTER SUBMITTING REMOVAL REQUEST TO THE NOTIFICATION SYSTEM.—Not later than 35 calendar days after a promoter receives a removal request pursuant to an election under paragraph (1), the promoter shall exclude the individual's name and address from all lists of names and addresses used by that promoter to select recipients for any skill contest or sweepstakes.

''(3) EFFECTIVENESS OF ELECTION.—An election under paragraph (1) shall remain in effect, unless an individual (or other duly authorized person) notifies the promoter in writing that such individual—

''(A) has changed the election; and

''(B) elects to receive skill contest or sweepstakes mailings from that promoter.

''(e) PROMOTER NONLIABILITY.—A promoter shall not be subject to civil liability for the exclusion of an individual's name or address from any list maintained by that promoter for mailing skill contests or sweepstakes, if—

''(1) a removal request is received by the promoter's notification system; and

''(2) the promoter has a good faith belief that the request is from—

''(A) the individual whose name and address is to be excluded; or

''(B) another duly authorized person.

''(f) PROHIBITION ON COMMERCIAL USE OF LISTS.—

''(1) IN GENERAL.—

''(A) PROHIBITION.—No person may provide any information (including the sale or rental of any name or address) derived from a list described under subparagraph (B) to another person for commercial use.

''(B) LISTS.—A list referred to under subparagraph (A) is any list of names and addresses (or other related information) compiled from individuals who exercise an election under subsection (d).

''(2) CIVIL PENALTY.—Any person who violates paragraph (1) shall be assessed a civil penalty by the Postal Service not to exceed $2,000,000 per violation.

''(g) CIVIL PENALTIES.—

''(1) IN GENERAL.—Any promoter—

''(A) who recklessly mails nonmailable matter in violation of subsection (b) shall be liable to the United States in an amount of $10,000 per violation for each mailing to an individual of nonmailable matter; or

''(B) who fails to comply with the requirements of subsection (c)(2) shall be liable to the United States.

''(2) ENFORCEMENT.—The Postal Service shall assess civil penalties under this section.''.

(b) TECHNICAL AND CONFORMING AMENDMENTS.—The table of sections for chapter 30 of title 39, United States Code, is amended by adding after the item relating to section 3016 the following:

''3017. Nonmailable skill contests or sweepstakes matter; notification to prohibit mailings.''.

(c) EFFECTIVE DATE.—This section shall take effect 1 year after the date of enactment of this Act.

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS ACT, 2000

MOYNIHAN AMENDMENT NO. 1498

(Ordered to lie on the table.)

Mr. MOYNIHAN submitted an amendment intend to be proposed by him 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:

On page 2, lines 13 and 14, strike ''$634,321,000, to remain available until expended, of'' and insert ''$634,221,000, to remain available until expended, of which not more than $27,406,000 shall be available for annual maintenance relating to transportation and facilities maintenance and of''.

On page 16, line 12, strike ''$1,355,176,000, of'' and insert ''$1,354,976,000, of which not more than $247,805,000 shall be available for resource stewardship relating to park management and not more than $431,981,000 shall be available for maintenance relating to park management and of''.

On page 17, lines 19 and 20, strike ''$221,093,000, to remain available until expended, of'' and insert ''$220,893,000, to remain available until expended, of which not more than $32,840,000 shall be available for special programs relating to buildings and utilities and not more than $17,000,000 shall be available for construction program management and operations relating to buildings and utilities and of''.

On page 27, lines 22 through 24, strike ''$1,631,996,000, to remain available until September 30, 2001 except as otherwise provided herein, of'' and insert ''$1,631,896,000, to remain available until September 30, 2001 except as otherwise provided herein, of which not more than $131,065,000 shall be available for public safety and justice programs relating to special programs and pooled overhead and of''.

On page 29, lines 18 and 19, strike ''$146,884,000, to remain available until expended:'' and insert ''$146,784,000, to remain available until expended, of which not more than $82,277,000 shall be available for education relating to construction:''.

On page 64, lines 17 and 18, strike ''$362,095,000, to remain available until expended'' and insert ''$361,895,000, to remain available until expended, of which not more than $54,713,000 shall be available for facilities maintenance and not more than $20,345,000 shall be available for trails maintenance,''.

On page 82, lines 13 and 14, strike ''$2,135,561,000, together with payments received during the fiscal year pursuant to 42 U.S.C. 238(b) for services furnished by the Indian Health Service:'' and insert ''$2,135,461,000, together with payments received during the fiscal year pursuant to section 231(b) of the Public Health Service Act (42 U.S.C. 238(b)) for services furnished by the Indian Health Service, of which not more than $991,890,000 shall be available for hospital and health clinic programs relating to Indian Health Service and tribal health delivery, and relating to clinical services:''.

On page 96, line 5, strike ''$23,905,000'' and insert ''$24,905,000''.

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION AND RELATED AGENCIES APPROPRIATIONS ACT, 2000

DASCHLE (AND OTHERS) AMENDMENT NO. 1499

Mr. LOTT (for Mr. DASCHLE (for himself, Mr. HARKIN, Mr. DORGAN, Mr. KERREY, Mr. JOHNSON, Mr. CONRAD, Mr. BAUCUS, Mr. DURBIN, Mr. WELLSTONE, Mrs. LINCOLN, Mr. SARBANES, and Ms. MIKULSKI)) proposed an amendment to the bill (S. 1233) making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 2000, and for other purposes; as follows:

On page 76, between lines 6 and 7, insert the following:

SEC. 7___. EMERGENCY AND INCOME LOSS ASSISTANCE.—(a) ADDITIONAL CROP LOSS ASSISTANCE.—

(1) IN GENERAL.—Except as provided in paragraph (2), in addition to amounts that have been made available to carry out section 1102 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1999 (7 U.S.C. 1421 note; Public Law 105–277) under other law, the Secretary of Agriculture (referred to in this section as the 'Secretary') shall use not more than $756,000,000 of funds of the Commodity Credit Corporation to provide crop loss assistance in accordance with that section in a manner that, to the maximum extent practicable—

(A) fully compensates agricultural producers for crop losses in accordance with that section (including regulations promulgated to carry out that section); and

(B) provides equitable treatment under that section for agricultural producers described in subsections (b) and (c) of that section.

(2) CROP INSURANCE.—Of the total amount made available under paragraph (1), the Secretary shall use not less than $400,000,000 to assist agricultural producers in purchasing additional coverage for the 2000 crop year under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.).

(3) COMPENSATION FOR DENIAL OF CROP LOSS ASSISTANCE BASED ON TAXPAYER IDENTIFICATION NUMBERS.—The Secretary shall use not more than $70,000,000 of funds of the Commodity Credit Corporation to make payments to producers on a farm that were denied crop loss assistance under section 1102 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1999 (7 U.S.C. 1421 note; Public Law 105–277), as the result of a change in the taxpayer identification numbers of the producers if the Secretary determines that the change was not made to create an advantage for the producers in the crop insurance program through lower premiums or higher actual production histories.

(b) INCOME LOSS ASSISTANCE.—

(1) IN GENERAL.—The Secretary shall use not more than $6,373,000,000 of funds of the Commodity Credit Corporation to provide (on an equitable basis among producers, as determined by the Secretary) supplemental loan deficiency payments to producers on a farm that are eligible for marketing assistance loans for the 1999 crop of a commodity under section 131 of the Agricultural Market Transition Act (7 U.S.C. 7231).

(2) PAYMENT LIMITATION.—The total amount of the payments that a person may receive under paragraph (1) during any crop year may not exceed $40,000.

(3) PRODUCERS WITHOUT PRODUCTION.—The payments made available under this subsection shall be provided (on an equitable basis among producers, according to actual production history, as determined by the Secretary) to producers with failed acreage, or acreage on which planting was prevented, due to circumstances beyond the control of the producers.

(4) TIME FOR PAYMENT.—The assistance made available under this subsection for an eligible owner or producer shall be provided as soon as practicable after the date of enactment of this Act by providing advance payments that are based on expected production and by taking such measures as are determined appropriate by the Secretary.

(5) DAIRY PRODUCERS.—

(A) IN GENERAL.—Of the total amount made available under paragraph (1), $400,000,000 shall be available to provide assistance to dairy producers in a manner determined by the Secretary.

(B) FEDERAL MILK MARKETING ORDERS.—Payments made under this subsection shall not affect any decision with respect to rulemaking activities under section 143 of the Agricultural Market Transition Act (7 U.S.C. 7253).

(6) PEANUTS.—

(A) IN GENERAL.—Of the total amount made available under paragraph (1), the Secretary shall use not to exceed $45,000,000 to provide payments to producers of quota peanuts or additional peanuts to partially compensate the producers for the loss of markets for the 1998 crop of peanuts.

(B) AMOUNT.—The amount of a payment made to producers on a farm of quota peanuts or additional peanuts under subparagraph (A) shall be equal to the product obtained by multiplying—

(i) the quantity of quota peanuts or additional peanuts produced or considered produced by the producers under section 155 of the Agricultural Market Transition Act (7 U.S.C. 7271); by

(ii) an amount equal to 5 percent of the loan rate established for quota peanuts or additional peanuts, respectively, under section 155 of that Act.

(7) TOBACCO GROWER ASSISTANCE.—The Secretary shall provide $328,000,000 to be distributed to tobacco growers according to the formulas established pursuant to the National Tobacco Grower Settlement Trust.

(c) FUNDS FOR STRENGTHENING MARKETS, INCOME, AND SUPPLY (SECTION 32).—

(1) IN GENERAL.—For an additional amount for the fund maintained for funds made available under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), there is appropriated, out of any money in the Treasury not otherwise appropriated, $500,000,000.

(2) SET-ASIDE FOR CERTAIN LIVESTOCK PRODUCERS.—Of the funds made available by paragraph (1), the Secretary shall use not more than $200,000,000 to provide assistance to livestock producers—

(A) the operations of which are located in counties with respect to which during 1999 a natural disaster was declared for losses due to excessive heat or drought by the Secretary, or a major disaster or emergency was declared for losses due to excessive heat or drought by the President under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.); and

(B) that experienced livestock losses as a result of the declared disaster or emergency.

(3) WAIVER OF COMMODITY LIMITATION.—In providing assistance under this subsection, the Secretary may waive the limitation established under the second sentence of the second paragraph of section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), on the amount of funds that may be devoted to any 1 agricultural commodity or product.

(d) EMERGENCY LIVESTOCK ASSISTANCE.—For an additional amount to provide emergency livestock assistance, there is appropriated, out of any money in the Treasury not otherwise appropriated, $150,000,000.

(e) COMMODITY PURCHASES AND HUMANITARIAN DONATIONS.—

(1) IN GENERAL.—Notwithstanding any other provision of law, the Secretary shall use not less than $978,000,000 of funds of the Commodity Credit Corporation for the purchase and distribution of agricultural commodities, under applicable food aid authorities, including—

(A) section 416(b) of the Agricultural Act of 1949 (7 U.S.C. 1431(b));

(B) the Food for Progress Act of 1985 (7 U.S.C. 1736o); and

(C) the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.).

(2) LEAST DEVELOPED COUNTRIES.—Not less than 40 percent of the commodities distributed pursuant to this subsection shall be made available to least developed countries, as determined by the Secretary.

(3) LOCAL CURRENCIES.—To the maximum extent practicable, local currencies generated from the sale of commodities under this subsection shall be used for development purposes that foster United States agricultural exports.

(f) UPLAND COTTON PRICE COMPETITIVENESS.—

(1) IN GENERAL.—Section 136(a) of the Agricultural Market Transition Act (7 U.S.C. 7236(a)) is amended—

(A) in paragraph (1), by inserting ''(in the case of each of the 1999–2000, 2000–2001, and 2001–2002 marketing years for upland cotton, at the option of the recipient)'' after ''or cash payments'';

(B) by inserting ''(or, in the case of each of the 1999–2000, 2000–2001, and 2001–2002 marketing years for upland cotton, 1.25 cents per pound)'' after ''3 cents per pound'' each place it appears;

(C) in paragraph (3), by striking subparagraph (A) and inserting the following:

''(A) REDEMPTION, MARKETING, OR EXCHANGE.—

''(i) IN GENERAL.—The Secretary shall establish procedures for redeeming marketing certificates for cash or marketing or exchange of the certificates for—

''(I) except as provided in subclause (II), agricultural commodities owned by the Commodity Credit Corporation in such manner, and at such price levels, as the Secretary determines will best effectuate the purposes of cotton user marketing certificates; or

''(II) in the case of each of the 1999–2000, 2000–2001, and 2001–2002 marketing years for upland cotton, agricultural commodities owned by the Commodity Credit Corporation or pledged to the Commodity Credit Corporation as collateral for a loan in such manner, and at such price levels, as the Secretary determines will best effectuate the purposes of cotton user marketing certificates, including enhancing the competitiveness and marketability of United States cotton.

''(ii) PRICE RESTRICTIONS.—Any price restrictions that would otherwise apply to the disposition of agricultural commodities by the Commodity Credit Corporation shall not apply to the redemption of certificates under this subparagraph.''; and

(D) in paragraph (4), by inserting before the period at the end the following: '', except that this paragraph shall not apply to each of fiscal years 2000, 2001, and 2002''.

(2) ENSURING THE AVAILABILITY OF UPLAND COTTON.—Section 136(b) of the Agricultural Market Transition Act (7 U.S.C. 7236(b)) is amended—

(A) in paragraph (1), by striking ''The'' and inserting ''Except as provided in paragraph (7), the''; and

(B) by adding at the end the following:

''(7) 1999–2000, 2000–2001, AND 2001–2002 MARKETING YEARS.—

''(A) IN GENERAL.—In the case of each of the 1999–2000, 2000–2001, and 2001–2002 marketing years for upland cotton, the President shall carry out an import quota program as provided in this paragraph.

''(B) PROGRAM REQUIREMENTS.—Except as provided in subparagraph (C), whenever the Secretary determines and announces that for any consecutive 4-week period, the Friday through Thursday average price quotation for the lowest-priced United States growth, as quoted for Middling (M) 1 3/32-inch cotton, delivered C.I.F. Northern Europe, adjusted for the value of any certificate issued under subsection (a), exceeds the Northern Europe price by more than 1.25 cents per pound, there shall immediately be in effect a special import quota.

''(C) TIGHT DOMESTIC SUPPLY.—During any month for which the Secretary estimates the season-ending United States upland cotton stocks-to-use ratio, as determined under subparagraph (D), to be below 16 percent, the Secretary, in making the determination under subparagraph (B), shall not adjust the Friday through Thursday average price quotation for the lowest-priced United States growth, as quoted for Middling (M) 1 3/32-inch cotton, delivered C.I.F. Northern Europe, for the value of any certificates issued under subsection (a).

''(D) SEASON-ENDING UNITED STATES STOCKS-TO-USE RATIO.—For the purposes of making estimates under subparagraph (C), the Secretary shall, on a monthly basis, estimate and report the season-ending United States upland cotton stocks-to-use ratio, excluding projected raw cotton imports but including the quantity of raw cotton that has been imported into the United States during the marketing year.

''(E) LIMITATION.—The quantity of cotton entered into the United States during any marketing year described in subparagraph (A) under the special import quota established under this paragraph may not exceed the equivalent of 5 weeks' consumption of upland cotton by domestic mills at the seasonally adjusted average rate of the 3 months immediately preceding the first special import quota established in any marketing year.''.

(3) REMOVAL OF SUSPENSION OF MARKETING CERTIFICATE AUTHORITY.—Section 171(b)(1)(G) of the Agricultural Market Transition Act (7 U.S.C. 7301(b)(1)(G)) is amended by inserting before the period at the end the following: '', except that this subparagraph shall not apply to each of the 1999–2000, 2000–2001, and 2001–2002 marketing years for upland cotton''.

(4) REDEMPTION OF MARKETING CERTIFICATES.—Section 115 of the Agricultural Act of 1949 (7 U.S.C. 1445k) is amended—

(A) in subsection (a)—

(i) by striking ''rice (other than negotiable marketing certificates for upland cotton or rice)'' and inserting ''rice, including the

issuance of negotiable marketing certificates for upland cotton or rice'';

(ii) in paragraph (1), by striking ''and'' at the end;

(iii) in paragraph (2), by striking the period at the end and inserting ''; and''; and

(iv) by adding at the end the following:

''(3) redeem negotiable marketing certificates for cash under such terms and conditions as are established by the Secretary.''; and

(B) in the second sentence of subsection (c), by striking ''export enhancement program or the marketing promotion program established under the Agricultural Trade Act of 1978'' and inserting ''market access program or the export enhancement program established under sections 203 and 301 of the Agricultural Trade Act of 1978 (7 U.S.C. 5623, 5651)''.

(g) FARM SERVICE AGENCY.—For an additional amount for the Farm Service Agency, there is appropriated, out of any money in the Treasury not otherwise appropriated, $140,000,000, of which—

(1) $40,000,000 shall be used for salaries and expenses of the Farm Service Agency; and

(2) $100,000,000 shall be used for direct or guaranteed farm ownership, operating, or emergency loans under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.),

(h) STATE MEDIATION GRANTS.—For an additional amount for grants pursuant to section 502(b) of the Agricultural Credit Act of 1987 (7 U.S.C. 5102(b)), there is appropriated, out of any money in the Treasury not otherwise appropriated, $2,000,000.

(i) DISASTER RESERVE.—

(1) IN GENERAL.—For the disaster reserve established under section 813 of the Agricultural Act of 1970 (7 U.S.C. 1427a), there is appropriated, out of any money in the Treasury not otherwise appropriated, $500,000,000.

(2) CROP AND LIVESTOCK CASH INDEMNITY PAYMENTS.—Notwithstanding any other provision of law, the Secretary may use the amount made available under this subsection to carry out a program to provide crop or livestock cash indemnity payments to agricultural producers for the purpose of remedying losses caused by damaging weather or related condition resulting from a natural or major disaster or emergency.

(3) COMMERCIAL FISHERIES FAILURE.—Notwithstanding any other provision of law, the Secretary shall provide $15,000,000 of the amount made available under this section to the Department of Commerce to provide emergency disaster assistance to persons or entities that have incurred losses from a commercial fishery failure described in section 308(b)(1) of the Interjurisdictional Fisheries Act of 1986 (16 U.S.C. 4107(b)) with respect to a Northeast multispecies fishery.

(j) FLOODED LAND RESERVE PROGRAM.—For an additional amount to carry out a flooded land reserve program in a manner that is consistent with section 1124 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1999 (7 U.S.C. 1421 note; Public Law 105–277), there is appropriated, out of any money in the Treasury not otherwise appropriated, $250,000,000.

(k) EMERGENCY SHORT-TERM LAND DIVERSION.—For an additional amount to carry out an emergency short-term land diversion program, there is appropriated, out of any money in the Treasury not otherwise appropriated, $200,000,000.

(l) GRAIN INSPECTION, PACKERS, AND STOCKYARDS ADMINISTRATION.—For an additional amount for the Grain Inspection, Packers, and Stockyards Administration to support rapid response teams to enforce the Packers and Stockyards Act, 1921 (7 U.S.C. 181 et seq.), there is appropriated, out of any money in the Treasury not otherwise appropriated, $1,000,000.

(m) WATERSHED AND FLOOD PREVENTION OPERATIONS.—For an additional amount for watershed and flood prevention operations to repair damage to waterways and watersheds resulting from natural disasters, there is appropriated, out of any money in the Treasury not otherwise appropriated, $60,000,000.

(n) EMERGENCY CONSERVATION PROGRAM.—For an additional amount for the emergency conservation program authorized under sections 401, 402, and 404 of the Agricultural Credit Act of 1978 (16 U.S.C. 2201, 2202, 2204) for expenses resulting from natural disasters, there is appropriated, out of any money in the Treasury not otherwise appropriated, $30,000,000.

(o) ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.—

(1) IN GENERAL.—For an additional amount for the environmental quality incentives program established under chapter 4 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3839aa et seq.), there is appropriated, out of any money in the Treasury not otherwise appropriated, $52,000,000.

(2) LIVESTOCK NUTRIENT MANAGEMENT PLANS.—The Secretary shall provide a priority in the use of funds made available under paragraph (1) to implementing livestock nutrient management plans.

(p) WETLANDS RESERVE PROGRAM.—For an additional amount for the wetlands reserve program established under subchapter C of chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3837 et seq.), there is appropriated, out of any money in the Treasury not otherwise appropriated, $70,000,000.

(q) FOREIGN MARKET DEVELOPMENT COOPERATOR PROGRAM.—For an additional amount for the foreign market development cooperator program established under section 702 of the Agricultural Trade Act of 1978 (7 U.S.C. 5722), there is appropriated, out of any money in the Treasury not otherwise appropriated, $10,000,000.

(r) RURAL ECONOMIC ASSISTANCE.—For an additional amount for rural economic assistance, there is appropriated, out of any money in the Treasury not otherwise appropriated, $150,000,000, of which—

(1) $100,000,000 shall be used for rural economic development, with the highest priority given to the most economically disadvantaged rural communities; and

(2) $50,000,000 shall be used to establish and carry out a program of revolving loans for the support of farmer-owned cooperatives.

(s) MANDATORY PRICE REPORTING.—For an additional amount to carry out a program of mandatory price reporting for livestock and livestock products, on enactment of a law establishing the program, there is appropriated, out of any money in the Treasury not otherwise appropriated, $4,000,000.

(t) LABELING OF IMPORTED MEAT AND MEAT FOOD PRODUCTS.—

(1) DEFINITIONS.—Section 1 of the Federal Meat Inspection Act (21 U.S.C. 601) is amended by adding at the end the following:

''(w) BEEF.—The term 'beef' means meat produced from cattle (including veal).

''(x) IMPORTED BEEF.—The term 'imported beef' means beef that is not United States beef, whether or not the beef is graded with a quality grade issued by the Secretary.

''(y) IMPORTED LAMB.—The term 'imported lamb' means lamb that is not United States lamb, whether or not the lamb is graded with a quality grade issued by the Secretary.

''(z) IMPORTED PORK.—The term 'imported pork' means pork that is not United States pork.

''(aa) LAMB.—The term 'lamb' means meat, other than mutton, produced from sheep.

''(bb) PORK.—The term 'pork' means meat produced from hogs.

''(cc) UNITED STATES BEEF.—

''(1) IN GENERAL.—The term 'United States beef' means beef produced from cattle slaughtered in the United States.

''(2) EXCLUSION.—The term 'United States beef' does not include beef produced from cattle imported into the United States in sealed trucks for slaughter.

''(dd) UNITED STATES LAMB.—

''(1) IN GENERAL.—The term 'United States lamb' means lamb produced from sheep slaughtered in the United States.

''(2) EXCLUSION.—The term 'United States lamb' does not include lamb produced from sheep imported into the United States in sealed trucks for slaughter.

''(ee) UNITED STATES PORK.—

''(1) IN GENERAL.—The term 'United States pork' means pork produced from hogs slaughtered in the United States.

''(2) EXCLUSION.—The term 'United States pork' does not include pork produced from hogs imported into the United States in sealed trucks for slaughter.''.

(2) MISBRANDING.—Section 1(n) of the Federal Meat Inspection Act (21 U.S.C. 601(n)) is amended—

(A) in paragraph (11), by striking ''or'' at the end;

(B) in paragraph (12), by striking the period at the end and inserting ''; or''; and

(C) by adding at the end the following:

''(13)(A) if it is imported beef, imported lamb, or imported pork offered for retail sale as muscle cuts of beef, lamb, or pork and does not bear a label that identifies its country of origin;

''(B) if it is United States beef, United States lamb, or United States pork offered for retail sale as muscle cuts of beef, lamb, or pork, and does not bear a label that identifies its country of origin; or

''(C) if it is United States or imported ground beef, ground lamb, or ground pork and is not accompanied by labeling that identifies it as United States beef, United States lamb, United States pork, imported beef, imported lamb, imported pork, or other designation that identifies the content of United States beef, imported beef, United States lamb, imported lamb, United States pork, and imported pork contained in the product, as determined by the Secretary.''.

(3) LABELING.—Section 7 of the Federal Meat Inspection Act (21 U.S.C. 607) is amended by adding at the end the following:

''(g) MANDATORY LABELING.—The Secretary shall provide by regulation that the following offered for retail sale bear a label that identifies its country of origin:

''(1) Muscle cuts of United States beef, United States lamb, United States pork, imported beef, imported lamb, and imported pork.

''(2) Ground beef, ground lamb, and ground pork.

''(h) AUDIT VERIFICATION SYSTEM FOR UNITED STATES AND IMPORTED MUSCLE CUTS OF BEEF, LAMB, AND PORK AND GROUND BEEF, LAMB, AND PORK.—The Secretary may require by regulation that any person that prepares, stores, handles, or distributes muscle cuts of United States beef, imported beef, United States lamb, imported lamb, United States pork, imported pork, ground beef,

ground lamb, or ground pork for retail sale maintain a verifiable recordkeeping audit trail that will permit the Secretary to ensure compliance with the regulations promulgated under subsection (g).''.

(4) REGULATIONS.—Not later than 1 year after the date of enactment of this Act, the Secretary shall promulgate final regulations to carry out the amendments made by this subsection.

(5) FUNDING.—For an additional amount to carry out this subsection and the amendments made by this subsection, there is appropriated, out of any money in the Treasury not otherwise appropriated, $8,000,000.

(6) EFFECTIVE DATE.—The amendments made by this subsection take effect 60 days after the date on which final regulations are promulgated under paragraph (4).

(u) INDICATION OF COUNTRY OF ORIGIN OF PERISHABLE AGRICULTURAL COMMODITIES.—

(1) DEFINITIONS.—In this section:

(A) FOOD SERVICE ESTABLISHMENT.—The term ''food service establishment'' means a restaurant, cafeteria, lunch room, food stand, saloon, tavern, bar, lounge, or other similar facility operated as an enterprise engaged in the business of selling food to the public.

(B) PERISHABLE AGRICULTURAL COMMODITY; RETAILER.—The terms ''perishable agricultural commodity'' and ''retailer'' have the meanings given the terms in section 1(b) of the Perishable Agricultural Commodities Act, 1930 (7 U.S.C. 499a(b)).

(2) NOTICE OF COUNTRY OF ORIGIN REQUIRED.—Except as provided in paragraph (3), a retailer of a perishable agricultural commodity shall inform consumers, at the final point of sale of the perishable agricultural commodity to consumers, of the country of origin of the perishable agricultural commodity.

(3) EXEMPTION FOR FOOD SERVICE ESTABLISHMENTS.—Paragraph (2) shall not apply to a perishable agricultural commodity if the perishable agricultural commodity is—

(A) prepared or served in a food service establishment; and

(B)(i) offered for sale or sold at the food service establishment in normal retail quantities; or

(ii) served to consumers at the food service establishment.

(4) METHOD OF NOTIFICATION.—

(A) IN GENERAL.—The information required by paragraph (2) may be provided to consumers by means of a label, stamp, mark, placard, or other clear and visible sign on the perishable agricultural commodity or on the package, display, holding unit, or bin containing the commodity at the final point of sale to consumers.

(B) LABELED COMMODITIES.—If the perishable agricultural commodity is already individually labeled regarding country of origin by the packer, importer, or another person, the retailer shall not be required to provide any additional information to comply with this subsection.

(5) VIOLATIONS.—If a retailer fails to indicate the country of origin of a perishable agricultural commodity as required by paragraph (2), the Secretary may assess a civil penalty on the retailer in an amount not to exceed—

(A) $1,000 for the first day on which the violation occurs; and

(B) $250 for each day on which the same violation continues.

(6) DEPOSIT OF FUNDS.—Amounts collected under paragraph (5) shall be deposited in the Treasury of the United States as miscellaneous receipts.

(7) APPLICATION OF SUBSECTION.—This section shall apply with respect to a perishable agricultural commodity after the end of the 6-month period beginning on the date of the enactment of this Act.

(v) LIMITATION ON MARKETING LOAN GAINS AND LOAN DEFICIENCY PAYMENTS.—Notwithstanding section 1001(2) of the Food Security Act of 1985 (7 U.S.C. 1308(1)), the total amount of the payments specified in section 1001(3) of that Act that a person shall be entitled to receive under the Agricultural Market Transition Act (7 U.S.C. 7201 et seq.) for 1 or more contract commodities and oilseeds during the 1999 crop year may not exceed $150,000.

(w) EMERGENCY REQUIREMENT.—The entire amount necessary to carry out this section and the amendments made by this section shall be available only to the extent that an official budget request for the entire amount, that includes designation of the entire amount of the request as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to the Congress: *Provided*, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of such Act.

(x) AVAILABILITY.—The amount necessary to carry out this section and the amendments made by this section shall remain available until expended.

COCHRAN AMENDMENT NO. 1500

Mr. LOTT (for Mr. COCHRAN) proposed an amendment to amendment No. 1499 proposed by Mr. DASCHLE to the bill, S. 1233, supra; as follows:

Beginning on page 1, line 3, strike all that follows ''SEC.'' to the end of the amendment and insert the following:

____. EMERGENCY AND MARKET LOSS ASSISTANCE.—(a) MARKET LOSS ASSISTANCE.—

(1) IN GENERAL.—Except as provided in paragraph (4), the Secretary of Agriculture (referred to in this section as the ''Secretary'') shall use not more than $5,544,453,000 of funds of the Commodity Credit Corporation to provide assistance to owners and producers on a farm that are eligible for payments for fiscal year 1999 under a production flexibility contract for the farm under the Agricultural Market Transition Act (7 U.S.C. 7201 et seq.).

(2) AMOUNT.—Except as provided in paragraph (4), the amount of assistance made available to owners and producers on a farm under this subsection shall be proportionate to the amount of the contract payment received by the owners and producers for fiscal year 1999 under a production flexibility contract for the farm under the Agricultural Market Transition Act.

(3) TIME FOR PAYMENT.—The assistance made available under this subsection for an eligible owner or producer shall be provided not later than 45 days after the date of enactment of this Act.

(4) PEANUTS.—

(A) IN GENERAL.—The Secretary shall use such amounts as are necessary to provide payments to producers of quota peanuts or additional peanuts to partially compensate the producers for continuing low commodity prices, and increasing costs of production, for the 1999 crop year.

(B) AMOUNT.—The amount of a payment made to producers on a farm of quota peanuts or additional peanuts under subparagraph (A) shall be equal to the product obtained by multiplying—

(i) the quantity of quota peanuts or additional peanuts produced or considered produced by the producers under section 155 of the Agricultural Market Transition Act (7 U.S.C. 7271); by

(ii) an amount equal to 5 percent of the loan rate established for quota peanuts or additional peanuts, respectively, under section 155 of that Act.

(b) LIMITATION ON MARKETING LOAN GAINS AND LOAN DEFICIENCY PAYMENTS.—Notwithstanding section 1001(2) of the Food Security Act of 1985 (7 U.S.C. 1308(1)), the total amount of the payments specified in section 1001(3) of that Act that a person shall be entitled to receive under the Agricultural Market Transition Act (7 U.S.C. 7201 et seq.) for 1 or more contract commodities and oilseeds during the 1999 crop year may not exceed $150,000.

(c) UPLAND COTTON PRICE COMPETITIVENESS.—

(1) IN GENERAL.—Section 136(a) of the Agricultural Market Transition Act (7 U.S.C. 7236(a)) is amended—

(A) in paragraph (1), by striking ''or cash payments'' and inserting ''or cash payments, at the option of the recipient,'';

(B) by striking ''3 cents per pound'' each place it appears and inserting ''1.25 cents per pound'';

(C) in the first sentence of paragraph (3)(A), by striking ''owned by the Commodity Credit Corporation in such manner, and at such price levels, as the Secretary determines will best effectuate the purposes of cotton user marketing certificates'' and inserting ''owned by the Commodity Credit Corporation or pledged to the Commodity Credit Corporation as collateral for a loan in such manner, and at such price levels, as the Secretary determines will best effectuate the purposes of cotton user marketing certificates, including enhancing the competitiveness and marketability of United States cotton''; and

(D) by striking paragraph (4).

(2) ENSURING THE AVAILABILITY OF UPLAND COTTON.—Section 136(b) of the Agricultural Market Transition Act (7 U.S.C. 7236(b)) is amended—

(A) by striking paragraph (1) and inserting the following:

''(1) ESTABLISHMENT.—

''(A) IN GENERAL.—The President shall carry out an import quota program during the period ending July 31, 2003, as provided in this subsection.

''(B) PROGRAM REQUIREMENTS.—Except as provided in subparagraph (C), whenever the Secretary determines and announces that for any consecutive 4-week period, the Friday through Thursday average price quotation for the lowest-priced United States growth, as quoted for Middling (M) 1 3/32-inch cotton, delivered C.I.F. Northern Europe, adjusted for the value of any certificate issued under subsection (a), exceeds the Northern Europe price by more than 1.25 cents per pound, there shall immediately be in effect a special import quota.

''(C) TIGHT DOMESTIC SUPPLY.—During any month for which the Secretary estimates the season-ending United States upland cotton stocks-to-use ratio, as determined under subparagraph (D), to be below 16 percent, the Secretary, in making the determination under subparagraph (B), shall not adjust the Friday through Thursday average price quotation for the lowest-priced United States growth, as quoted for Middling (M) 1 3/32-inch cotton, delivered C.I.F. Northern Europe, for the value of any certificates issued under subsection (a).

''(D) SEASON-ENDING UNITED STATES STOCKS-TO-USE RATIO.—For the purposes of making estimates under subparagraph (C), the Secretary shall, on a monthly basis, estimate and report the season-ending United States upland cotton stocks-to-use ratio, excluding projected raw cotton imports but including the quantity of raw cotton that has been imported into the United States during the marketing year.''; and

(B) by adding at the end the following:

''(7) LIMITATION.—The quantity of cotton entered into the United States during any marketing year under the special import quota established under this subsection may not exceed the equivalent of 5 week's consumption of upland cotton by domestic mills at the seasonally adjusted average rate of the 3 months immediately preceding the first special import quota established in any marketing year.''.

(3) REMOVAL OF SUSPENSION OF MARKETING CERTIFICATE AUTHORITY.—Section 171(b)(1) of the Agricultural Market Transition Act (7 U.S.C. 7301(b)(1)) is amended—

(A) by striking subparagraph (G); and

(B) by redesignating subparagraphs (H) through (L) as subparagraphs (G) through (K), respectively.

(4) REDEMPTION OF MARKETING CERTIFICATES.—Section 115 of the Agricultural Act of 1949 (7 U.S.C. 1445k) is amended—

(A) in subsection (a)—

(i) by striking ''rice (other than negotiable marketing certificates for upland cotton or rice)'' and inserting ''rice, including the issuance of negotiable marketing certificates for upland cotton or rice'';

(ii) in paragraph (1), by striking ''and'' at the end;

(iii) in paragraph (2), by striking the period at the end and inserting ''; and''; and

(iv) by adding at the end the following:

''(3) redeem negotiable marketing certificates for cash under such terms and conditions as are established by the Secretary.''; and

(B) in the second sentence of subsection (c), by striking ''export enhancement program or the marketing promotion program established under the Agricultural Trade Act of 1978'' and inserting ''market access program or the export enhancement program established under sections 203 and 301 of the Agricultural Trade Act of 1978 (7 U.S.C. 5623, 5651)''.

(d) SUSPENSION OF SUGAR ASSESSMENTS.—Section 156(f) of the Agricultural Market Transition Act (7 U.S.C. 7272(f)) is amended—

(1) in paragraph (1), by inserting ''except as provided in paragraph (6),'' after ''years,'';

(2) in paragraph (2), by inserting ''except as provided in paragraph (6),'' after ''years,''; and

(3) by adding at the end the following:

''(6) SUSPENSION OF ASSESSMENTS.—Effective beginning with fiscal year 2000 through fiscal year 2002, no assessments shall be required under this subsection during any fiscal year that immediately follows a fiscal year during which the Federal budget was determined to be in surplus, based on the most recent estimates available from the Office of Management and Budget as of the last day of the fiscal year.''.

(e) OILSEED PAYMENTS.—

(1) IN GENERAL.—Notwithstanding any other provision of law, the Secretary shall use not less than $500,000,000 of funds of the Commodity Credit Corporation to make payments to producers of the 1999 crop of oilseeds that are eligible to obtain a marketing assistance loan under section 131 of the Agricultural Market Transition Act (7 U.S.C. 7231).

(2) COMPUTATION.—A payment to producers on a farm under this subsection shall be computed by multiplying—

(A) a payment rate determined by the Secretary; by

(B) the quantity of oilseeds that the producers on the farm are eligible to place under loan under section 131 of that Act.

(3) LIMITATION.—Payments made under this subsection shall be considered to be contract payments for the purposes of section 1001(1) of the Food Security Act of 1985 (7 U.S.C. 1308(1)).

(f) ASSISTANCE TO LIVESTOCK AND DAIRY PRODUCERS.—The Secretary shall use $500,000,000 of funds of the Commodity Credit Corporation to provide assistance to livestock and dairy producers in a manner determined by the Secretary.

(g) SENSE OF CONGRESS REGARDING FAST-TRACK AUTHORITY AND FUTURE WORLD TRADE ORGANIZATION NEGOTIATIONS.—It is the sense of Congress that—

(1) the President should make a formal request for appropriate fast-track authority for future United States trade negotiations;

(2) regarding future World Trade Organization negotiations—

(A) rules for trade in agricultural commodities should be strengthened and trade-distorting import and export practices should be eliminated or substantially reduced;

(B) the rules of the World Trade Organization should be strengthened regarding the practices or policies of a foreign government that unreasonably—

(i) restrict market access for products of new technologies, including products of biotechnology; or

(ii) delay or preclude implementation of a report of a dispute panel of the World Trade Organization; and

(C) agricultural negotiations of the World Trade Organization should conclude simultaneously with nonagricultural negotiations as a single undertaking;

(3) the President should—

(A) conduct a comprehensive evaluation of all existing export and food aid programs, including—

(i) the export credit guarantee program established under section 202 of the Agricultural Trade Act of 1978 (7 U.S.C. 5622);

(ii) the market access program established under section 203 of that Act (7 U.S.C. 5623);

(iii) the export enhancement program established under section 301 of that Act (7 U.S.C. 5651);

(iv) the foreign market development cooperator program established under section 702 of that Act (7 U.S.C. 5722); and

(v) programs established under the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.); and

(B) transmit to Congress—

(i) the results of the evaluation under subparagraph (A); and

(ii) recommendations on maximizing the effectiveness of the programs described in subparagraph (A); and

(4) the Secretary should carry out a purchase and donation or concessional sales initiative in each of fiscal years 1999 and 2000 to promote the export of additional quantities of soybeans, beef, pork, poultry, and products of such commodities (including soybean meal, soybean oil, textured vegetable protein, and soy protein concentrates and isolates) using programs established under—

(A) the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.);

(B) section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431);

(C) titles I and II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1701 et seq.); and

(D) the Food for Progress Act of 1985 (7 U.S.C. 1736o).

(h) EMERGENCY REQUIREMENT.—The entire amount necessary to carry out this section and the amendments made by this section shall be available only to the extent that an official budget request for the entire amount, that includes designation of the entire amount of the request as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to the Congress: *Provided*, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of such Act.

LOTT AMENDMENT NO. 1501

Mr. LOTT proposed an amendment to the bill, S. 1233, supra; as follows:

On page 21, between lines 10 and 11, insert the following:

None of the funds appropriated or otherwise made available by this Act may be used to pay the salaries and expenses of personnel of the Department of Agriculture to implement—

(1) sections 143 or 147(3) of the Agricultural Market Transition Act (7 U.S.C. 7253, 7256(3));

(2) the final decision for the consolidation and reform of Federal milk marketing orders, as published in the Federal Register on April 2, 1999 (64 Fed. Reg. 16025); or

(3) section 738 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1999 (Public Law 105–277; 112 Stat. 2681–30).

NOTICE OF HEARINGS

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. LUGAR. Mr. President, I would like to announce that the Senate Committee on Agriculture, Nutrition, and Forestry will meet on August 3, 1999, in SH–216 at 9 a.m. The purpose of this meeting will be to discuss the farm crisis.

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. LUGAR. Mr. President, I would like to announce that the Senate Committee on Agriculture, Nutrition, and Forestry will meet on August 4, 1999, in SH–216 at 9 a.m. The purpose of this meeting will be to discuss the farm crisis.

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. LUGAR. Mr. President, I would like to announce that the Senate Committee on Agriculture, Nutrition, and Forestry will meet on August 5, 1999, in SH–216 at 9 a.m. The purpose of this meeting will be to discuss the farm crisis.

ADDITIONAL STATEMENTS

POINT CABRILLO LIGHTHOUSE

• Mrs. BOXER. Mr. President, today, I recognize an important and historic

restoration project now nearing completion in Mendocino, California. While the North Coast of California is renowned for its natural beauty and breathtaking views, in Mendocino there is another coastal landmark that has captured the imagination of this rugged region. Built in 1908, the Point Cabrillo Lighthouse is a living reminder of California's maritime history. And on August 6th, the Lighthouse celebrates the 90th anniversary of the first lighting of its light.

This one-of-a-kind structure was originally built by the United States Lighthouse Service to protect the legendary ''doghole schooners'' that plied the lumber trade between San Francisco and California's northern coast at the turn of the century. The Lighthouse was turned over to the U.S. Coast Guard in 1939, and still houses Coast Guard navigational aids and monitoring equipment. However, the Lighthouse structure and its rare Fresnel lens suffered significant damage after many years of neglect. Then, in 1998, the California Coastal Conservancy and North Coast Interpretive Association stepped forward to restore and reinstate the original Fresnel lens, and to renovate the Lighthouse for use as an educational and interpretive center.

Thanks to the efforts of the people of Mendocino, the Coastal Conservancy and the North Coast Interpretive Association, the Lighthouse restoration project will soon be complete. A weekend of festivities will celebrate the Lighthouse's revival and highlight the attractions of the Point Cabrillo Preserve and Light Station. This celebration will acknowledge the efforts of the many volunteers and community partners that also helped make this project a success.

It is important to take the time to applaud the restoration of this nationally significant, historic landmark. I also think it is important to recognize the significance of community projects such as the Point Cabrillo Lighthouse, which serve as invaluable, irreplaceable links to our common past and as unique educational tools for the future. I commend the efforts that have gone into this restoration project, and send the Point Cabrillo Lighthouse volunteers and other partners my best wishes for their continued success.●

TRIBUTE TO THE TOWN OF NEWTON, NEW HAMPSHIRE

● Mr. SMITH of New Hampshire. Mr. President, I rise today to pay tribute to the town of Newton, New Hampshire on its two hundred and fiftieth anniversary. The town's residents will celebrate this historic occasion on August 15, 1999 with a number of festivities including a parade and an ''Olde Fashioned Fireman's Muster''.

Newton's rich and fruitful history dates back to 1639 when families first settled in the area granted by England known as New Salisbury (Amesbury). Newton's actual township was incorporated in 1749, allowing the people to elect their own officials and to hold town meetings.

Much of the frontier region was wild country inhabited by the Naumkeag Indians. The settlers and the Naumkeaks had generally peaceful relations, relying on one another for trading purposes. The greatest danger facing the settlers came from the war parties of the Mic Macs, who originated from the area now known as Maine and New Brunswick, Canada. These hostile groups conducted violent raids as far south as Connecticut, killing large numbers of local populations. With a combination of the settlers' admirable fortitude and the recurring epidemics of disease, these native populations were nearly wiped out.

Newton residents have persevered in other ways throughout the years, courageously serving and defending America. They have participated in the French and Indian Wars, Revolutionary War, War of 1812, Civil War, World War I, World War II, the Korean War and the Vietnam Conflict. Newton's citizens are always willing to serve our Nation when called upon.

I congratulate the town of Newton, and it's dedicated and patriotic citizens. I am proud to serve the residents of Newton in the United States Senate.●

ICELANDIC HERITAGE

● Mr. CONRAD. Mr. President, I rise today to celebrate the Icelandic heritage of our country and of the state of North Dakota.

For a century it has been North Dakota's custom to set aside time to honor the contributions of Icelanders to North Dakota. In order to honor the thousands of people of Icelandic descent that reside in my state, the Governor has proclaimed July 30 to August 2 as Icelandic Heritage Days.

Icelandic Heritage Days culminates with a celebration of the historical presentation of a new constitution to the Icelandic Parliament. This occurred on August the second, or ''August the Deuce,'' as many Icelanders call it, 1874 by King Kristjan the Ninth. This action formally freed Iceland from hundreds of years of Danish rule.

In 1878, people of Icelandic descent first settled in northeastern North Dakota. Since this time, Icelandic-Americans have been instrumental in the development of their communities and my state. One settler, E.H. Bergman, was a member of the Territorial Legislature, which passed legislation enabling the establishment of the states of North and South Dakota. Since Bergman's time, many more people of Icelandic descent have represented their constituencies in the ND Legislature and state government.

Mr. President, this year's celebration is especially noteworthy because an honored dignitary, the Honorable Olafur Ragnar Grimsson, the President of Iceland, will be in attendance. This visit will mark the first time that an Icelandic head-of-state has visited North Dakota.

It is a pleasure to have President Grimsson visit North Dakota, and a privilege to honor Icelandic-Americans for all they have done for North Dakota and this great country.●

ANGELO QUARANTA

● Mrs. BOXER. Mr. President, today, I extend special birthday wishes to a very special Californian, Angelo Quaranta, whose birthday is August 8.

Angelo is perhaps best known as the owner and driving force behind Allegro, an Italian restaurant on San Francisco's Russian Hill. Regardless of whether you are the Governor, the Mayor, a community organizer or just someone looking for a wonderful plate of pasta, Angelo's grace and easy manner always make you feel welcome.

Angelo was born in Taranto, Italy in 1934. Before leaving his homeland for San Francisco in 1960, he attended the police academy and became national Judo champion while serving with the Italian Police Force. Upon arriving in San Francisco, he first worked as a window washer and then began a distinguished career in the insurance industry.

Cooking may be Angelo's passion, but he can be found in many more places than the kitchen. He has long been active in local government and is a leader in community affairs. He is currently president of the Commission of Parking and Traffic, and served on San Francisco's Recreation and Park Commission. In the 1970's, he operated an Italian television station that broadcast programming from Italy. He founded Unione Sportiva Italia, and has been active in numerous efforts to celebrate the invaluable contributions of Italians and Italian-Americans to the life of the city and nation. Angelo has served as a member of the Juvenile Diabetes Foundation and founded Candlelight Again, an organization comprised of restaurant owners and their patrons dedicated to raising funds for community needs. In recognition of his work, and in addition to many other honors, the Mayor's Office has twice proclaimed it ''Angelo Quaranto Day in San Francisco.''

Angelo has two adult daughters who live with their husbands and children in Italy. It is a pleasure to join them and the larger civic family Angelo continues to nurture in San Francisco in wishing him a joyous 65th birthday.●

TRIBUTE TO HONOR BEDFORD PRESBYTERIAN CHURCH

• Mr. SMITH of New Hampshire. Mr. President, I rise today to honor the Bedford Presbyterian Church which is celebrating its 250th Anniversary on August 15, 1999. The church first organized on August 15, 1749 and has been serving the people of Bedford ever since.

The church was founded under the rules of Massachusetts Colony who deeded the land to the New Hampshire and also mandated that in order to organize a town there must be land for a church, a minister, and an orthodox ministry. The church was thus formed in 1749 and the town charter was signed the next year.

As a person of strong religious convictions, I applaud the services and strong sense of family and community that the church has provided to its community. Furthermore, I applaud their monthly celebrations of this historic event.

I commend the Bedford Presbyterian Church and wish them luck in the next 250 years. It is an honor to represent the members of Bedford Presbyterian Church in the United States Senate.•

TRIBUTE TO ADMIRAL BARRY COSTELLO

• Mr. GRAMM. Mr. President, I rise today to recognize Rear Admiral (Select) Barry Costello, United States Navy, for the excellent job he has done as the Director of Senate Liaison for the Navy. I want to recognize Admiral Costello for his many achievements and commend him for the exemplary service he has provided to the Senate, to the Navy, and to our great nation.

Barry Costello is a sailor's sailor who has distinguished himself through his seamanship, tactical acumen, and inspiring leadership. He has served on some of our country's finest warships, including command of the destroyer U.S.S. *Elliot* (DD 967). Prior to coming to the Senate, he commanded the prestigious ''Little Beavers'' of Destroyer Squadron 23, following in the footsteps of Admiral Arleigh ''Thirty-One Knot'' Burke, who famously led the ''Little Beavers'' to a decisive victory over Japanese forces in the Battle of Cape Saint George in 1943.

In March 1997, Admiral Costello took the helm of the Navy's Senate Liaison Office. His integrity, enthusiasm, and foresight have earned the admiration of all members of the Senate who have worked with him, and it is not an exaggeration to say that through his service to the Senate, Barry Costello has helped to ensure that our Navy remains the best trained, best equipped, and best prepared naval force in the world.

Mr. President, Rear Admiral (Select) Barry Costello exemplifies what is best in the Navy and in America. The Senate, the Navy and the American people are indebted to him for his many years of distinguished service. As he departs for his first assignment as a flag officer, I know that my colleagues wish Barry, his wife LuAnne, and their sons Aidan and Brendan the very best. I have a feeling we will work with Barry again in another more important role for our Navy and our nation.•

TRIBUTE TO ROBERT STEPHEN

• Mr. SMITH of New Hampshire. Mr. President, I rise today to pay tribute to Robert Stephen of Manchester, New Hampshire for his appointment to Director of Community Development Services at New Hampshire's Department of Resources and Economic Development.

After ten years of service as a New Hampshire State Senator, Democratic Leader from 1984 to 1990, Robert was appointed Deputy Executive Director of the New Hampshire Job Training Council. In this capacity Robert was responsible for providing New Hampshire businesses with the skilled labor needed to grow and be successful and New Hampshire citizens with the skills they need to become self-sufficient. He has also been a driving force in workforce development by overseeing the state's Rapid Response effort and convening the Statewide Business Relations Team.

Not only has Robert taken on the task of improving the New Hampshire workforce, but he has been an asset to his community. He has won numerous Multiple Sclerosis Fund-Raising Awards, was a former member of the New Hampshire State Athletic Commission, has received the Easter Seal VIP Award and has been a business owner in downtown Manchester. On top of all this service, Robert was also able to become a three-time New Hampshire Golden Gloves Boxing Champion.

Robert's new responsibility as Director of Community Development Services will give him the opportunity to cultivate a stronger and more job ready workforce, meeting the needs and specifications of New Hampshire companies. His presence at the New Hampshire Job Training Council will surely be missed.

I want to commend Robert Stephen for his hard work on behalf of New Hampshire citizens and wish him luck in his new endeavor. It is an honor to represent Robert in the United States Senate.•

TAXPAYER REFUND ACT OF 1999

On July 30, 1999, the Senate amended and passed H.R. 2488. The text of the bill follows:

Resolved, That the bill from the House of Representatives (H.R. 2488) entitled ''An Act to provide for reconciliation pursuant to sections 105 and 211 of the concurrent resolution on the budget for fiscal year 2000.'', do pass with the following amendment:

Strike out 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—BROAD BASED TAX RELIEF

Sec. 101. Reduction of 15 percent individual income tax rate.
Sec. 102. Increase in maximum taxable income for 14 percent rate bracket.

TITLE II—FAMILY TAX RELIEF PROVISIONS

Sec. 201. Combined return to which unmarried rates apply.
Sec. 202. Marriage penalty relief for earned income credit.
Sec. 203. Exclusion for foster care payments to apply to payments by qualified placement agencies.
Sec. 204. Modification of dependent care credit.
Sec. 205. Allowance of credit for employer expenses for child care assistance.
Sec. 206. Modification of alternative minimum tax for individuals.
Sec. 207. Long-term capital gains deduction for individuals.
Sec. 208. Credit for interest on higher education loans.
Sec. 209. Elimination of marriage penalty in standard deduction.
Sec. 210. Expansion of adoption credit.
Sec. 211. Modification of tax rates for trusts for individuals who are disabled.

TITLE III—RETIREMENT SAVINGS TAX RELIEF

Subtitle A—Individual Retirement Arrangements

Sec. 301. Modification of deduction limits for IRA contributions.
Sec. 302. Modification of income limits on contributions and rollovers to Roth IRAs.
Sec. 303. Deemed IRAs under employer plans.
Sec. 304. Tax credit for matching contributions to Individual Development Accounts.
Sec. 305. Certain coins not treated as collectibles.

Subtitle B—Expanding Coverage

Sec. 311. Option to treat elective deferrals as after-tax contributions.
Sec. 312. Increase in elective contribution limits.
Sec. 313. Plan loans for subchapter S owners, partners, and sole proprietors.
Sec. 314. Elective deferrals not taken into account for purposes of deduction limits.
Sec. 315. Reduced PBGC premium for new plans of small employers.
Sec. 316. Reduction of additional PBGC premium for new plans.
Sec. 317. Elimination of user fee for requests to IRS regarding new pension plans.
Sec. 318. SAFE annuities and trusts.
Sec. 319. Modification of top-heavy rules.

Subtitle C—Enhancing Fairness for Women

Sec. 321. Catchup contributions for individuals age 50 or over.

Sec. 322. Equitable treatment for contributions of employees to defined contribution plans.
Sec. 323. Clarification of tax treatment of division of section 457 plan benefits upon divorce.
Sec. 324. Modification of safe harbor relief for hardship withdrawals from cash or deferred arrangements.
Sec. 325. Faster vesting of certain employer matching contributions.

Subtitle D—Increasing Portability for Participants

Sec. 331. Rollovers allowed among various types of plans.
Sec. 332. Rollovers of IRAs into workplace retirement plans.
Sec. 333. Rollovers of after-tax contributions.
Sec. 334. Hardship exception to 60-day rule.
Sec. 335. Treatment of forms of distribution.
Sec. 336. Rationalization of restrictions on distributions.
Sec. 337. Purchase of service credit in governmental defined benefit plans.
Sec. 338. Employers may disregard rollovers for purposes of cash-out amounts.
Sec. 339. Inclusion requirements for section 457 plans.

Subtitle E—Strengthening Pension Security and Enforcement

Sec. 341. Repeal of 150 percent of current liability funding limit.
Sec. 342. Extension of missing participants program to multiemployer plans.
Sec. 343. Excise tax relief for sound pension funding.
Sec. 344. Failure to provide notice by defined benefit plans significantly reducing future benefit accruals.
Sec. 345. Protection of investment of employee contributions to 401(k) plans.
Sec. 346. Treatment of multiemployer plans under section 415.
Sec. 347. Maximum contribution deduction rules modified and applied to all defined benefit plans.
Sec. 348. Increase in section 415 early retirement limit for governmental and other plans.

Subtitle F—Encouraging Retirement Education

Sec. 351. Periodic pension benefits statements.
Sec. 352. Clarification of treatment of employer-provided retirement advice.

Subtitle G—Reducing Regulatory Burdens

Sec. 361. Flexibility in nondiscrimination and coverage rules.
Sec. 362. Modification of timing of plan valuations.
Sec. 363. Substantial owner benefits in terminated plans.
Sec. 364. ESOP dividends may be reinvested without loss of dividend deduction.
Sec. 365. Notice and consent period regarding distributions.
Sec. 366. Repeal of transition rule relating to certain highly compensated employees.
Sec. 367. Employees of tax-exempt entities.
Sec. 368. Extension to international organizations of moratorium on application of certain nondiscrimination rules applicable to State and local plans.
Sec. 369. Annual report dissemination.
Sec. 370. Modification of exclusion for employer provided transit passes and passengers permitted to utilize otherwise empty seats on aircraft.
Sec. 371. Reporting simplification.

Subtitle H—Plan Amendments

Sec. 381. Provisions relating to plan amendments.

TITLE IV—EDUCATION TAX RELIEF PROVISIONS

Sec. 401. Elimination of 60-month limit and increase in income limitation on student loan interest deduction.
Sec. 402. Modifications to qualified tuition programs.
Sec. 403. 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.
Sec. 404. Extension of exclusion for employer-provided educational assistance.
Sec. 405. Additional increase in arbitrage rebate exception for governmental bonds used to finance educational facilities.
Sec. 406. Treatment of qualified public educational facility bonds as exempt facility bonds.
Sec. 407. Federal guarantee of school construction bonds by Federal Home Loan Banks.
Sec. 408. Certain educational benefits provided by an employer to children of employees excludable from gross income as a scholarship.

TITLE V—HEALTH CARE TAX RELIEF PROVISIONS

Sec. 501. Deduction for health and long-term care insurance costs of individuals not participating in employer-subsidized health plans.
Sec. 502. Long-term care insurance permitted to be offered under cafeteria plans and flexible spending arrangements.
Sec. 503. Additional personal exemption for taxpayer caring for elderly family member in taxpayer's home.
Sec. 504. Inclusion of certain vaccines against streptococcus pneumoniae to list of taxable vaccines; reduction in per dose tax rate.

TITLE VI—SMALL BUSINESS TAX RELIEF PROVISIONS

Sec. 601. Deduction for 100 percent of health insurance costs of self-employed individuals.
Sec. 602. Increase in expense treatment for small businesses.
Sec. 603. Repeal of Federal unemployment surtax.
Sec. 604. Income averaging for farmers and fishermen not to increase alternative minimum tax liability.
Sec. 605. Farm, Fishing, and Ranch Risk Management Accounts.
Sec. 606. Exclusion of investment securities income from passive income test for bank S corporations.
Sec. 607. Treatment of qualifying director shares.
Sec. 608. Increase in estate tax deduction for family-owned business interest.
Sec. 609. Credit for employee health insurance expenses.

TITLE VII—ESTATE AND GIFT TAX RELIEF PROVISIONS

Subtitle A—Reductions of Estate, Gift, and Generation-Skipping Transfer Taxes

Sec. 701. Reductions of estate, gift, and generation-skipping transfer taxes.
Sec. 702. Unified credit against estate and gift taxes replaced with unified exemption amount.

Subtitle B—Conservation Easements

Sec. 711. Expansion of estate tax rule for conservation easements.

Subtitle C—Annual Gift Exclusion

Sec. 721. Increase in annual gift exclusion.

Subtitle D—Simplification of Generation-Skipping Transfer Tax

Sec. 731. Retroactive allocation of GST exemption.
Sec. 732. Severing of trusts.
Sec. 733. Modification of certain valuation rules.
Sec. 734. Relief provisions.

TITLE VIII—TAX EXEMPT ORGANIZATIONS PROVISIONS

Sec. 801. Exemption from income tax for State-created organizations providing property and casualty insurance for property for which such coverage is otherwise unavailable.
Sec. 802. Modifications to section 512(b)(13).
Sec. 803. Simplification of lobbying expenditure limitation.
Sec. 804. Tax-free distributions from individual retirement accounts for charitable purposes.
Sec. 805. Mileage reimbursements to charitable volunteers excluded from gross income.
Sec. 806. Charitable contribution deduction for certain expenses incurred in support of Native Alaskan subsistence whaling.
Sec. 807. Charitable contributions to certain low income schools may be made in next taxable year.
Sec. 808. Deduction for portion of charitable contributions to be allowed to individuals who do not itemize deductions.
Sec. 809. Increase in limit on charitable contributions as percentage of AGI.
Sec. 810. Limited exception to excess business holdings rule.
Sec. 811. Certain costs of private foundation in removing hazardous substances treated as qualifying distribution.
Sec. 812. Holding period reduced to 12 months for purposes of determining whether horses are section 1231 assets.

TITLE IX—INTERNATIONAL TAX RELIEF

Sec. 901. Interest allocation rules.
Sec. 902. Look-thru rules to apply to dividends from noncontrolled section 902 corporations.
Sec. 903. Clarification of treatment of pipeline transportation income.
Sec. 904. Subpart F treatment of income from transmission of high voltage electricity.
Sec. 905. Advance pricing agreements treated as confidential taxpayer information.
Sec. 906. Airline mileage awards to certain foreign persons.
Sec. 907. Repeal of foreign tax credit limitation under alternative minimum tax.
Sec. 908. Treatment of military property of foreign sales corporations.

TITLE X—HOUSING AND REAL ESTATE TAX RELIEF PROVISIONS

Subtitle A—Low-Income Housing Credit

Sec. 1001. Modification of State ceiling on low-income housing credit.

Subtitle B—Historic Homes

Sec. 1011. Tax credit for renovating historic homes.

Subtitle C—Provisions Relating to Real Estate Investment Trusts

PART I—TREATMENT OF INCOME AND SERVICES PROVIDED BY TAXABLE REIT SUBSIDIARIES

Sec. 1021. Modifications to asset diversification test.

Sec. 1022. Treatment of income and services provided by taxable REIT subsidiaries.
Sec. 1023. Taxable REIT subsidiary.
Sec. 1024. Limitation on earnings stripping.
Sec. 1025. 100 percent tax on improperly allocated amounts.
Sec. 1026. Effective date.

PART II—HEALTH CARE REITS

Sec. 1031. Health care REITs.

PART III—CONFORMITY WITH REGULATED INVESTMENT COMPANY RULES

Sec. 1041. Conformity with regulated investment company rules.

PART IV—CLARIFICATION OF EXCEPTION FROM IMPERMISSIBLE TENANT SERVICE INCOME

Sec. 1051. Clarification of exception for independent operators.

PART V—MODIFICATION OF EARNINGS AND PROFITS RULES

Sec. 1061. Modification of earnings and profits rules.

PART VI—STUDY RELATING TO TAXABLE REIT SUBSIDIARIES

Sec. 1071. Study relating to taxable REIT subsidiaries.

Subtitle D—Private Activity Bond Volume Cap

Sec. 1081. Increase in volume cap on private activity bonds.

Subtitle E—Leasehold Improvements Depreciation

Sec. 1091. Recovery period for depreciation of certain leasehold improvements.

TITLE XI—MISCELLANEOUS PROVISIONS

Sec. 1101. Repeal of certain motor fuel excise taxes on fuel used by railroads and on inland waterway transportation.
Sec. 1102. Tax treatment of Alaska Native Settlement Trusts.
Sec. 1103. Long-term unused credits allowed against minimum tax.
Sec. 1104. 5-year net operating loss carryback for losses attributable to operating mineral interests of independent oil and gas producers.
Sec. 1105. Election to expense geological and geophysical expenditures.
Sec. 1106. Election to expense delay rental payments
Sec. 1107. Modification of active business definition under section 355.
Sec. 1108. Temporary suspension of maximum amount of amortizable reforestation expenditures.
Sec. 1109. Modification of excise tax imposed on arrow components.
Sec. 1110. Increase in threshold for Joint Committee reports on refunds and credits.
Sec. 1111. Modification of rural airport definition.
Sec. 1112. Payment of dividends on stock of cooperatives without reducing patronage dividends.
Sec. 1113. Consolidation of life insurance companies with other corporations.
Sec. 1114. Expansion of exemption from personal holding company tax for lending or finance companies.
Sec. 1115. Credit for modifications to inter-city buses required under the Americans With Disabilities Act of 1990.
Sec. 1116. Increased deductibility of business meal expenses for individuals subject to Federal limitations on hours of service.
Sec. 1117. Tax-exempt financing of qualified highway infrastructure construction.
Sec. 1118. Expansion of DC homebuyer tax credit.
Sec. 1119. Extension of DC zero percent capital gains rate.
Sec. 1120. Natural gas gathering lines treated as 7-year property.
Sec. 1121. Exemption from ticket taxes for certain transportation provided by small seaplanes.
Sec. 1122. No Federal income tax on amounts and lands received by Holocaust victims or their heirs.
Sec. 1123. 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.
Sec. 1124. Expansion of deduction for computer donations to schools.
Sec. 1125. Credit for computer donations to schools and senior centers.
Sec. 1126. Increase in mandatory spending for Child Care and Development Block Grant.
Sec. 1127. Sense of the Senate regarding savings incentives.
Sec. 1128. 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.
Sec. 1129. 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.
Sec. 1130. Certain Native American housing assistance disregarded in determining whether building is federally subsidized for purposes of the low-income housing credit.
Sec. 1131. Disclosure of tax information to facilitate combined employment tax reporting.
Sec. 1132. Treatment of maple syrup production.
Sec. 1133. Treatment of bonds issued to acquire renewable resources on land subject to conservation easement.
Sec. 1134. Modification of alternative minimum tax for individuals.
Sec. 1135. Exclusion from income of severance payment amounts.
Sec. 1136. Capital gain treatment under section 631(b) to apply to outright sales by land owner.
Sec. 1137. Credit for clinical testing research expenses attributable to certain qualified academic institutions including teaching hospitals.

TITLE XII—EXTENSION OF EXPIRED AND EXPIRING PROVISIONS

Sec. 1201. Permanent extension and modification of research credit.
Sec. 1202. Subpart F exemption for active financing income.
Sec. 1203. Taxable income limit on percentage depletion for marginal production.
Sec. 1204. Work opportunity credit and welfare-to-work credit.
Sec. 1205. Extension and modification of credit for producing electricity from certain renewable resources.
Sec. 1206. Alaska exemption from dyeing requirements.
Sec. 1207. Extension of expensing of environmental remediation costs.

TITLE XIII—REVENUE OFFSETS

Subtitle A—General Provisions

Sec. 1301. Modification to foreign tax credit carryback and carryover periods.
Sec. 1302. Returns relating to cancellations of indebtedness by organizations lending money.
Sec. 1303. Increase in elective withholding rate for nonperiodic distributions from deferred compensation plans.
Sec. 1304. Extension of Internal Revenue Service user fees.
Sec. 1305. Transfer of excess defined benefit plan assets for retiree health benefits.
Sec. 1306. Tax treatment of income and loss on derivatives.

Subtitle B—Loophole Closers

Sec. 1311. Limitation on use of non-accrual experience method of accounting.
Sec. 1312. Limitations on welfare benefit funds of 10 or more employer plans.
Sec. 1313. Modification of installment method and repeal of installment method for accrual method taxpayers.
Sec. 1314. Treatment of gain from constructive ownership transactions.
Sec. 1315. Charitable split-dollar life insurance, annuity, and endowment contracts.
Sec. 1316. Restriction on use of real estate investment trusts to avoid estimated tax payment requirements.
Sec. 1317. Prohibited allocations of S corporation stock held by an ESOP.
Sec. 1318. Modification of anti-abuse rules related to assumption of liability.
Sec. 1319. Allocation of basis on transfers of intangibles in certain nonrecognition transactions.
Sec. 1320. Controlled entities ineligible for REIT status.
Sec. 1321. Distributions to a corporate partner of stock in another corporation.

TITLE XIV—TECHNICAL CORRECTIONS

Sec. 1401. Amendments related to Tax and Trade Relief Extension Act of 1998.
Sec. 1402. Amendments related to Internal Revenue Service Restructuring and Reform Act of 1998.
Sec. 1403. Amendments related to Taxpayer Relief Act of 1997.
Sec. 1404. Other technical corrections.
Sec. 1405. Clerical changes.
Sec. 1406. Technical corrections to Saver Act.

TITLE XV—COMPLIANCE WITH CONGRESSIONAL BUDGET ACT

Sec. 1501. Sunset of provisions of Act.

TITLE I—BROAD BASED TAX RELIEF

SEC. 101. REDUCTION OF 15 PERCENT INDIVIDUAL INCOME TAX RATE.

(a) REDUCTION IN RATE.—Subsection (f) of section 1 is amended by adding at the end the following new paragraph:

''(8) RATE REDUCTION.—In prescribing the tables under paragraph (1) which apply with respect to taxable years beginning in a calendar year after 2000, the rate applicable to the lowest income bracket shall be 14 percent.''.

(b) CONFORMING AMENDMENTS.—

(1) Subparagraph (B) of section 1(f)(2) is amended by inserting '', except as provided in paragraph (8),'' before ''by not changing''.

(2) Subparagraph (C) of section 1(f)(2) is amended by inserting ''and the reduction under paragraph (8) in the rate of tax'' before the period.

(3) The heading for subsection (f) of section 1 is amended by inserting ''RATE REDUCTION;'' before ''ADJUSTMENTS''.

(4) Section 1(g)(7)(B)(ii)(II) is amended by striking ''15 percent'' and inserting ''14 percent''.

(5) Section 3402(p)(1)(B) is amended by striking ''15'' and inserting ''14''.

(6) Section 3402(p)(2) is amended by striking ''15 percent'' and inserting ''14 percent''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 102. INCREASE IN MAXIMUM TAXABLE INCOME FOR 14 PERCENT RATE BRACKET.

(a) IN GENERAL.—Section 1(f) (relating to adjustments in tax tables so that inflation will not result in tax increases), as amended by section 101, 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 (after adjustment under paragraph (8)) the maximum taxable income level for the 14 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 2005 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:***
2006	*$4,000*
2007 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:***
2006	*$2,000*
2007 and thereafter	*$2,500.*

''(B) COST-OF-LIVING ADJUSTMENT.—In the case of any taxable year beginning in any calendar year after 2007, 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 2006' 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 PROVISIONS

SEC. 201. COMBINED RETURN TO WHICH UNMARRIED RATES APPLY.

(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) TREATMENT OF INCOME.—For purposes of this section—

''(1) earned income (within the meaning of section 911(d)), and any income received as a pension or annuity which arises from an employer-employee relationship, shall be treated as the income of the spouse who rendered the services, and

''(2) income from property shall be divided between the spouses in accordance with their respective ownership rights in such property (equally in the case of property held jointly by the spouses).

''(c) TREATMENT OF DEDUCTIONS.—For purposes of this section—

''(1) except as otherwise provided in this subsection, the deductions described in section 62(a) shall be allowed to the spouse treated as having the income to which such deductions relate,

''(2) the deduction for retirement savings described in paragraph (7) of section 62(a) shall be allowed to the spouse whose earned income qualified the savings for the deduction,

''(3) the deduction for alimony described in paragraph (10) of section 62(a) shall be allowed to the spouse who has the liability to pay the alimony,

''(4) the deduction described in paragraph (16) of section 62(a) (relating to contributions to medical savings accounts) shall be allowed to the spouse with respect to whose employment or self-employment such account relates,

''(5) the deductions allowable by section 151(b) (relating to personal exemptions for taxpayer and spouse) shall be determined by allocating 1 personal exemption to each spouse,

''(6) section 63 shall be applied as if such spouses were not married, except that the election whether or not to itemize deductions shall be made jointly by both spouses and apply to each, and

''(7) each spouse's share of all other deductions shall be determined by multiplying the aggregate amount thereof by the fraction—

''(A) the numerator of which is such spouse's adjusted gross income, and

''(B) the denominator of which is the combined adjusted gross incomes of the 2 spouses.

Any fraction determined under paragraph (7) shall be rounded to the nearest percentage point.

''(d) TREATMENT OF CREDITS.—Credits shall be determined (and applied against the joint liability of the couple for tax determined under this section) as if the spouses had filed a joint return.

''(e) 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.

''(f) 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 return which is not a combined return under section 6013A, 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) BASIC STANDARD DEDUCTION FOR UNMARRIED INDIVIDUALS MADE APPLICABLE.—Subparagraph (C) of section 63(c)(2) is amended to read as follows:

''(C) $3,000 in the case of an individual other than—

''(i) a married individual filing a return which is not a combined return under section 6013A,

''(ii) a surviving spouse, or

''(iii) a head of household, or''.

(d) 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.''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004.

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. 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.

SEC. 204. 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 ''40 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) 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.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 205. ALLOWANCE OF CREDIT FOR EMPLOYER EXPENSES FOR CHILD CARE ASSISTANCE.

(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 new section:

''SEC. 45D. EMPLOYER-PROVIDED CHILD CARE CREDIT.

''(a) ALLOWANCE OF CREDIT.—For purposes of section 38, the employer-provided child care credit determined under this section for the taxable year is an amount equal to the sum of—

''(1) 25 percent of the qualified child care expenditures, and

''(2) 10 percent of the qualified child care resource and referral expenditures,

of the taxpayer for such taxable year.

''(b) DOLLAR LIMITATION.—The credit allowable under subsection (a) for any taxable year shall not exceed $150,000.

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

''(1) QUALIFIED CHILD CARE EXPENDITURE.—

''(A) IN GENERAL.—The term 'qualified child care expenditure' means any amount paid or incurred—

''(i) to acquire, construct, rehabilitate, or expand property—

''(I) which is to be used as part of an eligible qualified child care facility of the taxpayer,

''(II) with respect to which a deduction for depreciation (or amortization in lieu of depreciation) is allowable, and

''(III) which does not constitute part of the principal residence (within the meaning of section 121) of the taxpayer or any employee of the taxpayer,

''(ii) for the operating costs of an eligible qualified child care facility of the taxpayer, including costs related to the training of employees of the child care facility, to scholarship programs, to the providing of differential compensation to employees based on level of child care training, and to expenses associated with achieving accreditation, or

''(iii) under a contract with a qualified child care facility to provide child care services to employees of the taxpayer.

''(B) EXCLUSION FOR AMOUNTS FUNDED BY GRANTS, ETC.—The term 'qualified child care expenditure' shall not include any amount to the extent such amount is funded by any grant, contract, or otherwise by another person (or any governmental entity).

''(C) NONDISCRIMINATION.—The term 'qualified child care expenditure' shall not include any amount expended in relation to any child care services unless the providing of such services to employees of the taxpayer does not discriminate in favor of highly compensated employees (within the meaning of section 404(q)).

''(2) QUALIFIED CHILD CARE FACILITY.—

''(A) IN GENERAL.—The term 'qualified child care facility' means a facility—

''(i) the principal use of which is to provide child care assistance, and

''(ii) which meets the requirements of all applicable laws and regulations of the State or local government in which it is located, including, but not limited to, the licensing of the facility as a child care facility.

Clause (i) shall not apply to a facility which is the principal residence (within the meaning of section 121) of the operator of the facility.

''(B) ELIGIBLE QUALIFIED CHILD CARE FACILITY.—A qualified child care facility shall be treated as an eligible qualified child care facility with respect to the taxpayer if—

''(i) enrollment in the facility is open to employees of the taxpayer during the taxable year,

''(ii) the facility is not the principal trade or business of the taxpayer, and

''(iii) at least 30 percent of the enrollees of such facility are dependents of employees of the taxpayer.

''(C) APPLICATION OF SUBPARAGRAPH (B).—In the case of a new facility, the facility shall be treated as meeting the requirement of subparagraph (B)(iii) if not later than 2 years after placing such facility in service at least 30 percent of the enrollees of such facility are dependents of employees of the taxpayer.

''(3) QUALIFIED CHILD CARE RESOURCE AND REFERRAL EXPENDITURE.—

''(A) IN GENERAL.—The term 'qualified child care resource and referral expenditure' means any amount paid or incurred under a contract to provide child care resource and referral services to employees of the taxpayer.

''(B) EXCLUSION FOR AMOUNTS FUNDED BY GRANTS, ETC.—The term 'qualified child care resource and referral expenditure' shall not include any amount to the extent such amount is funded by any grant, contract, or otherwise by another person (or any governmental entity).

''(C) NONDISCRIMINATION.—The term 'qualified child care resource and referral expenditure' shall not include any amount expended in relation to any child care resource and referral services unless the providing of such services to employees of the taxpayer does not discriminate in favor of highly compensated employees (within the meaning of section 404(q)).

''(d) RECAPTURE OF ACQUISITION AND CONSTRUCTION CREDIT.—

''(1) IN GENERAL.—If, as of the close of any taxable year, there is a recapture event with respect to any eligible qualified child care facility of the taxpayer, then the tax of the taxpayer under this chapter for such taxable year shall be increased by an amount equal to the product of—

''(A) the applicable recapture percentage, and

''(B) the aggregate decrease in the credits allowed under section 38 for all prior taxable years which would have resulted if the qualified child care expenditures of the taxpayer described in subsection (c)(1)(A) with respect to such facility had been zero.

''(2) APPLICABLE RECAPTURE PERCENTAGE.—

''(A) IN GENERAL.—For purposes of this subsection, the applicable recapture percentage shall be determined from the following table:

''If the recapture event occurs in:	***The applicable recapture percentage is:***
Year 1	*100*
Year 2	*80*
Year 3	*60*
Year 4	*40*
Year 5	*20*
Years 6 and thereafter	*0.*

''(B) YEARS.—For purposes of subparagraph (A), year 1 shall begin on the first day of the taxable year in which the eligible qualified child care facility is placed in service by the taxpayer.

''(3) RECAPTURE EVENT DEFINED.—For purposes of this subsection, the term 'recapture event' means—

''(A) CESSATION OF OPERATION.—The cessation of the operation of the facility as an eligible qualified child care facility.

''(B) CHANGE IN OWNERSHIP.—

''(i) IN GENERAL.—Except as provided in clause (ii), the disposition of a taxpayer's interest in an eligible qualified child care facility with respect to which the credit described in subsection (a) was allowable.

''(ii) AGREEMENT TO ASSUME RECAPTURE LIABILITY.—Clause (i) shall not apply if the person acquiring such interest in the facility agrees in writing to assume the recapture liability of the person disposing of such interest in effect

immediately before such disposition. In the event of such an assumption, the person acquiring the interest in the facility shall be treated as the taxpayer for purposes of assessing any recapture liability (computed as if there had been no change in ownership).

''(4) SPECIAL RULES.—

''(A) TAX BENEFIT RULE.—The tax for the taxable year shall be increased under paragraph (1) only with respect to credits allowed by reason of this section which were used to reduce tax liability. In the case of credits not so used to reduce tax liability, the carryforwards and carrybacks under section 39 shall be appropriately adjusted.

''(B) NO CREDITS AGAINST TAX.—Any increase in tax under this subsection shall not be treated as a tax imposed by this chapter for purposes of determining the amount of any credit under subpart A, B, or D of this part.

''(C) NO RECAPTURE BY REASON OF CASUALTY LOSS.—The increase in tax under this subsection shall not apply to a cessation of operation of the facility as a qualified child care facility by reason of a casualty loss to the extent such loss is restored by reconstruction or replacement within a reasonable period established by the Secretary.

''(e) SPECIAL RULES.—For purposes of this section—

''(1) AGGREGATION RULES.—All persons which are treated as a single employer under subsections (a) and (b) of section 52 shall be treated as a single taxpayer.

''(2) PASS-THRU IN THE CASE OF ESTATES AND TRUSTS.—Under regulations prescribed by the Secretary, rules similar to the rules of subsection (d) of section 52 shall apply.

''(3) ALLOCATION IN THE CASE OF PARTNERSHIPS.—In the case of partnerships, the credit shall be allocated among partners under regulations prescribed by the Secretary.

''(f) NO DOUBLE BENEFIT.—

''(1) REDUCTION IN BASIS.—For purposes of this subtitle—

''(A) IN GENERAL.—If a credit is determined under this section with respect to any property by reason of expenditures described in subsection (c)(1)(A), the basis of such property shall be reduced by the amount of the credit so determined.

''(B) CERTAIN DISPOSITIONS.—If during any taxable year there is a recapture amount determined with respect to any property the basis of which was reduced under subparagraph (A), the basis of such property (immediately before the event resulting in such recapture) shall be increased by an amount equal to such recapture amount. For purposes of the preceding sentence, the term 'recapture amount' means any increase in tax (or adjustment in carrybacks or carryovers) determined under subsection (d).

''(2) OTHER DEDUCTIONS AND CREDITS.—No deduction or credit shall be allowed under any other provision of this chapter with respect to the amount of the credit determined under this section.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 38(b) is amended—

(A) by striking out ''plus'' at the end of paragraph (11),

(B) by striking out the period at the end of paragraph (12), and inserting a comma and ''plus'', and

(C) by adding at the end the following new paragraph:

''(13) the employer-provided child care credit determined under section 45D.''.

(2) 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 new item:

''Sec. 45D. Employer-provided child care credit.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 206. 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 to read as follows:

''(E) SPECIAL RULE FOR CERTAIN DEDUCTIONS.—The standard deduction under section 63(c) shall not be allowed and the deduction for personal exemptions under section 151 and the deduction under section 642(b) shall each be allowed, but shall each be reduced by $250.''.

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

SEC. 207. 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) $1,000.

''(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.''.

(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, 2005.

(2) COLLECTIBLES.—The amendments made by subsection (d) shall apply to sales and exchanges after December 31, 2005.

SEC. 208. 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.

SEC. 209. 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) '1.671 times' in the case of taxable years beginning during 2001,

''(ii) '1.70 times' in the case of taxable years beginning during 2002,

''(iii) '1.727 times' in the case of taxable years beginning during 2003,

''(iv) '1.837 times' in the case of taxable years beginning during 2004,

''(v) '1.951 times' in the case of taxable years beginning during 2005,

''(vi) '1.953 times' in the case of taxable years beginning during 2006, and

''(vii) '1.973 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.

SEC. 210. EXPANSION OF ADOPTION CREDIT.

(a) IN GENERAL.—Section 23(a)(1) (relating to allowance of credit) is amended to read as follows:

''(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 adoption of a child other than a child with special needs, the amount of the qualified adoption expenses paid or incurred by the taxpayer, and

''(B) in the case of an adoption of a child with special needs, $10,000.''.

(b) DOLLAR LIMITATION.—Section 23(b)(1) is amended—

(1) by striking ''($6,000, in the case of a child with special needs)'', and

(2) by striking ''subsection (a)'' and inserting ''subsection (a)(1)''.

(c) YEAR CREDIT ALLOWED.—Section 23(a)(2) is amended by adding at the end the following new flush sentence:

''In the case of the adoption of a child with special needs, the credit allowed under paragraph (1) shall be allowed for the taxable year in which the adoption becomes final.''.

(d) DEFINITION OF ELIGIBLE CHILD.—Section 23(d)(2) is amended to read as follows:

''(2) ELIGIBLE CHILD.—The term 'eligible child' means any individual who—

''(A) has not attained age 18, or

''(B) is physically or mentally incapable of caring for himself.''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 211. 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.*

"If taxable income is:	The tax is:
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 beneficiary who 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, 2006.

TITLE III—RETIREMENT SAVINGS TAX RELIEF

Subtitle A—Individual Retirement Arrangements

SEC. 301. 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	$3,000
2002	$4,000
2003 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 2003, 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 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.''.

(b) INCREASE IN ADJUSTED GROSS INCOME LIMITS FOR ACTIVE PARTICIPANTS.—

(1) IN GENERAL.—Subparagraph (B) of section 219(g)(3) (relating to applicable dollar amount) is amended to read as follows:

''(B) APPLICABLE DOLLAR AMOUNT.—The term 'applicable dollar amount' means the following:

''(i) In the case of a taxpayer filing a joint return:

"For taxable years beginning in:	The applicable dollar amount is:
2001	$53,000
2002	$54,000
2003	$60,000
2004	$65,000
2005	$70,000
2006	$75,000
2007	$80,000
2008	$84,000
2009	$89,000
2010 and thereafter	$94,000.

''(ii) In the case of any other taxpayer (other than a married individual filing a separate return):

"For taxable years beginning in:	The applicable dollar amount is:
2001	$33,000
2002	$34,000
2003	$40,000
2004	$45,000
2005, 2006, and 2007	$50,000
2008	$52,000
2009	$54,500
2010 and thereafter	$57,000.''.

(2) COST-OF-LIVING ADJUSTMENT.—Section 219(g)(3) is amended by adding at the end the following new subparagraph:

''(C) COST-OF-LIVING ADJUSTMENT.—

''(i) IN GENERAL.—In the case of any taxable year beginning in a calendar year after 2010, the $94,000 amount in subparagraph (B)(i) and the $57,000 amount in subparagraph(B)(ii) shall each 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 2009' for 'calendar year 1992' in subparagraph (B) thereof.

''(ii) ROUNDING RULES.—If any amount after adjustment under clause (i) is not a multiple of $1,000, such amount shall be reduced to the next lowest multiple of $1,000.''.

(c) CONFORMING AMENDMENTS.—

(1) Section 408(a)(1) 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) is amended by striking ''$2,000'' and inserting ''the dollar amount in effect under section 219(b)(1)(A)''.

(3) Section 408(b) 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) is amended by striking ''$2,000''.

(5) Section 408(p)(8) is amended by striking ''$2,000'' and inserting ''the dollar amount in effect under section 219(b)(1)(A)''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 302. MODIFICATION OF INCOME LIMITS ON CONTRIBUTIONS AND ROLLOVERS TO ROTH IRAS.

(a) REPEAL OF AGI LIMIT ON CONTRIBUTIONS.—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)(A) (relating to rollover from IRA), as redesignated by subsection (a), is amended to read as follows:

''(A) ROLLOVER FROM IRA.—A taxpayer shall not be allowed to make a qualified rollover contribution from an individual retirement plan other than a Roth IRA during any taxable year if, for the taxable year of the distribution to which the contribution relates, the taxpayer's adjusted gross income exceeds $1,000,000.''.

(c) CONFORMING AMENDMENTS.—

(1) Subparagraph (B) of section 408A(c)(3), as redesignated by subsection (a) and as in effect before and after the amendments made by the Internal Revenue Service Restructuring and Reform Act of 1998, is amended to read as follows:

''(B) DEFINITION OF ADJUSTED GROSS INCOME.—For purposes of subparagraph (A), adjusted gross income shall be determined—

''(i) after application of sections 86 and 469, and

''(ii) without regard to sections 135, 137, 221, and 911, the deduction allowable under section 219, or any amount included in gross income under subsection (d)(3).''.

(2) Subparagraph (B) of section 408A(c)(3), as amended by paragraph (1), is amended by inserting ''or by reason of a required distribution under a provision described in paragraph (5)'' before the period at the end.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning after December 31, 2002.

(2) ROLLOVERS.—The amendment made by subsection (b) shall apply to taxable years beginning after December 31, 2002.

(3) ADJUSTED GROSS INCOME.—The amendment made by subsection (c)(2) shall apply to taxable years beginning after December 31, 2004.

SEC. 303. DEEMED IRAS UNDER EMPLOYER PLANS.

(a) IN GENERAL.—Section 408 (relating to individual retirement accounts) is amended by redesignating subsection (q) as subsection (r) and by inserting after subsection (p) the following new subsection:

''(q) DEEMED IRAS UNDER QUALIFIED EMPLOYER PLANS.—

''(1) GENERAL RULE.—If—

''(A) a qualified employer plan elects to allow employees to make voluntary employee contributions to a separate account or annuity established under the plan, and

''(B) under the terms of the qualified employer plan, such account or annuity meets the applicable requirements of this section or section 408A for an individual retirement account or annuity,

then such account or annuity shall be treated for purposes of this title in the same manner as an individual retirement plan (and contributions to such account or annuity as contributions to an individual retirement plan). For purposes of subparagraph (B), the requirements of subsection (a)(5) shall not apply.

''(2) SPECIAL RULES FOR QUALIFIED EMPLOYER PLANS.—For purposes of this title—

''(A) a qualified employer plan shall not fail to meet any requirement of this title solely by reason of establishing and maintaining a program described in paragraph (1), and

''(B) any account or annuity described in paragraph (1), and any contribution to the account or annuity, shall not be subject to any requirement of this title applicable to a qualified employer plan or taken into account in applying any such requirement to any other contributions under the plan.

''(3) DEFINITIONS.—For purposes of this subsection—

''(A) QUALIFIED EMPLOYER PLAN.—The term 'qualified employer plan' has the meaning given such term by section 72(p)(4).

''(B) VOLUNTARY EMPLOYEE CONTRIBUTION.—The term 'voluntary employee contribution' means any contribution (other than a mandatory contribution within the meaning of section 411(c)(2)(C))—

''(i) which is made by an individual as an employee under a qualified employer plan which allows employees to elect to make contributions described in paragraph (1), and

''(ii) with respect to which the individual has designated the contribution as a contribution to which this subsection applies.''.

(b) AMENDMENT OF ERISA.—

(1) IN GENERAL.—Section 4 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1003) is amended by adding at the end the following new subsection:

''(c) If a pension plan allows an employee to elect to make voluntary employee contributions to accounts and annuities as provided in section 408(q) of the Internal Revenue Code of 1986, such accounts and annuities (and contributions thereto) shall not be treated as part of such plan (or as a separate pension plan) for purposes of any provision of this title other than section 403(c), 404, or 405 (relating to exclusive benefit, and fiduciary and co-fiduciary responsibilities).''.

(2) CONFORMING AMENDMENT.—Section 4(a) of such Act (29 U.S.C. 1003(a)) is amended by inserting ''or (c)'' after ''subsection (b)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 1999.

SEC. 304. TAX CREDIT FOR MATCHING CONTRIBUTIONS TO INDIVIDUAL DEVELOPMENT ACCOUNTS.

(a) IN GENERAL.—Subchapter F of chapter 1 (relating to exempt organizations) is amended by adding at the end the following new part:

''PART IX—INDIVIDUAL DEVELOPMENT ACCOUNTS

''Sec. 530A. Individual development accounts.

''SEC. 530A. INDIVIDUAL DEVELOPMENT ACCOUNTS.

''(a) INDIVIDUAL DEVELOPMENT ACCOUNT.—For purposes of this section, the term 'Individual Development Account' means a custodial account established for the exclusive benefit of an eligible individual or such individual's beneficiaries, but only if the written governing instrument creating the account meets the following requirements:

''(1) Except in the case of a qualified rollover (as defined in subsection (c)(2)(E))—

''(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 the lesser of—

''(i) $350, or

''(ii) an amount equal to the compensation includible in the eligible individual's gross income for such taxable year.

''(2) The custodian of the account is a qualified financial institution.

''(3) The interest of an eligible individual in the balance of the account (determined without regard to any such matching contribution or earnings thereon) is nonforfeitable.

''(4) The assets of the account will not be commingled with other property except in a common trust fund or common investment fund.

''(5) Except as provided in subsection (c), any amount in the account may be paid out only for qualified expense distributions.

''(b) MATCHING CONTRIBUTIONS WITH RESPECT TO INDIVIDUAL DEVELOPMENT ACCOUNTS.—

''(1) IN GENERAL.—If an eligible individual establishes an Individual Development Account with a qualified financial institution, the qualified financial institution may deposit into a separate, parallel, individual or pooled matching account an eligible matching contribution for the taxable year. The qualified financial institution shall maintain a separate accounting of matching contributions and earnings thereon.

''(2) ELIGIBLE MATCHING CONTRIBUTION.—For purposes of this section, the term 'eligible matching contribution' means a dollar-for-dollar match of the contributions made by the eligible individual into the Individual Development Account described in paragraph (1) with respect to any taxable year.

''(3) ALLOWANCE OF CREDIT FOR ELIGIBLE MATCHING CONTRIBUTIONS.—

''(A) IN GENERAL.—In the case of a qualified financial institution, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 85 percent of the eligible matching contributions made by such institution with respect to an eligible individual under this subsection for such taxable year (determined without regard to any amount described in paragraph (4)(B)). If any amount determined under the preceding sentence is not a multiple of $10, such amount shall be rounded to the next highest multiple of $10.

''(B) LIMITATION BASED ON AMOUNT OF TAX.—The credit allowed under subparagraph (A) for any taxable year shall not exceed the excess of—

''(i) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

''(ii) the sum of the credits allowable under part IV of subchapter A of this chapter.

''(C) CREDIT TREATED AS ALLOWED UNDER PART IV OF SUBCHAPTER A.—For purposes of subtitle F, the credit allowed under subparagraph (A) shall be treated as a credit allowable under part IV of subchapter A of this chapter.

''(4) FORFEITURE OF MATCHING FUNDS.—

''(A) IN GENERAL.—Amounts in the matching account established under this subsection for an eligible individual shall be reduced by the amount of any distribution from an Individual Development Account of such individual which is not a qualified expense distribution and which is not recontributed as part of a qualified rollover (as defined in subsection (c)(2)(E)).

''(B) USE OF FORFEITED FUNDS.—Eligible matching contributions which are forfeited by an eligible individual under subparagraph (A) shall be used by the qualified financial institution to make eligible matching contributions for other Individual Development Account contributions by eligible individuals.

''(5) EXCLUSION FROM INCOME.—Gross income of an eligible individual shall not include any eligible matching contribution and the earnings thereon deposited into a matching account under paragraph (1) on behalf of such individual.

''(6) REGULAR REPORTING OF MATCHING CONTRIBUTIONS.—Any qualified financial institution shall report eligible matching contributions to eligible individuals with Individual Development Accounts on not less than a quarterly basis.

''(7) TERMINATION.—No eligible matching contribution may be made for any taxable year beginning after December 31, 2005.

''(c) QUALIFIED EXPENSE DISTRIBUTION.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified expense distribution' means any amount paid or distributed out of an Individual Development Account and the matching account established under subsection (b) for an eligible individual if such amount—

''(A) is used exclusively to pay the qualified expenses of such individual or such individual's spouse or dependents,

''(B) is paid by the qualified financial institution directly to the person to whom the amount is due or to another Individual Development Account, and

''(C) is paid after the holder of the Individual Development Account has completed an economic literacy course offered by the qualified financial institution, a nonprofit organization, or a government entity.

''(2) QUALIFIED EXPENSES.—

''(A) IN GENERAL.—The term 'qualified expenses' means any of the following:

''(i) Qualified higher education expenses.

''(ii) Qualified first-time homebuyer costs.

''(iii) Qualified business capitalization costs.

''(iv) Qualified rollovers.

''(B) QUALIFIED HIGHER EDUCATION EXPENSES.—

''(i) 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.

''(ii) 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.

''(iii) 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) and by the amount of such expenses for which a credit or exclusion is allowed under this chapter for such taxable year.

''(C) QUALIFIED FIRST-TIME HOMEBUYER COSTS.—The term 'qualified first-time homebuyer costs' means qualified acquisition costs (as defined in section 72(t)(8) without regard to subparagraph (B) thereof) with respect to a principal residence (within the meaning of section 121) for a qualified first-time homebuyer (as defined in section 72(t)(8)).

''(D) QUALIFIED BUSINESS CAPITALIZATION COSTS.—

''(i) IN GENERAL.—The term 'qualified business capitalization costs' means qualified expenditures for the capitalization of a qualified business pursuant to a qualified business plan.

''(ii) QUALIFIED EXPENDITURES.—The term 'qualified expenditures' means expenditures included in a qualified business plan, including capital, plant, equipment, working capital and inventory expenses.

''(iii) QUALIFIED BUSINESS.—The term 'qualified business' means any business that does not contravene any law.

''(iv) QUALIFIED BUSINESS PLAN.—The term 'qualified business plan' means a business plan which meets such requirements as the Secretary of Housing and Urban Development may specify.

''(E) QUALIFIED ROLLOVERS.—The term 'qualified rollover' means, with respect to any distribution from an Individual Development Account, the payment, within 120 days of such distribution, of all or a portion of such distribution to such account or to another Individual Development Account established in another qualified financial institution for the benefit of the eligible individual. Rules similar to the rules of section 408(d)(3) (other than subparagraph (C) thereof) shall apply for purposes of this subparagraph.

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

''(1) ELIGIBLE INDIVIDUAL.—

''(A) IN GENERAL.—The term 'eligible individual' means an individual who—

''(i) has attained the age of 18 years,

''(ii) is a citizen or legal resident of the United States, and

''(iii) is a member of a household—

''(I) which is eligible for the earned income tax credit under section 32,

''(II) which is eligible for assistance under a State program funded under part A of title IV of the Social Security Act, or

''(III) the gross income of which does not exceed 60 percent of the area median income (as determined by the Department of Housing and Urban Affairs) and the net worth of which does not exceed $10,000.

''(B) HOUSEHOLD.—The term 'household' means all individuals who share use of a dwelling unit as primary quarters for living and eating separate from other individuals.

''(C) DETERMINATION OF NET WORTH.—

''(i) IN GENERAL.—For purposes of subparagraph (A)(iii)(III), the net worth of a household is the amount equal to—

''(I) the aggregate fair market value of all assets that are owned in whole or in part by any member of a household, minus

''(II) the obligations or debts of any member of the household.

''(ii) CERTAIN ASSETS DISREGARDED.—For purposes of determining the net worth of a household, a household's assets shall not be considered to include the primary dwelling unit and 1 motor vehicle owned by the household.

''(D) PROOF OF COMPENSATION AND STATUS AS AN ELIGIBLE INDIVIDUAL.—Statements under section 6051 and other forms specified by the Secretary proving the eligible individual's wages and other compensation and the status of the individual as an eligible individual shall be presented to the custodian at the time of the establishment of the Individual Development Account and at least once annually thereafter.

''(2) QUALIFIED FINANCIAL INSTITUTION.—The term 'qualified financial institution' means any person authorized to be a trustee of any individual retirement account under section 408(a)(2).

''(3) TREATMENT OF MORE THAN ONE ACCOUNT.—All Individual Development Accounts of an individual shall be treated as one account.

''(4) OTHER RULES TO APPLY.—Rules similar to the rules of paragraphs (1), (2), and (3) of section 219(f), section 220(f)(8), paragraphs (4) and (6) of section 408(d), and section 408(m) shall apply for purposes of this section.

''(5) REPORTS.—The custodian of an Individual 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.

''(e) APPLICATION OF SECTION.—This section shall apply to amounts paid to an Individual Development Account for any taxable year beginning after December 31, 2000, and before January 1, 2006.''.

(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) an Individual Development Account (within the meaning of section 530A(a)),''.

(2) EXCESS CONTRIBUTIONS.—Section 4973 is amended by adding at the end the following new subsection:

''(g) INDIVIDUAL DEVELOPMENT ACCOUNTS.—For purposes of this section, in the case of Individual Development Accounts, the term 'excess contributions' means the excess (if any) of—

''(1) the amount contributed for the taxable year to the accounts (other than a qualified rollover, as defined in section 530A(c)(2)(E)), over

''(2) the amount allowable as a contribution under section 530A.

For purposes of this subsection, any contribution which is distributed from the Individual Development Account in a distribution to which rules similar to the rules of section 408(d)(4) apply by reason of section 530A(d)(4) shall be treated as an amount not contributed.''.

(c) INFORMATION RELATING TO CERTAIN TRUSTS AND ANNUITY PLANS.—Subsection (c) of section 6047 is amended—

(1) by inserting ''or section 530A'' after ''section 219''; and

(2) by inserting '', of any Individual Development Account described in section 530A(a),'', after ''section 408(a)''.

(d) FAILURE TO PROVIDE REPORTS ON INDIVIDUAL 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 530(d)(5) (relating to Individual Development Accounts).''.

(e) CLERICAL AMENDMENT.—The table of parts for subchapter F of chapter 1 is amended by adding at the end the following new item:

''Part IX. Individual development accounts.''.

(f) FUNDS IN ACCOUNTS DISREGARDED FOR PURPOSES OF CERTAIN MEANS-TESTED FEDERAL PROGRAMS.—Notwithstanding any other provision of the Internal Revenue Code of 1986 or the Social Security Act that requires consideration of 1 or more financial circumstances of an individual, for the purpose of determining eligibility to receive, or the amount of, any assistance or benefit authorized by such provision to be provided to or for the benefit of such individual, contributions (including earnings thereon) in any Individual Development Account and applicable matching account under section 530A of such Code shall be disregarded for such purpose.

(g) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 305. CERTAIN COINS NOT TREATED AS COLLECTIBLES.

(a) IN GENERAL.—Subparagraph (A) of section 408(m)(3) (relating to exception for certain coins and bullion) is amended to read as follows:

''(A) any coin certified by a recognized grading service and traded on a nationally recognized electronic network, or listed by a recognized wholesale reporting service, and—

''(i) which is or was at any time legal tender in the United States, or

''(ii) issued under the laws of any State, or''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1999.

Subtitle B—Expanding Coverage

SEC. 311. 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. 312. 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:	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:	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:	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. 313. 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. 314. 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. 315. 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. 316. 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. 317. 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. 318. 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 sections 401(a)(11) and 411(b)(1)(H) 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) Except as provided in subsection (b)(4(A), 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. 319. 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 C—Enhancing Fairness for Women

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 dollar amount is:
2001	10 percent
2002	20 percent
2003	30 percent
2004	40 percent
2005 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 dollar amount 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. 322. 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. 323. 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. 324. 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. 325. 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 D—Increasing Portability for Participants

SEC. 331. 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. 332. 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. 333. ROLLOVERS OF AFTER-TAX CONTRIBUTIONS.

(a) ROLLOVERS FROM EXEMPT TRUSTS.—Paragraph (2) of section 402(c) (relating to maximum amount which may be rolled over) is amended by adding at the end the following: ''The preceding sentence shall not apply to such distribution to the extent—

''(A) such portion is transferred in a direct trustee-to-trustee transfer to a qualified trust which is part of a plan which is a defined contribution plan and which agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible, or

''(B) such portion is transferred to an eligible retirement plan described in clause (i) or (ii) of paragraph (8)(B).''.

(b) OPTIONAL DIRECT TRANSFER OF ELIGIBLE ROLLOVER DISTRIBUTIONS.—Subparagraph (B) of section 401(a)(31) (relating to limitation) is amended by adding at the end the following: ''The preceding sentence shall not apply to such distribution if the plan to which such distribution is transferred—

''(i) agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible, or

''(ii) is an eligible retirement plan described in clause (i) or (ii) of section 402(c)(8)(B).''.

(c) RULES FOR APPLYING SECTION 72 TO IRAS.—Paragraph (3) of section 408(d) (relating to special rules for applying section 72) is amended by inserting at the end the following:

''(H) APPLICATION OF SECTION 72.—

''(i) IN GENERAL.—If—

''(I) a distribution is made from an individual retirement plan, and

''(II) a rollover contribution is made to an eligible retirement plan described in section 402(c)(8)(B)(iii), (iv), (v), or (vi) with respect to all or part of such distribution,

then, notwithstanding paragraph (2), the rules of clause (ii) shall apply for purposes of applying section 72.

''(ii) APPLICABLE RULES.—In the case of a distribution described in clause (i)—

''(I) section 72 shall be applied separately to such distribution,

''(II) notwithstanding the pro rata allocation of income on, and investment in the contract, to distributions under section 72, the portion of such distribution rolled over to an eligible retirement plan described in clause (i) shall be treated as from income on the contract (to the extent of the aggregate income on the contract from all individual retirement plans of the distributee), and

''(III) appropriate adjustments shall be made in applying section 72 to other distributions in such taxable year and subsequent taxable years.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions made after December 31, 2000.

SEC. 334. 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. 335. 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. 336. 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. 337. 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. 338. 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. 339. 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 E—Strengthening Pension Security and Enforcement

SEC. 341. 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. 342. 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. 343. 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. 344. 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.

Such term shall not include a governmental plan (within the meaning of section 414(d)) or a church plan (within the meaning of section 414(e)) with respect to which an election under section 410(d) has not been made.''.

(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.

Such term shall not include a governmental plan (within the meaning of section 3(32)) or a church plan (within the meaning of section 3(33)) with respect to which an election under section 410(d) of the Internal Revenue Code of 1986 has not been made.''.

(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. 345. 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. 346. 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.

SEC. 347. MAXIMUM CONTRIBUTION DEDUCTION RULES MODIFIED AND APPLIED TO ALL DEFINED BENEFIT PLANS.

(a) IN GENERAL.—Subparagraph (D) of section 404(a)(1) (relating to special rule in case of certain plans) is amended to read as follows:

''(D) SPECIAL RULE IN CASE OF CERTAIN PLANS.—

''(i) IN GENERAL.—In the case of any defined benefit plan, except as provided in regulations, the maximum amount deductible under the limitations of this paragraph shall not be less than the unfunded termination liability (determined as if the proposed termination date referred to in section 4041(b)(2)(A)(i)(II) of the Employee Retirement Income Security Act of 1974 were the last day of the plan year).

''(ii) PLANS WITH LESS THAN 100 PARTICIPANTS.—For purposes of this subparagraph, in the case of a plan which has less than 100 participants for the plan year, termination liability shall not include the liability attributable to benefit increases for highly compensated employees (as defined in section 414(q)) resulting from a plan amendment which is made or becomes effective, whichever is later, within the last 2 years before the termination date.

''(iii) RULE FOR DETERMINING NUMBER OF PARTICIPANTS.—For purposes of determining whether a plan has more than 100 participants, all defined benefit plans maintained by the same employer (or any member of such employer's controlled group (within the meaning of section 412(l)(8)(C))) shall be treated as 1 plan, but only employees of such member or employer shall be taken into account.

''(iv) PLANS ESTABLISHED AND MAINTAIN BY PROFESSIONAL SERVICE EMPLOYERS.—Clause (i) shall not apply to a plan described in section 4021(b)(13) of the Employee Retirement Income Security Act of 1974.''.

(b) CONFORMING AMENDMENT.—Paragraph (6) of section 4972(c) is amended to read as follows:

''(6) EXCEPTIONS.—In determining the amount of nondeductible contributions for any taxable year, there shall not be taken into account so much of the contributions to 1 or more defined contribution plans which are not deductible when contributed solely because of section 404(a)(7) as does not exceed the greater of—

''(A) the amount of contributions not in excess of 6 percent of compensation (within the meaning of section 404(a)) paid or accrued (during the taxable year for which the contributions were made) to beneficiaries under the plans, or

''(B) the sum of—

''(i) the amount of contributions described in section 401(m)(4)(A), plus

''(ii) the amount of contributions described in section 402(g)(3)(A).

For purposes of this paragraph, the deductible limits under section 404(a)(7) shall first be applied to amounts contributed to a defined benefit plan and then to amounts described in subparagraph (B).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2000.

SEC. 348. INCREASE IN SECTION 415 EARLY RETIREMENT LIMIT FOR GOVERNMENTAL AND OTHER PLANS.

(a) IN GENERAL.—Subclause (II) of section 415(b)(2)(F)(i), as amended by section 346(c), is amended—

(1) by striking ''$75,000'' and inserting ''80 percent of the dollar amount in effect under paragraph (1)(A)'', and

(2) by striking ''the $75,000 limitation'' and inserting ''80 percent of such dollar amount''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 1999.

Subtitle F—Encouraging Retirement Education

SEC. 351. 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. 352. 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 G—Reducing Regulatory Burdens

SEC. 361. 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. 362. 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. 363. 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. 364. 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. 365. 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. 366. 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. 367. 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. 368. 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. 369. 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. 370. MODIFICATION OF EXCLUSION FOR EMPLOYER PROVIDED TRANSIT PASSES AND PASSENGERS PERMITTED TO UTILIZE OTHERWISE EMPTY SEATS ON AIRCRAFT.

(a) IN GENERAL.—Section 132(f)(3) (relating to cash reimbursements) is amended by striking the last sentence.

(b) Subsection (h) 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:

''(4) SPECIAL RULE FOR PASSENGERS TRAVELING ON NONCOMMERCIAL AIRCRAFT.—Any use of noncommercial air transportation by an individual shall be treated as use by an employee if no regularly scheduled commercial flight is available that day from the air facility at the individual's location.''.

(c) 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.—For the purposes of subsection (b) the term 'no-additional-cost service' includes the value of transportation provided by an employer to an employee 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 employer owning or leasing such aircraft for use in such trade or business,

''(B) the flight on which the transportation is provided by the employer would have been made whether or not such employee was transported on the flight, and

''(C) the employer incurs no substantial additional cost in providing such transportation to such employee.

For purposes of this paragraph, an aircraft is noncommercially operated if transportation provided by the employer is not provided or made available to the general public by purchase of a ticket or other fare.''.

(d) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 371. REPORTING SIMPLIFICATION.

(a) SIMPLIFIED ANNUAL FILING REQUIREMENT FOR OWNERS AND THEIR SPOUSES.—

(1) IN GENERAL.—The Secretary of the Treasury shall modify the requirements for filing annual returns with respect to one-participant retirement plans to ensure that such plans with assets of $500,000 or less as of the close of the plan year need not file a return for that year.

(2) ONE-PARTICIPANT RETIREMENT PLAN DEFINED.—For purposes of this subsection, the term ''one-participant retirement plan'' means a retirement plan that—

(A) on the first day of the plan year—

(i) covered only the employer (and the employer's spouse) and the employer owned the entire business (whether or not incorporated), or

(ii) covered only one or more partners (and their spouses) in a business partnership (including partners in an S or C corporation),

(B) meets the minimum coverage requirements of section 410(b) of the Internal Revenue Code of 1986 without being combined with any other plan of the business that covers the employees of the business,

(C) does not provide benefits to anyone except the employer (and the employer's spouse) or the partners (and their spouses),

(D) does not cover a business that is a member of an affiliated service group, a controlled group of corporations, or a group of businesses under common control, and

(E) does not cover a business that leases employees.

(3) OTHER DEFINITIONS.—Terms used in paragraph (2) which are also used in section 414 of the Internal Revenue Code of 1986 shall have the respective meanings given such terms by such section.

(b) SIMPLIFIED ANNUAL FILING REQUIREMENT FOR PLANS WITH FEWER THAN 25 EMPLOYEES.—In the case of a retirement plan which covers less than 25 employees on the 1st day of the plan year and meets the requirements described in subparagraphs (B), (D), and (E) of subsection (a)(2), the Secretary of the Treasury shall provide for the filing of a simplified annual return that is substantially similar to the annual return required to be filed by a one-participant retirement plan.

(c) EFFECTIVE DATE.—The provisions of this section shall take effect on January 1, 2001.

Subtitle H—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 PROVISIONS

SEC. 401. 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. 402. MODIFICATIONS TO QUALIFIED TUITION PROGRAMS.

(a) SHORT TITLE.—This section may be cited as the ''Collegiate Learning and Student Savings (CLASS) Act''.

(b) 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''.

(c) 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,''.

(d) 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.

(e) 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.

(f) 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.''.

(g) 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.''.

(h) 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 (g) shall apply to amounts paid for courses beginning after December 31, 1999.

SEC. 403. 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.

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) is amended by striking ''May 31, 2000'' and inserting ''December 31, 2003''.

(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. 405. 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. 406. TREATMENT OF QUALIFIED PUBLIC EDUCATIONAL FACILITY BONDS AS EXEMPT FACILITY BONDS.

(a) TREATMENT AS EXEMPT FACILITY BOND.—Subsection (a) of section 142 (relating to exempt facility bond) is amended by striking ''or'' at the end of paragraph (11), by striking the period at the end of paragraph (12) and inserting '', or'', and by adding at the end the following new paragraph:

''(13) qualified public educational facilities.''.

(b) QUALIFIED PUBLIC EDUCATIONAL FACILITIES.—Section 142 (relating to exempt facility bond) is amended by adding at the end the following new subsection:

''(k) QUALIFIED PUBLIC EDUCATIONAL FACILITIES.—

''(1) IN GENERAL.—For purposes of subsection (a)(13), the term 'qualified public educational facility' means any school facility which is—

''(A) part of a public elementary school or a public secondary school, and

''(B) owned by a private, for-profit corporation pursuant to a public-private partnership agreement with a State or local educational agency described in paragraph (2).

''(2) PUBLIC-PRIVATE PARTNERSHIP AGREEMENT DESCRIBED.—A public-private partnership agreement is described in this paragraph if it is an agreement—

''(A) under which the corporation agrees—

''(i) to do 1 or more of the following: construct, rehabilitate, refurbish, or equip a school facility, and

''(ii) at the end of the term of the agreement, to transfer the school facility to such agency for no additional consideration, and

''(B) the term of which does not exceed the last maturity date of any bond which is a part of the issue to be used to finance the activities described in subparagraph (A)(i).

''(3) SCHOOL FACILITY.—For purposes of this subsection, the term 'school facility' means—

''(A) school buildings,

''(B) functionally related and subordinate facilities and land with respect to such buildings, including any stadium or other facility primarily used for school events, and

''(C) any property, to which section 168 applies (or would apply but for section 179), for use in the facility.

''(4) PUBLIC SCHOOLS.—For purposes of this subsection, 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 in effect on the date of the enactment of this subsection.

''(5) ANNUAL AGGREGATE FACE AMOUNT OF TAX-EXEMPT FINANCING.—

''(A) IN GENERAL.—An issue shall not be treated as an issue described in subsection (a)(13) if the aggregate face amount of bonds issued by the State pursuant thereto (when added to the aggregate face amount of bonds previously so issued during the calendar year) exceeds an amount equal to the greater of—

''(i) $10 multiplied by the State population, or

''(ii) $5,000,000.

''(B) ALLOCATION RULES.—

''(i) IN GENERAL.—Except as otherwise provided in this subparagraph, the State may allocate the amount described in subparagraph (A) for any calendar year in such manner as the State determines appropriate.

''(ii) RULES FOR CARRYFORWARD OF UNUSED LIMITATION.—A State may elect to carry forward an unused limitation for any calendar year for 3 calendar years following the calendar year in which the unused limitation arose under rules similar to the rules of section 146(f), except that the only purpose for which the carryforward may be elected is the issuance of exempt facility bonds described in subsection (a)(13).''.

(c) EXEMPTION FROM GENERAL STATE VOLUME CAPS.—Paragraph (3) of section 146(g) (relating to exception for certain bonds) is amended—

(1) by striking ''or (12)'' and inserting ''(12), or (13)'', and

(2) by striking ''and environmental enhancements of hydroelectric generating facilities'' and inserting ''environmental enhancements of hydroelectric generating facilities, and qualified public educational facilities''.

(d) EXEMPTION FROM LIMITATION ON USE FOR LAND ACQUISITION.—Section 147(h) (relating to certain rules not to apply to mortgage revenue bonds, qualified student loan bonds, and qualified 501(c)(3) bonds) is amended by adding at the end the following new paragraph:

''(3) EXEMPT FACILITY BONDS FOR QUALIFIED PUBLIC-PRIVATE SCHOOLS.—Subsection (c) shall not apply to any exempt facility bond issued as part of an issue described in section 142(a)(13) (relating to qualified public educational facilities).''.

(e) CONFORMING AMENDMENT.—The heading for section 147(h) is amended by striking ''MORTGAGE REVENUE BONDS, QUALIFIED STUDENT LOAN BONDS, AND QUALIFIED 501(c)(3) BONDS'' and inserting ''CERTAIN BONDS''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to bonds issued after December 31, 1999.

SEC. 407. FEDERAL GUARANTEE OF SCHOOL CONSTRUCTION BONDS BY FEDERAL HOME LOAN BANKS.

(a) IN GENERAL.—Section 149(b)(3) (relating to exceptions) is amended by adding at the end the following new subparagraph:

''(E) CERTAIN GUARANTEED SCHOOL CONSTRUCTION BONDS.—Any bond issued as part of an issue 95 percent or more of the net proceeds of which are used for public school construction shall not be treated as federally guaranteed by reason of any guarantee by any Federal Home Loan Bank under the Federal Home Loan Bank Act (12 U.S.C. 1421 et seq.), to the extent the Federal Housing Finance Board allocates authority to such Bank to so guarantee such bond. For purposes of the preceding sentence, the aggregate face amount of such bonds which may be so guaranteed may not exceed $500,000,000 in any calendar year.''.

(b) EFFECTIVE DATE.—Subparagraph (E) of section 149(b)(3) of the Internal Revenue Code of 1986, as added by the amendment made by subsection (a), shall take effect upon the enactment, after the date of the enactment of this Act, of legislation authorizing the Federal Housing Finance Board to allocate authority to Federal Home Loan Banks to guarantee any bond described in such subparagraph, but only if such legislation makes specific reference to such subparagraph.

SEC. 408. CERTAIN EDUCATIONAL BENEFITS PROVIDED BY AN EMPLOYER TO CHILDREN OF EMPLOYEES EXCLUDABLE FROM GROSS INCOME AS A SCHOLARSHIP.

(a) IN GENERAL.—Section 117 (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.

TITLE V—HEALTH CARE TAX RELIEF PROVISIONS

SEC. 501. DEDUCTION FOR HEALTH AND LONG-TERM CARE INSURANCE COSTS OF INDIVIDUALS NOT PARTICIPATING IN EMPLOYER-SUBSIDIZED HEALTH PLANS.

(a) IN GENERAL.—Part VII of subchapter B of chapter 1 is amended by redesignating section 222 as section 223 and by inserting after section 221 the following new section:

''SEC. 222. HEALTH AND LONG-TERM CARE INSURANCE COSTS.

''(a) IN GENERAL.—In the case of an individual, there shall be allowed as a deduction an amount equal to the applicable percentage of the amount paid during the taxable year for insurance which constitutes medical care for the taxpayer 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.

''(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 is amended by inserting after paragraph (17) the following new item:

''(18) HEALTH AND LONG-TERM CARE INSURANCE COSTS.—The deduction allowed by section 222.''.

(c) CLERICAL AMENDMENT.—The table of sections for part VII of subchapter B of chapter 1 is amended by striking the last item and inserting the following new items:

''Sec. 222. Health and long-term care insurance costs.

''Sec. 223. Cross reference.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 502. LONG-TERM CARE INSURANCE PERMITTED TO BE OFFERED UNDER CAFETERIA PLANS AND FLEXIBLE SPENDING ARRANGEMENTS.

(a) CAFETERIA PLANS.—

(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. ADDITIONAL PERSONAL EXEMPTION FOR TAXPAYER CARING FOR ELDERLY FAMILY MEMBER IN TAXPAYER'S HOME.

(a) IN GENERAL.—Section 151 (relating to allowance of deductions for personal exemptions) is amended by adding at the end redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

''(e) ADDITIONAL EXEMPTION FOR CERTAIN ELDERLY FAMILY MEMBERS RESIDING WITH TAXPAYER.—

''(1) IN GENERAL.—An exemption of the exemption amount for each qualified family member of the taxpayer.

''(2) QUALIFIED FAMILY MEMBER.—For purposes of this subsection, the term 'qualified family member' means, with respect to any taxable year, any individual—

''(A) who is—

''(i) the father or mother, or an ancestor of either, or

''(ii) a stepfather or stepmother,

of the taxpayer or of the taxpayer's spouse or former spouse,

''(B) who is a member for the entire taxable year of a household maintained by the taxpayer, and

''(C) who has been certified, before the due date for filing the return of tax for the taxable year (without extensions), by a physician (as defined in section 1861(r)(1) of the Social Security Act) as being an individual with long-term care needs described in paragraph (3) for a period—

''(i) which is at least 180 consecutive days, and

''(ii) a portion of which occurs within the taxable year.

Such term shall not include any individual otherwise meeting the requirements of the preceding sentence unless within the 39½ month period ending on such due date (or such other period as the Secretary prescribes) a physician (as so defined) has certified that such individual meets such requirements.

''(3) INDIVIDUALS WITH LONG-TERM CARE NEEDS.—An individual is described in this paragraph if the individual—

''(A) is unable to perform (without substantial assistance from another individual) at least 2 activities of daily living (as defined in section 7702B(c)(2)(B)) due to a loss of functional capacity, or

''(B) requires substantial supervision to protect such individual from threats to health and safety due to severe cognitive impairment and is unable to perform, without reminding or cuing assistance, at least 1 activity of at least 1 activity of daily living (as so defined) or to the extent provided in regulations prescribed by the Secretary (in consultation with the Secretary of Health and Human Services), is unable to engage in age appropriate activities.

''(4) SPECIAL RULES.—Rules similar to the rules of paragraphs (1), (2), (3), (4), and (5) of section 21(e) shall apply for purposes of this subsection.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 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—SMALL BUSINESS TAX RELIEF PROVISIONS

SEC. 601. 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) CLARIFICATION OF LIMITATIONS ON OTHER COVERAGE.—The first sentence of section 162(l)(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.

SEC. 602. 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. 603. 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. 604. INCOME AVERAGING FOR FARMERS AND FISHERMEN 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 AND FISHERMEN.—Solely for purposes of this section, section 1301 (relating to averaging of farm and fishing income) shall not apply in computing the regular tax.''.

(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).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 605. FARM, FISHING, 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 or commercial fishing, 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, Fishing, and Ranch Risk Management Account (hereinafter referred to as the 'FFARRM Account').

''(b) LIMITATION.—(1) The amount which a taxpayer may pay into the FFARRM 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 or commercial fishing.

''(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.

''(c) ELIGIBLE FARMING BUSINESS.—(1) 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.

''(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).

''(d) FFARRM ACCOUNT.—For purposes of this section—

''(1) IN GENERAL.—The term 'FFARRM 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 FFARRM 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 FFARRM 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 FFARRM 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 FFARRM 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 FFARRM 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 BUSINESS.—At the close of the first disqualification period after a period for which the taxpayer was engaged in an eligible farming business or commercial fishing, there shall be deemed distributed from the FFARRM 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 or commercial fishing.

''(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 FFARRM 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 FFARRM 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 304(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 FFARRM Account (within the meaning of section 468C(d)), or''.

(2) Section 4973, as amended by section 304(b)(2), is amended by adding at the end the following:

''(h) EXCESS CONTRIBUTIONS TO FFARRM ACCOUNTS.—For purposes of this section, in the case of a FFARRM 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 FFARRM 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 FFARRM ACCOUNTS.—A person for whose benefit a FFARRM 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 FFARRM 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 FFARRM Account described in section 468C(d),''.

(d) FAILURE TO PROVIDE REPORTS ON FFARRM ACCOUNTS.—Paragraph (2) of section 6693(a) (relating to failure to provide reports on certain tax-favored accounts or annuities), as amended by section 304(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 FFARRM 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, Fishing 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. 606. EXCLUSION OF INVESTMENT SECURITIES INCOME FROM PASSIVE INCOME TEST FOR BANK S CORPORATIONS.

(a) IN GENERAL.—Section 1362(d)(3)(C) (defining passive investment income) is amended by adding at the end the following:

''(v) EXCEPTION FOR BANKS; ETC.—In the case of a bank (as defined in section 581), a bank holding company (as defined in section 246A(c)(3)(B)(ii)), or a qualified subchapter S subsidiary bank, the term 'passive investment income' shall not include—

''(I) interest income earned by such bank, bank holding company, or qualified subchapter S subsidiary bank, or

''(II) dividends on assets required to be held by such bank, bank holding company, or qualified subchapter S subsidiary bank to conduct a banking business, including stock in the Federal Reserve Bank, the Federal Home Loan Bank, or the Federal Agricultural Mortgage Bank or participation certificates issued by a Federal Intermediate Credit Bank.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 607. TREATMENT OF QUALIFYING DIRECTOR SHARES.

(a) IN GENERAL.—Section 1361 is amended by adding at the end the following:

''(f) TREATMENT OF QUALIFYING DIRECTOR SHARES.—

''(1) IN GENERAL.—For purposes of this subchapter—

''(A) qualifying director shares shall not be treated as a second class of stock, and

''(B) no person shall be treated as a shareholder of the corporation by reason of holding qualifying director shares.

''(2) QUALIFYING DIRECTOR SHARES DEFINED.—For purposes of this subsection, the term 'qualifying director shares' means any shares of stock in a bank (as defined in section 581) or in a bank holding company registered as such with the Federal Reserve System—

''(i) which are held by an individual solely by reason of status as a director of such bank or company or its controlled subsidiary; and

''(ii) which are subject to an agreement pursuant to which the holder is required to dispose of the shares of stock upon termination of the holder's status as a director at the same price as the individual acquired such shares of stock.

''(3) DISTRIBUTIONS.—A distribution (not in part or full payment in exchange for stock) made by the corporation with respect to qualifying director shares shall be includible as ordinary income of the holder and deductible to the corporation as an expense in computing taxable income under section 1363(b) in the year such distribution is received.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 1361(b)(1) is amended by inserting '', except as provided in subsection (f),'' before ''which does not''.

(2) Section 1366(a) is amended by adding at the end the following:

''(3) ALLOCATION WITH RESPECT TO QUALIFYING DIRECTOR SHARES.—The holders of qualifying director shares (as defined in section

1361(f)) shall not, with respect to such shares of stock, be allocated any of the items described in paragraph (1).''.

(3) Section 1373(a) 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 adding at the end the following:

''(3) no amount of an expense deductible under this subchapter by reason of section 1361(f)(3) shall be apportioned or allocated to such income.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 608. 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. 609. 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. 45E. 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 (13), by striking the period at the end of paragraph (14) and inserting '', plus'', and by adding at the end the following:

''(15) the employee health insurance expenses credit determined under section 45E.''.

(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:

''(10) NO CARRYBACK OF SECTION 45E 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 45E 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. 45E. 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.

TITLE VII—ESTATE AND GIFT TAX RELIEF PROVISIONS

Subtitle A—Reductions of Estate, Gift, and Generation-Skipping Transfer Taxes

SEC. 701. REDUCTIONS OF ESTATE, GIFT, AND GENERATION-SKIPPING TRANSFER TAXES.

(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.

SEC. 702. 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, 2003, 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	***The exemption amount is:***
2004	*$850,000*
2005	*$950,000*
2006	*$1,000,000*
2007 or thereafter	*$1,500,000.''.*

(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 2003, 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, 2003, and

(2) insofar as they relate to the tax imposed by chapter 12 of such Code, shall apply to gifts made after December 31, 2003.

Subtitle B—Conservation Easements

SEC. 711. EXPANSION OF ESTATE TAX RULE FOR CONSERVATION EASEMENTS.

(a) WHERE LAND IS LOCATED.—

(1) IN GENERAL.—Clause (i) of section 2031(c)(8)(A) (defining land subject to a conservation easement) is amended—

(A) by striking ''25 miles'' both places it appears and inserting ''50 miles'', and

(B) striking ''10 miles'' and inserting ''25 miles''.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to estates of decedents dying after December 31, 1999.

(b) CLARIFICATION OF DATE FOR DETERMINING VALUE OF LAND AND EASEMENT.—

(1) IN GENERAL.—Section 2031(c)(2) (defining applicable percentage) is amended by adding at the end the following new sentence: ''The values taken into account under the preceding sentence shall be such values as of the date of the contribution referred to in paragraph (8)(B).''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to estates of decedents dying after December 31, 1997.

Subtitle C—Annual Gift Exclusion

SEC. 721. INCREASE IN ANNUAL GIFT EXCLUSION.

(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''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to gifts made after December 31, 2004.

Subtitle D—Simplification of Generation-Skipping Transfer Tax

SEC. 731. RETROACTIVE ALLOCATION OF GST EXEMPTION.

(a) IN GENERAL.—Section 2632 (relating to special rules for allocation of GST exemption) is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

''(c) RETROACTIVE ALLOCATIONS.—

''(1) IN GENERAL.—If—

''(A) a non-skip person has an interest or a future interest in a trust to which any transfer has been made,

''(B) such person—

''(i) is a lineal descendant of a grandparent of the transferor or of a grandparent of the transferor's spouse, and

''(ii) is assigned to a generation below the generation assignment of the transferor, and

''(C) such person predeceases the transferor,

then the transferor may make an allocation of any of such transferor's unused GST exemption to any previous transfer or transfers to the trust on a chronological basis.

''(2) SPECIAL RULES.—If the allocation under paragraph (1) by the transferor is made on a gift tax return filed on or before the date prescribed by section 6075(b) for gifts made within the calendar year within which the non-skip person's death occurred—

''(A) the value of such transfer or transfers for purposes of section 2642(a) shall be determined as if such allocation had been made on a timely filed gift tax return for each calendar year within which each transfer was made,

''(B) such allocation shall be effective immediately before such death, and

''(C) the amount of the transferor's unused GST exemption available to be allocated shall be determined immediately before such death.

''(3) FUTURE INTEREST.—For purposes of this subsection, a person has a future interest in a trust if the trust may permit income or corpus to be paid to such person on a date or dates in the future.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to deaths of non-skip persons occurring after the date of the enactment of this Act.

SEC. 732. SEVERING OF TRUSTS.

(a) IN GENERAL.—Subsection (a) of section 2642 (relating to inclusion ratio) is amended by adding at the end the following new paragraph:

''(3) SEVERING OF TRUSTS.—

''(A) IN GENERAL.—If a trust is severed in a qualified severance, the trusts resulting from

such severance shall be treated as separate trusts thereafter for purposes of this chapter.

''(B) QUALIFIED SEVERANCE.—For purposes of subparagraph (A)—

''(i) IN GENERAL.—The term 'qualified severance' means the division of a single trust and the creation (by any means available under the governing instrument or under local law) of 2 or more trusts if—

''(I) the single trust was divided on a fractional basis, and

''(II) the terms of the new trusts, in the aggregate, provide for the same succession of interests of beneficiaries as are provided in the original trust.

''(ii) TRUSTS WITH INCLUSION RATIO GREATER THAN ZERO.—If a trust has an inclusion ratio of greater than zero and less than 1, a severance is a qualified severance only if the single trust is divided into 2 trusts, one of which receives a fractional share of the total value of all trust assets equal to the applicable fraction of the single trust immediately before the severance. In such case, the trust receiving such fractional share shall have an inclusion ratio of zero and the other trust shall have an inclusion ratio of 1.

''(iii) REGULATIONS.—The term 'qualified severance' includes any other severance permitted under regulations prescribed by the Secretary.

''(C) TIMING AND MANNER OF SEVERANCES.—A severance pursuant to this paragraph may be made at any time. The Secretary shall prescribe by forms or regulations the manner in which the qualified severance shall be reported to the Secretary.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to severances after the date of the enactment of this Act.

SEC. 733. MODIFICATION OF CERTAIN VALUATION RULES.

(a) GIFTS FOR WHICH GIFT TAX RETURN FILED OR DEEMED ALLOCATION MADE.—Paragraph (1) of section 2642(b) (relating to valuation rules, etc.) is amended to read as follows:

''(1) GIFTS FOR WHICH GIFT TAX RETURN FILED OR DEEMED ALLOCATION MADE.—If the allocation of the GST exemption to any transfers of property is made on a gift tax return filed on or before the date prescribed by section 6075(b) for such transfer or is deemed to be made under section 2632(b)(1)—

''(A) the value of such property for purposes of subsection (a) shall be its value as finally determined for purposes of chapter 12 (within the meaning of section 2001(f)(2)), or, in the case of an allocation deemed to have been made at the close of an estate tax inclusion period, its value at the time of the close of the estate tax inclusion period, and

''(B) such allocation shall be effective on and after the date of such transfer, or, in the case of an allocation deemed to have been made at the close of an estate tax inclusion period, on and after the close of such estate tax inclusion period.''.

(b) TRANSFERS AT DEATH.—Subparagraph (A) of section 2642(b)(2) is amended to read as follows:

''(A) TRANSFERS AT DEATH.—If property is transferred as a result of the death of the transferor, the value of such property for purposes of subsection (a) shall be its value as finally determined for purposes of chapter 11; except that, if the requirements prescribed by the Secretary respecting allocation of post-death changes in value are not met, the value of such property shall be determined as of the time of the distribution concerned.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the amendments made by section 1431 of the Tax Reform Act of 1986.

SEC. 734. RELIEF PROVISIONS.

(a) IN GENERAL.—Section 2642 is amended by adding at the end the following new subsection:

''(g) RELIEF PROVISIONS.—

''(1) RELIEF FOR LATE ELECTIONS.—

''(A) IN GENERAL.—The Secretary shall by regulation prescribe such circumstances and procedures under which extensions of time will be granted to make—

''(i) an allocation of GST exemption described in paragraph (1) or (2) of subsection (b), and

''(ii) an election under section 2632(b)(3).

Such regulations shall include procedures for requesting comparable relief with respect to transfers made before the date of enactment of this paragraph.

''(B) BASIS FOR DETERMINATIONS.—In determining whether to grant relief under this paragraph, the Secretary shall take into account all relevant circumstances, including evidence of intent contained in the trust instrument or instrument of transfer and such other factors as the Secretary deems relevant. For purposes of determining whether to grant relief under this paragraph, the time for making the allocation (or election) shall be treated as if not expressly prescribed by statute.

''(2) SUBSTANTIAL COMPLIANCE.—An allocation of GST exemption under section 2632 that demonstrates an intent to have the lowest possible inclusion ratio with respect to a transfer or a trust shall be deemed to be an allocation of so much of the transferor's unused GST exemption as produces the lowest possible inclusion ratio. In determining whether there has been substantial compliance, all relevant circumstances shall be taken into account, including evidence of intent contained in the trust instrument or instrument of transfer and such other factors as the Secretary deems relevant.''.

(b) EFFECTIVE DATES.—

(1) RELIEF FOR LATE ELECTIONS.—Section 2642(g)(1) (as added by subsection (a)) shall apply to requests pending on, or filed after, the date of the enactment of this Act.

(2) SUBSTANTIAL COMPLIANCE.—Section 2642(g)(2) (as so added) shall take effect on the date of the enactment of this Act and shall apply to allocations made prior to such date for purposes of determining the tax consequences of generation-skipping transfers with respect to which the period of time for filing claims for refund has not expired. No implication is intended with respect to the availability of relief for late elections or the application of a rule of substantial compliance before the enactment of this amendment.

TITLE VIII—TAX EXEMPT ORGANIZATIONS PROVISIONS

SEC. 801. EXEMPTION FROM INCOME TAX FOR STATE-CREATED ORGANIZATIONS PROVIDING PROPERTY AND CASUALTY INSURANCE FOR PROPERTY FOR WHICH SUCH COVERAGE IS OTHERWISE UNAVAILABLE.

(a) IN GENERAL.—Subsection (c) of section 501 (relating to exemption from tax on corporations, certain trusts, etc.) is amended by adding at the end the following new paragraph:

''(28)(A) Any association created before January 1, 1999, by State law and organized and operated exclusively to provide property and casualty insurance coverage for property located within the State for which the State has determined that coverage in the authorized insurance market is limited or unavailable at reasonable rates, if—

''(i) no part of the net earnings of which inures to the benefit of any private shareholder or individual,

''(ii) except as provided in clause (v), no part of the assets of which may be used for, or diverted to, any purpose other than—

''(I) to satisfy, in whole or in part, the liability of the association for, or with respect to, claims made on policies written by the association,

''(II) to invest in investments authorized by applicable law,

''(III) to pay reasonable and necessary administration expenses in connection with the establishment and operation of the association and the processing of claims against the association, or

''(IV) to make remittances pursuant to State law to be used by the State to provide for the payment of claims on policies written by the association, purchase reinsurance covering losses under such policies, or to support governmental programs to prepare for or mitigate the effects of natural catastrophic events,

''(iii) the State law governing the association permits the association to levy assessments on insurance companies authorized to sell property and casualty insurance in the State, or on property and casualty insurance policyholders with insurable interests in property located in the State to fund deficits of the association, including the creation of reserves,

''(iv) the plan of operation of the association is subject to approval by the chief executive officer or other executive branch official of the State, by the State legislature, or both, and

''(v) the assets of the association revert upon dissolution to the State, the State's designee, or an entity designated by the State law governing the association, or State law does not permit the dissolution of the association.

''(B)(i) An entity described in clause (ii) shall be disregarded as a separate entity and treated as part of the association described in subparagraph (A) from which it receives remittances described in clause (ii) if an election is made within 30 days after the date that such association is determined to be exempt from tax.

''(ii) An entity is described in this clause if it is an entity or fund created before January 1, 1999, pursuant to State law and organized and operated exclusively to receive, hold, and invest remittances from an association described in subparagraph (A) and exempt from tax under subsection (a) and to make disbursements to pay claims on insurance contracts issued by such association, and to make disbursements to support governmental programs to prepare for or mitigate the effects of natural catastrophic events.''.

(b) UNRELATED BUSINESS TAXABLE INCOME.—Subsection (a) of section 512 (relating to unrelated business taxable income) is amended by adding at the end the following new paragraph:

''(6) SPECIAL RULE APPLICABLE TO ORGANIZATIONS DESCRIBED IN SECTION 501(C)(28).—In the case of an organization described in section 501(c)(28), the term 'unrelated business taxable income' means taxable income for a taxable year computed without the application of section 501(c)(28) if, at the end of the immediately preceding taxable year, the organization's net equity exceeded 15 percent of the total coverage in force under insurance contracts issued by the organization and outstanding at the end of such preceding year.''.

(c) TRANSITIONAL RULE.—No income or gain shall be recognized by an association as a result of a change in status to that of an association described by section 501(c)(28) of the Internal Revenue Code of 1986, as amended by subsection (a).

(d) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1999.

SEC. 802. MODIFICATIONS TO SECTION 512(b)(13).

(a) IN GENERAL.—Paragraph (13) of section 512(b) is amended by redesignating subparagraph (E) as subparagraph (F) and by inserting after subparagraph (D) the following new paragraph:

''(E) PARAGRAPH TO APPLY ONLY TO EXCESS PAYMENTS.—

''(i) IN GENERAL.—Subparagraph (A) shall apply only to the portion of a specified payment

received by the controlling organization which exceeds the amount which would have been paid if such payment met the requirements prescribed under section 482.

''(ii) ADDITION TO TAX FOR VALUATION MISSTATEMENTS.—The tax imposed by this chapter on the controlling organization shall be increased by an amount equal to 20 percent of such excess.''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by this section shall apply to payments received or accrued after December 31, 1999.

(2) PAYMENTS SUBJECT TO BINDING CONTRACT TRANSITION RULE.—If the amendments made by section 1041 of the Taxpayer Relief Act of 1997 do not apply to any amount received or accrued after the date of the enactment of this Act under any contract described in subsection (b)(2) of such section, such amendments also shall not apply to amounts received or accrued under such contract before January 1, 2000.

SEC. 803. SIMPLIFICATION OF LOBBYING EXPENDITURE LIMITATION.

(a) REPEAL OF GRASSROOTS EXPENDITURE LIMIT.—Paragraph (1) of section 501(h) (relating to expenditures by public charities to influence legislation) is amended to read as follows:

''(1) GENERAL RULE.—In the case of an organization to which this subsection applies, exemption from taxation under subsection (a) shall be denied because a substantial part of the activities of such organization consists of carrying on propaganda, or otherwise attempting, to influence legislation, but only if such organization normally makes lobbying expenditures in excess of the lobbying ceiling amount for such organization for each taxable year.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 501(h)(2) is amended by striking subparagraphs (C) and (D).

(2) Section 4911(b) is amended to read as follows:

''(b) EXCESS LOBBYING EXPENDITURES.—For purposes of this section, the term 'excess lobbying expenditures' means, for a taxable year, the amount by which the lobbying expenditures made by the organization during the taxable year exceed the lobbying nontaxable amount for such organization for such taxable year.''.

(3) Section 4911(c) is amended by striking paragraphs (3) and (4).

(4) Paragraph (1)(A) of section 4911(f) is amended by striking ''limits of section 501(h)(1) have'' and inserting ''limit of section 501(h)(1) has''.

(5) Paragraph (1)(C) of section 4911(f) is amended by striking ''limits of section 501(h)(1) are'' and inserting ''limit of section 501(h)(1) is''.

(6) Paragraphs (4)(A) and (4)(B) of section 4911(f) are each amended by striking ''limits of section 501(h)(1)'' and inserting ''limit of section 501(h)(1)''.

(7) Paragraph (8) of section 6033(b) (relating to certain organizations described in section 501(c)(3)) is amended by inserting ''and'' at the end of subparagraph (A) and by striking subparagraphs (C) and (D).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 804. 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. 805. MILEAGE REIMBURSEMENTS TO CHARITABLE VOLUNTEERS EXCLUDED FROM GROSS INCOME.

(a) IN GENERAL.—Part III of subchapter B of chapter 1 is amended by inserting after section 138 the following new section:

''SEC. 138A. MILEAGE REIMBURSEMENTS TO CHARITABLE VOLUNTEERS.

''(a) IN GENERAL.—Gross income of an individual does not include amounts received, from an organization described in section 170(c), as reimbursement of operating expenses with respect to use of a passenger automobile for the benefit of such organization for which a deduction would otherwise be allowable under section 170. The preceding sentence shall apply only to the extent that such reimbursement would be deductible under section 274(d) (determined by applying the standard business mileage rate established pursuant to section 274(d)) if the organization were not so described and such individual were an employee of such organization.

''(b) NO DOUBLE BENEFIT.—Subsection (a) shall not apply with respect to any expenses if the individual claims a deduction or credit for such expenses under any other provision of this title.

''(c) EXEMPTION FROM REPORTING REQUIREMENTS.—Section 6041 shall not apply with respect to reimbursements excluded from income under subsection (a).''.

(b) CLERICAL AMENDMENT.—The table of sections for part III of subchapter B of chapter 1 is amended by inserting after the item relating to section 138 the following new items:

''Sec. 138A. Reimbursement for use of passenger automobile for charity.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 806. CHARITABLE CONTRIBUTION DEDUCTION FOR CERTAIN EXPENSES INCURRED IN SUPPORT OF NATIVE ALASKAN SUBSISTENCE WHALING.

(a) IN GENERAL.—Section 170 (relating to charitable, etc., contributions and gifts) is amended by redesignating subsection (m) as subsection (n) and by inserting after subsection (l) the following new subsection:

''(m) EXPENSES PAID BY CERTAIN WHALING CAPTAINS IN SUPPORT OF NATIVE ALASKAN SUBSISTENCE WHALING.—

''(1) IN GENERAL.—In the case of an individual who is recognized by the Alaska Eskimo Whaling Commission as a whaling captain charged with the responsibility of maintaining and carrying out sanctioned whaling activities and who engages in such activities during the taxable year, the amount described in paragraph (2) (to the extent such amount does not exceed $7,500 for the taxable year) shall be treated for purposes of this section as a charitable contribution.

''(2) AMOUNT DESCRIBED.—

''(A) IN GENERAL.—The amount described in this paragraph is the aggregate of the reasonable and necessary whaling expenses paid by the taxpayer during the taxable year in carrying out sanctioned whaling activities.

''(B) WHALING EXPENSES.—For purposes of subparagraph (A), the term 'whaling expenses' includes expenses for—

''(i) the acquisition and maintenance of whaling boats, weapons, and gear used in sanctioned whaling activities,

''(ii) the supplying of food for the crew and other provisions for carrying out such activities, and

''(iii) storage and distribution of the catch from such activities.

''(3) SANCTIONED WHALING ACTIVITIES.—For purposes of this subsection, the term 'sanctioned whaling activities' means subsistence bowhead whale hunting activities conducted pursuant to the management plan of the Alaska Eskimo Whaling Commission.''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to taxable years beginning after December 31, 1999.

SEC. 807. CHARITABLE CONTRIBUTIONS TO CERTAIN LOW INCOME SCHOOLS MAY BE MADE IN NEXT TAXABLE YEAR.

(a) IN GENERAL.—Section 170(f) (relating to disallowance of deduction in certain cases and special rules) is amended by adding at the end the following new paragraph:

''(10) TIME WHEN CERTAIN CONTRIBUTIONS DEEMED MADE.—

''(A) IN GENERAL.—At the election of the taxpayer, a qualified low-income school contribution shall be deemed to be made 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). The election may be made at the time of the filing of the return for such table year, and shall be made and substantiated in such manner as the Secretary shall by regulations prescribe.

''(B) QUALIFIED LOW-INCOME SCHOOL CONTRIBUTION.—For purposes of subparagraph (A), the term 'qualified low-income school contribution' means a charitable contribution to an educational organization described in subsection (b)(1)(A)(ii)—

''(i) which is a public, private, or sectarian school which provides elementary or secondary education (through grade 12), as determined under State law, and

''(ii) with respect to which at least 50 percent of the students attending such school are eligible for free or reduced-cost lunches under the school lunch program established under the National School Lunch Act.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 808. DEDUCTION FOR PORTION OF CHARITABLE CONTRIBUTIONS TO BE ALLOWED TO INDIVIDUALS WHO DO NOT ITEMIZE DEDUCTIONS.

(a) IN GENERAL.—Section 170 (relating to charitable, etc., contributions and gifts), as amended by section 806, is amended by redesignating subsection (n) as subsection (o) and by inserting after subsection (m) the following new subsection:

''(n) DEDUCTION FOR INDIVIDUALS NOT ITEMIZING DEDUCTIONS.—In the case of an individual who does not itemize his deductions for the taxable year, there shall be taken into account as a direct charitable deduction under section 63 an amount equal to the lesser of—

''(1) the amount allowable as a deduction under subsection (a) for the taxable year, or

''(2) $50 ($100 in the case of a joint return).''.

(b) DIRECT CHARITABLE DEDUCTION.—

(1) IN GENERAL.—Subsection (b) of section 63 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 thereof the following new paragraph:

''(3) the direct charitable deduction.''.

(2) DEFINITION.—Section 63 is amended by redesignating subsection (g) as subsection (h) and by inserting after subsection (f) the following new subsection:

''(g) DIRECT CHARITABLE DEDUCTION.—For purposes of this section, the term 'direct charitable deduction' means that portion of the amount allowable under section 170(a) which is taken as a direct charitable deduction for the taxable year under section 170(n).''.

(3) CONFORMING AMENDMENT.—Subsection (d) of section 63 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 thereof the following new paragraph:

''(3) the direct charitable deduction.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004, and before January 1, 2007.

SEC. 809. 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*
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.

SEC. 810. LIMITED EXCEPTION TO EXCESS BUSINESS HOLDINGS RULE.

(a) IN GENERAL.—Section 4943(c)(2) (relating to permitted holdings in a corporation) is amended by adding at the end the following new subparagraphs:

''(D) RULE WHERE VOTING STOCK IS PUBLICLY TRADED.—

''(i) IN GENERAL.—If—

''(I) the private foundation and all disqualified persons together do not own more than the applicable percentage of the voting stock and not more than the applicable percentage in value of all outstanding shares of all classes of stock of an incorporated business enterprise,

''(II) the voting stock owned by the private foundation and all disqualified persons together is stock for which market quotations are readily available on an established securities market, and

''(III) the requirements of clause (ii) are met, then subparagraph (A) shall be applied by substituting 'the applicable percentage' for '20 percent'.

''(ii) REQUIREMENTS TO BE MET.—The requirements of this clause are met during any taxable year—

''(I) in which disqualified persons with respect to the private foundation do not receive compensation (as an employee or otherwise) from the corporation or engage in any act with such corporation which would constitute self-dealing within the meaning of section 4941(d) if such corporation were a private foundation and if each such disqualified person were a disqualified person with respect to such corporation,

''(II) in which disqualified persons with respect to such private foundation do not own in the aggregate more than 2 percent of the voting stock and not more than 2 percent in value of all outstanding shares of all classes of stock in such corporation, and

''(III) for which there is submitted with the annual return of the private foundation for such year (filed within the time prescribed by law, including extensions, for filing such return) a certification which is signed by all the members of an audit committee of the Board of Directors of such corporation consisting of a majority of persons who are not disqualified persons with respect to such private foundation and which certifies that such members, after due inquiry, are not aware that any disqualified person has received compensation from such corporation or has engaged in any act with such corporation that would constitute self-dealing within the meaning of section 4941(d) if such corporation were a private foundation and if each such disqualified person were a disqualified person with respect to such corporation.

For purposes of this clause, the fact that a disqualified person has received compensation from such corporation or has engaged in any act with such corporation which would constitute self-dealing within the meaning of section 4941(d) shall be disregarded if such receipt or act is corrected not later than the due date (not including extensions thereof) for the filing of the private foundation's annual return for the year in which the receipt or act occurs and on the terms that would be necessary to correct such receipt or act and thereby avoid imposition of tax under section 4941(b).

''(E) APPLICABLE PERCENTAGE.—For purposes of this paragraph, the applicable percentage shall be determined under the following table:

"For taxable year—	***The applicable percentage is—***
2007	*40*
2008 and thereafter	*49.''.*

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to foundations established by bequest of decedents dying after December 31, 2006.

SEC. 811. CERTAIN COSTS OF PRIVATE FOUNDATION IN REMOVING HAZARDOUS SUBSTANCES TREATED AS QUALIFYING DISTRIBUTION.

(a) IN GENERAL.—In the case of any taxable year beginning after December 31, 1999, the distributable amount of a private foundation for such taxable year for purposes of section 4942 of the Internal Revenue Code of 1986 shall be reduced (but not below zero) by any amount paid or incurred (or set aside) by such private foundation for the investigatory costs and direct costs of removal or taking remedial action with respect to a hazardous substance released at a facility which was owned or operated by such private foundation.

(b) LIMITATIONS.—Subsection (a) shall only apply to costs—

(1) incurred with respect to hazardous substances disposed of at a facility owned or operated by the private foundation but only if—

(A) such facility was transferred to such foundation by bequest before December 11, 1980, and

(B) the active operation of such facility by such foundation was terminated before December 12, 1980, and

(2) which were not incurred pursuant to a pending order issued to the private foundation unilaterally by the President or the President's assignee under section 106 of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9606), or pursuant to a nonconsensual judgment against the private foundation issued in a governmental cost recovery action under section 107 of such Act (42 U.S.C. 9607).

(c) HAZARDOUS SUBSTANCE.—For purposes of this section, the term ''hazardous substance'' has the meaning given such term by section

101(14) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601(14)).

SEC. 812. HOLDING PERIOD REDUCED TO 12 MONTHS FOR PURPOSES OF DETERMINING WHETHER HORSES ARE SECTION 1231 ASSETS.

(a) IN GENERAL.—Subparagraph (A) of section 1231(b)(3) (relating to definition of property used in the trade or business) is amended by striking ''and horses''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

TITLE IX—INTERNATIONAL TAX RELIEF

SEC. 901. INTEREST ALLOCATION RULES.

(a) ELECTION TO ALLOCATE INTEREST ON A WORLDWIDE BASIS.—Subsection (e) of section 864 (relating to rules for allocating interest, etc.) is amended by redesignating paragraphs (6) and (7) as paragraphs (7) and (8), respectively, and by inserting after paragraph (5) the following new paragraph:

''(6) ELECTION TO ALLOCATE INTEREST ON A WORLDWIDE BASIS.—

''(A) IN GENERAL.—Except as provided in this paragraph, this subsection shall be applied by treating a worldwide affiliated group for which an election is in effect under this paragraph as an affiliated group solely for purposes of allocating and apportioning interest expense of each domestic corporation which is a member of such group.

''(B) WORLDWIDE AFFILIATED GROUP.—For purposes of this paragraph, the term 'worldwide affiliated group' means the group of corporations which consists of—

''(i) all corporations in an affiliated group (as defined in paragraph (5)(A), except that section 1504 shall also be applied without regard to subsection (b)(2) thereof), and

''(ii) all foreign corporations (other than a FSC, as defined in section 922(a)) which would be a member of such affiliated group if paragraph (3) of section 1504 (b) did not apply.

''(C) TREATMENT OF WORLDWIDE AFFILIATED GROUP.—For purposes of applying paragraph (1), the taxable income of the domestic members of a worldwide affiliated group from sources outside the United States shall be determined by allocating and apportioning the interest expense of such domestic members to such income in an amount equal to the excess (if any) of—

''(i) the total interest expense of the worldwide affiliated group multiplied by the ratio which the foreign assets of the worldwide affiliated group bears to all the assets of the worldwide affiliated group, over

''(ii) the interest expense of all foreign corporations which are members of the worldwide affiliated group to the extent such interest expense of such foreign corporations would have been allocated and apportioned to foreign source income if this subsection were applied to a group consisting of all the foreign corporations in such worldwide affiliated group.

''(D) ELECTION.—An election under this paragraph with respect to any worldwide affiliated group may be made only by the common parent of the affiliated group referred to in subparagraph (B)(i) and may be made only for the first taxable year beginning after December 31, 2004, in which a worldwide affiliated group exists which includes such affiliated group and at least 1 corporation described in subparagraph (B)(ii). Such an election, once made, shall apply to such common parent and all other corporations which are members of such worldwide affiliated group for such taxable year and all subsequent years unless revoked with the consent of the Secretary.''.

(b) ELECTION TO EXPAND FINANCIAL INSTITUTION GROUP OF WORLDWIDE GROUP.—Section 864 is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

''(f) ELECTION TO EXPAND FINANCIAL INSTITUTION GROUP OF WORLDWIDE GROUP.—

''(1) IN GENERAL.—If a worldwide affiliated group for which an election under subsection (e)(6) is in effect elects the application of this subsection, all financial corporations which—

''(A) are members of such worldwide affiliated group, but

''(B) are not corporations described in subsection (e)(5)(C),

shall be treated as described in subsection (e)(5)(C) for purposes of applying subsection (e)(5)(B). Subsection (e) shall apply to any such group in the same manner as subsection (e) applies to the pre-election worldwide affiliated group of which such group is a part.

''(2) FINANCIAL CORPORATION.—For purposes of this subsection, the term 'financial corporation' means any corporation if at least 80 percent of its gross income is income described in section 904(d)(2)(C)(ii) and the regulations thereunder which is derived from transactions with persons not bearing a relationship described in section 267(b) or 707(b)(1) to the corporation.

''(3) ANTIABUSE RULES.—In the case of a corporation which is a member of an electing financial institution group, to the extent that such corporation—

''(A) distributes dividends or makes other distributions with respect to its stock after the date of the enactment of this paragraph to any member of the pre-election worldwide affiliated group (other than to a member of the electing financial institution group) in excess of the greater of—

''(i) its average annual dividend (expressed as a percentage of current earnings and profits) during the 5-taxable-year period ending with the taxable year preceding the taxable year, or

''(ii) 25 percent of its average annual earnings and profits for such 5 taxable year period, or

''(B) deals with any person in any manner not clearly reflecting the income of the corporation (as determined under principles similar to the principles of section 482),

an amount of indebtedness of the electing financial institution group equal to the excess distribution or the understatement or overstatement of income, as the case may be, shall be recharacterized (for the taxable year and subsequent taxable years) for purposes of this subsection as indebtedness of the worldwide affiliated group (excluding the electing financial institution group). If a corporation has not been in existence for 5 taxable years, this subparagraph shall be applied with respect to the period it was in existence.

''(4) ELECTION.—An election under this subsection with respect to any financial institution group may be made only by the common parent of the pre-election worldwide affiliated group and may be made only for the first taxable year beginning after December 31, 2004, in which such affiliated group includes 1 or more financial corporations described in paragraph (1)(B). Such an election, once made, shall apply to all financial corporations which are members of the electing financial institution group for such taxable year and all subsequent years unless revoked with the consent of the Secretary.

''(5) DEFINITIONS RELATING TO GROUPS.—For purposes of this subsection—

''(A) PRE-ELECTION WORLDWIDE AFFILIATED GROUP.—The term 'pre-election worldwide affiliated group' means, with respect to a corporation, the worldwide affiliated group of which such corporation would (but for an election under this subsection) be a member for purposes of applying subsection (e).

''(B) ELECTING FINANCIAL INSTITUTION GROUP.—The term 'electing financial institution group' means the group of corporations to which subsection (e) applies separately by reason of the application of subsection (e)(5)(B) and which includes financial corporations by reason of an election under paragraph (1).

''(6) REGULATIONS.—The Secretary shall prescribe such regulations as may be appropriate to carry out this subsection and subsection (e), including regulations—

''(A) providing for the direct allocation of interest expense in other circumstances where such allocation would be appropriate to carry out the purposes of this subsection,

''(B) preventing assets or interest expense from being taken into account more than once, and

''(C) dealing with changes in members of any group (through acquisitions or otherwise) treated under this subsection as an affiliated group for purposes of subsection (e).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004.

SEC. 902. LOOK-THRU RULES TO APPLY TO DIVIDENDS FROM NONCONTROLLED SECTION 902 CORPORATIONS.

(a) IN GENERAL.—Section 904(d)(4) (relating to application of look-thru rules to dividends from noncontrolled section 902 corporations) is amended to read as follows:

''(4) LOOK-THRU APPLIES TO DIVIDENDS FROM NONCONTROLLED SECTION 902 CORPORATIONS.—

''(A) IN GENERAL.—For purposes of this subsection, any dividend from a noncontrolled section 902 corporation with respect to the taxpayer shall be treated as income in a separate category in proportion to the ratio of—

''(i) the portion of earnings and profits attributable to income in such category, to

''(ii) the total amount of earnings and profits.

''(B) SPECIAL RULES.—For purposes of this paragraph—

''(i) IN GENERAL.—Rules similar to the rules of paragraph (3)(F) shall apply, except that the term 'separate category' shall include the category of income described in paragraph (1)(I).

''(ii) EARNINGS AND PROFITS.—

''(I) IN GENERAL.—The rules of section 316 shall apply.

''(II) REGULATIONS.—The Secretary may prescribe regulations regarding the treatment of distributions out of earnings and profits for periods before the taxpayer's acquisition of the stock to which the distributions relate.

''(iii) DIVIDENDS NOT ALLOCABLE TO SEPARATE CATEGORY.—The portion of any dividend from a noncontrolled section 902 corporation which is not treated as income in a separate category under subparagraph (A) shall be treated as a dividend to which subparagraph (A) does not apply.

''(iv) LOOK-THRU WITH RESPECT TO CARRYFORWARDS OF CREDIT.—Rules similar to subparagraph (A) also shall apply to any carryforward under subsection (c) from a taxable year beginning before January 1, 2005, of tax allocable to a dividend from a noncontrolled section 902 corporation with respect to the taxpayer.''.

(b) CONFORMING AMENDMENTS.—

(1) Subparagraph (E) of section 904(d)(1), as in effect both before and after the amendments made by section 1105 of the Taxpayer Relief Act of 1997, is hereby repealed.

(2) Section 904(d)(2)(C)(iii), as so in effect, is amended by striking subclause (II) and by redesignating subclause (III) as subclause (II).

(3) The last sentence of section 904(d)(2)(D), as so in effect, is amended to read as follows: ''Such term does not include any financial services income.''.

(4) Section 904(d)(2)(E) is amended by striking clauses (ii) and (iv) and by redesignating clause (iii) as clause (ii).

(5) Section 904(d)(3)(F) is amended by striking ''(D), or (E)'' and inserting ''or (D)''.

(6) Section 864(d)(5)(A)(i) is amended by striking ''(C)(iii)(III)'' and inserting ''(C)(iii)(II)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004.

SEC. 903. CLARIFICATION OF TREATMENT OF PIPELINE TRANSPORTATION INCOME.

(a) IN GENERAL.—Section 954(g)(1) (defining foreign base company oil related income) is amended by striking ''or'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', or'', and by inserting after subparagraph (B) the following new subparagraph:

''(C) the pipeline transportation of oil or gas within such foreign country.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years of controlled foreign corporations beginning after December 31, 2002, and taxable years of United States shareholders with or within which such taxable years of controlled foreign corporations end.

SEC. 904. SUBPART F TREATMENT OF INCOME FROM TRANSMISSION OF HIGH VOLTAGE ELECTRICITY.

(a) IN GENERAL.—Paragraph (2) of section 954(e) (relating to foreign base company services income) is amended by striking ''or'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', or'', and by inserting after subparagraph (B) the following new subparagraph:

''(C) the transmission of high voltage electricity.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years of controlled foreign corporations beginning after December 31, 2002, and taxable years of United States shareholders with or within which such taxable years of controlled foreign corporations end.

SEC. 905. ADVANCE PRICING AGREEMENTS TREATED AS CONFIDENTIAL TAXPAYER INFORMATION.

(a) IN GENERAL.—

(1) TREATMENT AS RETURN INFORMATION.—Paragraph (2) of section 6103(b) (defining return information) is amended by striking ''and'' at the end of subparagraph (A), by inserting ''and'' at the end of subparagraph (B), and by inserting after subparagraph (B) the following new subparagraph:

''(C) any advance pricing agreement entered into by a taxpayer and the Secretary and any background information related to such agreement or any application for an advance pricing agreement,''.

(2) EXCEPTION FROM PUBLIC INSPECTION AS WRITTEN DETERMINATION.—Paragraph (1) of section 6110(b) (defining written determination) is amended by adding at the end the following new sentence: ''Such term shall not include any advance pricing agreement entered into by a taxpayer and the Secretary and any background information related to such agreement or any application for an advance pricing agreement.''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall take effect on the date of the enactment of this Act.

(b) ANNUAL REPORT REGARDING ADVANCE PRICING AGREEMENTS.—

(1) IN GENERAL.—Not later than 90 days after the end of each calendar year, the Secretary of the Treasury shall prepare and publish a report regarding advance pricing agreements.

(2) CONTENTS OF REPORT.—The report shall include the following for the calendar year to which such report relates:

(A) Information about the structure, composition, and operation of the advance pricing agreement program office.

(B) A copy of each model advance pricing agreement.

(C) The number of—

(i) applications filed during such calendar year for advanced pricing agreements;

(ii) advance pricing agreements executed cumulatively to date and during such calendar year;

(iii) renewals of advanced pricing agreements issued;

(iv) pending requests for advance pricing agreements;

(v) pending renewals of advance pricing agreements;

(vi) for each of the items in clauses (ii) through (v), the number that are unilateral, bilateral, and multilateral, respectively;

(vii) advance pricing agreements revoked or canceled, and the number of withdrawals from the advance pricing agreement program; and

(viii) advanced pricing agreements finalized or renewed by industry.

(D) General descriptions of—

(i) the nature of the relationships between the related organizations, trades, or businesses covered by advance pricing agreements;

(ii) the covered transactions and the business functions performed and risks assumed by such organizations, trades, or businesses;

(iii) the related organizations, trades, or businesses whose prices or results are tested to determine compliance with transfer pricing methodologies prescribed in advanced pricing agreements;

(iv) methodologies used to evaluate tested parties and transactions and the circumstances leading to the use of those methodologies;

(v) critical assumptions made and sources of comparables used;

(vi) comparable selection criteria and the rationale used in determining such criteria;

(vii) the nature of adjustments to comparables or tested parties;

(viii) the nature of any ranges agreed to, including information regarding when no range was used and why, when interquartile ranges were used, and when there was a statistical narrowing of the comparables;

(ix) adjustment mechanisms provided to rectify results that fall outside of the agreed upon advance pricing agreement range;

(x) the various term lengths for advance pricing agreements, including rollback years, and the number of advance pricing agreements with each such term length;

(xi) the nature of documentation required; and

(xii) approaches for sharing of currency or other risks.

(E) Statistics regarding the amount of time taken to complete new and renewal advance pricing agreements.

(3) CONFIDENTIALITY.—The reports required by this subsection shall be treated as authorized by the Internal Revenue Code of 1986 for purposes of section 6103 of such Code, but the reports shall not include information—

(A) which would not be permitted to be disclosed under section 6110(c) of such Code if such report were a written determination as defined in section 6110 of such Code, or

(B) which can be associated with, or otherwise identify, directly or indirectly, a particular taxpayer.

(4) FIRST REPORT.—The report for calendar year 1999 shall include prior calendar years after 1990.

(c) USER FEE.—Section 7527, as added by this Act, is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

''(c) ADVANCE PRICING AGREEMENTS.—

''(1) IN GENERAL.—In addition to any fee otherwise imposed under this section, the fee imposed for requests for advance pricing agreements shall be increased by $500.

''(2) REDUCED FEE FOR SMALL BUSINESSES.—The Secretary shall provide an appropriate reduction in the amount imposed by reason of paragraph (1) for requests for advance pricing agreements for small businesses.''.

(d) REGULATIONS.—The Secretary of the Treasury or the Secretary's delegate shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of section 6103(b)(2)(C), and the last sentence of section 6110(b)(1), of the Internal Revenue Code of 1986, as added by this section.

SEC. 906. 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. 907. 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.

SEC. 908. TREATMENT OF MILITARY PROPERTY OF FOREIGN SALES CORPORATIONS.

(a) IN GENERAL.—Section 923(a) (defining exempt foreign trade income) is amended by striking paragraph (5) and by redesignating paragraph (6) as paragraph (5).

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2004.

TITLE X—HOUSING AND REAL ESTATE TAX RELIEF PROVISIONS

Subtitle A—Low-Income Housing Credit

SEC. 1001. 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) 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.—

(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)''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to calendar years after 2000.

Subtitle B—Historic Homes

SEC. 1011. 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.

Subtitle C—Provisions Relating to Real Estate Investment Trusts

PART I—TREATMENT OF INCOME AND SERVICES PROVIDED BY TAXABLE REIT SUBSIDIARIES

SEC. 1021. MODIFICATIONS TO ASSET DIVERSIFICATION TEST.

(a) IN GENERAL.—Subparagraph (B) of section 856(c)(4) is amended to read as follows:

''(B)(i) not more than 25 percent of the value of its total assets is represented by securities (other than those includible under subparagraph (A)), and

''(ii) except with respect to a taxable REIT subsidiary and securities includible under subparagraph (A)—

''(I) not more than 5 percent of the value of its total assets is represented by securities of any 1 issuer,

''(II) the trust does not hold securities possessing more than 10 percent of the total voting power of the outstanding securities of any 1 issuer, and

''(III) the trust does not hold securities having a value of more than 10 percent of the total value of the outstanding securities of any 1 issuer.''.

(b) EXCEPTION FOR STRAIGHT DEBT SECURITIES.—Subsection (c) of section 856 is amended by adding at the end the following new paragraph:

''(7) STRAIGHT DEBT SAFE HARBOR IN APPLYING PARAGRAPH (4).—Securities of an issuer which are straight debt (as defined in section 1361(c)(5) without regard to subparagraph (B)(iii) thereof) shall not be taken into account in applying paragraph (4)(B)(ii)(III) if—

''(A) the issuer is an individual, or

''(B) the only securities of such issuer which are held by the trust or a taxable REIT subsidiary of the trust are straight debt (as so defined), or

''(C) the issuer is a partnership and the trust holds at least a 20 percent profits interest in the partnership.''.

SEC. 1022. TREATMENT OF INCOME AND SERVICES PROVIDED BY TAXABLE REIT SUBSIDIARIES.

(a) INCOME FROM TAXABLE REIT SUBSIDIARIES NOT TREATED AS IMPERMISSIBLE TENANT SERVICE INCOME.—Clause (i) of section 856(d)(7)(C) (relating to exceptions to impermissible tenant service income) is amended by inserting ''or through a taxable REIT subsidiary of such trust'' after ''income''.

(b) CERTAIN INCOME FROM TAXABLE REIT SUBSIDIARIES NOT EXCLUDED FROM RENTS FROM REAL PROPERTY.—

(1) IN GENERAL.—Subsection (d) of section 856 (relating to rents from real property defined) is amended by adding at the end the following new paragraphs:

''(8) SPECIAL RULE FOR TAXABLE REIT SUBSIDIARIES.—For purposes of this subsection, amounts paid to a real estate investment trust by a taxable REIT subsidiary of such trust shall not be excluded from rents from real property by reason of paragraph (2)(B) if the requirements of subparagraph (A) or (B) are met.

''(A) LIMITED RENTAL EXCEPTION.—The requirements of this subparagraph are met with respect to any property if at least 90 percent of the leased space of the property is rented to persons other than taxable REIT subsidiaries of such trust and other than persons described in section 856(d)(2)(B). The preceding sentence shall apply only to the extent that the amounts paid to the trust as rents from real property (as defined in paragraph (1) without regard to paragraph (2)(B)) from such property are substantially comparable to such rents made by the other tenants of the trust's property for comparable space.

''(B) EXCEPTION FOR CERTAIN LODGING FACILITIES.—The requirements of this subparagraph are met with respect to an interest in real property which is a qualified lodging facility leased by the trust to a taxable REIT subsidiary of the trust if the property is operated on behalf of such subsidiary by a person who is an eligible independent contractor.

''(9) ELIGIBLE INDEPENDENT CONTRACTOR.—For purposes of paragraph (8)(B)—

''(A) IN GENERAL.—The term 'eligible independent contractor' means, with respect to any qualified lodging facility, any independent contractor if, at the time such contractor enters into a management agreement or other similar service contract with the taxable REIT subsidiary to operate the facility, such contractor (or any related person) is actively engaged in the trade or

business of operating qualified lodging facilities for any person who is not a related person with respect to the real estate investment trust or the taxable REIT subsidiary.

''(B) SPECIAL RULES.—Solely for purposes of this paragraph and paragraph (8)(B), a person shall not fail to be treated as an independent contractor with respect to any qualified lodging facility by reason of any of the following:

''(i) The taxable REIT subsidiary bears the expenses for the operation of the facility pursuant to the management agreement or other similar service contract.

''(ii) The taxable REIT subsidiary receives the revenues from the operation of such facility, net of expenses for such operation and fees payable to the operator pursuant to such agreement or contract.

''(iii) The real estate investment trust receives income from such person with respect to another property that is attributable to a lease of such other property to such person that was in effect as on the later of—

''(I) January 1, 1999, or

''(II) the earliest date that any taxable REIT subsidiary of such trust entered into a management agreement or other similar service contract with such person with respect to such qualified lodging facility.

''(C) RENEWALS, ETC., OF EXISTING LEASES.—For purposes of subparagraph (B)(iii)—

''(i) a lease shall be treated as in effect on January 1, 1999, without regard to its renewal after such date, so long as such renewal is pursuant to the terms of such lease as in effect on whichever of the dates under subparagraph (B)(iii) is the latest, and

''(ii) a lease of a property entered into after whichever of the dates under subparagraph (B)(iii) is the latest shall be treated as in effect on such date if—

''(I) on such date, a lease of such property from the trust was in effect, and

''(II) under the terms of the new lease, such trust receives a substantially similar or lesser benefit in comparison to the lease referred to in subclause (I).

''(D) QUALIFIED LODGING FACILITY.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'qualified lodging facility' means any lodging facility unless wagering activities are conducted at or in connection with such facility by any person who is engaged in the business of accepting wagers and who is legally authorized to engage in such business at or in connection with such facility.

''(ii) LODGING FACILITY.—The term 'lodging facility' means a hotel, motel, or other establishment more than one-half of the dwelling units in which are used on a transient basis.

''(iii) CUSTOMARY AMENITIES AND FACILITIES.—The term 'lodging facility' includes customary amenities and facilities operated as part of, or associated with, the lodging facility so long as such amenities and facilities are customary for other properties of a comparable size and class owned by other owners unrelated to such real estate investment trust.

''(E) OPERATE INCLUDES MANAGE.—References in this paragraph to operating a property shall be treated as including a reference to managing the property.

''(F) RELATED PERSON.—Persons shall be treated as related to each other if such persons are treated as a single employer under subsection (a) or (b) of section 52.''.

(2) CONFORMING AMENDMENT.—Subparagraph (B) of section 856(d)(2) is amended by inserting ''except as provided in paragraph (8),'' after ''(B)''.

(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.

SEC. 1023. TAXABLE REIT SUBSIDIARY.

(a) IN GENERAL.—Section 856 is amended by adding at the end the following new subsection:

''(l) TAXABLE REIT SUBSIDIARY.—For purposes of this part—

''(1) IN GENERAL.—The term 'taxable REIT subsidiary' means, with respect to a real estate investment trust, a corporation (other than a real estate investment trust) if—

''(A) such trust directly or indirectly owns stock in such corporation, and

''(B) such trust and such corporation jointly elect that such corporation shall be treated as a taxable REIT subsidiary of such trust for purposes of this part.

Such an election, once made, shall be irrevocable unless both such trust and corporation consent to its revocation. Such election, and any revocation thereof, may be made without the consent of the Secretary.

''(2) 35 PERCENT OWNERSHIP IN ANOTHER TAXABLE REIT SUBSIDIARY.—The term 'taxable REIT subsidiary' includes, with respect to any real estate investment trust, any corporation (other than a real estate investment trust) with respect to which a taxable REIT subsidiary of such trust owns directly or indirectly—

''(A) securities possessing more than 35 percent of the total voting power of the outstanding securities of such corporation, or

''(B) securities having a value of more than 35 percent of the total value of the outstanding securities of such corporation.

The preceding sentence shall not apply to a qualified REIT subsidiary (as defined in subsection (i)(2)). The rule of section 856(c)(7) shall apply for purposes of subparagraph (B).

''(3) EXCEPTIONS.—The term 'taxable REIT subsidiary' shall not include—

''(A) any corporation which directly or indirectly operates or manages a lodging facility or a health care facility, and

''(B) any corporation which directly or indirectly provides to any other person (under a franchise, license, or otherwise) rights to any brand name under which any lodging facility or health care facility is operated.

Subparagraph (B) shall not apply to rights provided to an eligible independent contractor to operate or manage a lodging facility if such rights are held by such corporation as a franchisee, licensee, or in a similar capacity and such lodging facility is either owned by such corporation or is leased to such corporation from the real estate investment trust.

''(4) DEFINITIONS.—For purposes of paragraph (3)—

''(A) LODGING FACILITY.—The term 'lodging facility' has the meaning given to such term by paragraph (9)(D)(ii).

''(B) HEALTH CARE FACILITY.—The term 'health care facility' has the meaning given to such term by subsection (e)(6)(D)(ii).''.

(b) CONFORMING AMENDMENT.—Paragraph (2) of section 856(i) is amended by adding at the end the following new sentence: ''Such term shall not include a taxable REIT subsidiary.''.

SEC. 1024. LIMITATION ON EARNINGS STRIPPING.

Paragraph (3) of section 163(j) (relating to limitation on deduction for interest on certain indebtedness) is amended by striking ''and'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', and'', and by adding at the end the following new subparagraph:

''(C) any interest paid or accrued (directly or indirectly) by a taxable REIT subsidiary (as defined in section 856(l)) of a real estate investment trust to such trust.''.

SEC. 1025. 100 PERCENT TAX ON IMPROPERLY ALLOCATED AMOUNTS.

(a) IN GENERAL.—Subsection (b) of section 857 (relating to method of taxation of real estate investment trusts and holders of shares or certificates of beneficial interest) is amended by redesignating paragraphs (7) and (8) as paragraphs (8) and (9), respectively, and by inserting after paragraph (6) the following new paragraph:

''(7) INCOME FROM REDETERMINED RENTS, REDETERMINED DEDUCTIONS, AND EXCESS INTEREST.—

''(A) IMPOSITION OF TAX.—There is hereby imposed for each taxable year of the real estate investment trust a tax equal to 100 percent of redetermined rents, redetermined deductions, and excess interest.

''(B) REDETERMINED RENTS.—

''(i) IN GENERAL.—The term 'redetermined rents' means rents from real property (as defined in subsection 856(d)) the amount of which would (but for subparagraph (E)) be reduced on distribution, apportionment, or allocation under section 482 to clearly reflect income as a result of services furnished or rendered by a taxable REIT subsidiary of the real estate investment trust to a tenant of such trust.

''(ii) EXCEPTION FOR CERTAIN SERVICES.—Clause (i) shall not apply to amounts received directly or indirectly by a real estate investment trust for services described in paragraph (1)(B) or (7)(C)(i) of section 856(d).

''(iii) EXCEPTION FOR DE MINIMIS AMOUNTS.—Clause (i) shall not apply to amounts described in section 856(d)(7)(A) with respect to a property to the extent such amounts do not exceed the one percent threshold described in section 856(d)(7)(B) with respect to such property.

''(iv) EXCEPTION FOR COMPARABLY PRICED SERVICES.—Clause (i) shall not apply to any service rendered by a taxable REIT subsidiary of a real estate investment trust to a tenant of such trust if—

''(I) such subsidiary renders a significant amount of similar services to persons other than such trust and tenants of such trust who are unrelated (within the meaning of section 856(d)(8)(F)) to such subsidiary, trust, and tenants, but

''(II) only to the extent the charge for such service so rendered is substantially comparable to the charge for the similar services rendered to persons referred to in subclause (I).

''(v) EXCEPTION FOR CERTAIN SEPARATELY CHARGED SERVICES.—Clause (i) shall not apply to any service rendered by a taxable REIT subsidiary of a real estate investment trust to a tenant of such trust if—

''(I) the rents paid to the trust by tenants (leasing at least 25 percent of the net leasable space in the trust's property) who are not receiving such service from such subsidiary are substantially comparable to the rents paid by tenants leasing comparable space who are receiving such service from such subsidiary, and

''(II) the charge for such service from such subsidiary is separately stated.

''(vi) EXCEPTION FOR CERTAIN SERVICES BASED ON SUBSIDIARY'S INCOME FROM THE SERVICES.—Clause (i) shall not apply to any service rendered by a taxable REIT subsidiary of a real estate investment trust to a tenant of such trust if the gross income of such subsidiary from such service is not less than 150 percent of such subsidiary's direct cost in furnishing or rendering the service.

''(vii) EXCEPTIONS GRANTED BY SECRETARY.—The Secretary may waive the tax otherwise imposed by subparagraph (A) if the trust establishes to the satisfaction of the Secretary that rents charged to tenants were established on an arms' length basis even though a taxable REIT subsidiary of the trust provided services to such tenants.

''(C) REDETERMINED DEDUCTIONS.—The term 'redetermined deductions' means deductions (other than redetermined rents) of a taxable REIT subsidiary of a real estate investment trust if the amount of such deductions would (but for subparagraph (E)) be decreased on distribution, apportionment, or allocation under section 482 to clearly reflect income as between such subsidiary and such trust.

''(D) EXCESS INTEREST.—The term 'excess interest' means any deductions for interest payments by a taxable REIT subsidiary of a real estate investment trust to such trust to the extent that the interest payments are in excess of a rate that is commercially reasonable.

''(E) COORDINATION WITH SECTION 482.—The imposition of tax under subparagraph (A) shall be in lieu of any distribution, apportionment, or allocation under section 482.

''(F) REGULATORY AUTHORITY.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this paragraph. Until the Secretary prescribes such regulations, real estate investment trusts and their taxable REIT subsidiaries may base their allocations on any reasonable method.''.

(b) AMOUNT SUBJECT TO TAX NOT REQUIRED TO BE DISTRIBUTED.—Subparagraph (E) of section 857(b)(2) (relating to real estate investment trust taxable income) is amended by striking ''paragraph (5)'' and inserting ''paragraphs (5) and (7)''.

SEC. 1026. EFFECTIVE DATE.

(a) IN GENERAL.—The amendments made by this part shall apply to taxable years beginning after December 31, 2000.

(b) TRANSITIONAL RULES RELATED TO SECTION 1021.—

(1) EXISTING ARRANGEMENTS.—

(A) IN GENERAL.—Except as otherwise provided in this paragraph, the amendment made by section 1021 shall not apply to a real estate investment trust with respect to—

(i) securities of a corporation held directly or indirectly by such trust on July 12, 1999,

(ii) securities of a corporation held by an entity on July 12, 1999, if such trust acquires control of such entity pursuant to a written binding contract in effect on such date and at all times thereafter before such acquisition,

(iii) securities received by such trust (or a successor) in exchange for, or with respect to, securities described in clause (i) or (ii) in a transaction in which gain or loss is not recognized, and

(iv) securities acquired directly or indirectly by such trust as part of a reorganization (as defined in section 368(a)(1) of the Internal Revenue Code of 1986) with respect to such trust if such securities are described in clause (i), (ii), or (iii) with respect to any other real estate investment trust.

Notwithstanding the preceding sentence, such securities shall be taken into account in determining whether such trust fails to meet the requirements of section 856(c)(4)(B) of such Code (as amended by such amendments) if such trust acquires or receives securities to which the preceding sentence does not apply.

(B) NEW TRADE OR BUSINESS OR SUBSTANTIAL NEW ASSETS.—Subparagraph (A) shall cease to apply to securities of a corporation as of the first day after July 12, 1999, on which such corporation engages in a substantial new line of business, or acquires any substantial asset, other than—

(i) pursuant to a binding contract in effect on such date and at all times thereafter before the acquisition of such asset,

(ii) in a transaction in which gain or loss is not recognized by reason of section 1031 or 1033 of the Internal Revenue Code of 1986, or

(iii) in a reorganization (as so defined) with another corporation the securities of which are described in paragraph (1)(A) of this subsection.

(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.

(2) TAX-FREE CONVERSION.—If—

(A) at the time of an election for a corporation to become a taxable REIT subsidiary, the amendment made by section 1021 does not apply to such corporation by reason of paragraph (1), and

(B) such election first takes effect before January 1, 2004,

such election shall be treated as a reorganization qualifying under section 368(a)(1)(A) of such Code.

PART II—HEALTH CARE REITS

SEC. 1031. HEALTH CARE REITS.

(a) SPECIAL FORECLOSURE RULE FOR HEALTH CARE PROPERTIES.—Subsection (e) of section 856 (relating to special rules for foreclosure property) is amended by adding at the end the following new paragraph:

''(6) SPECIAL RULE FOR QUALIFIED HEALTH CARE PROPERTIES.—For purposes of this subsection—

''(A) ACQUISITION AT EXPIRATION OF LEASE.—The term 'foreclosure property' shall include any qualified health care property acquired by a real estate investment trust as the result of the termination of a lease of such property (other than a termination by reason of a default, or the imminence of a default, on the lease).

''(B) GRACE PERIOD.—In the case of a qualified health care property which is foreclosure property solely by reason of subparagraph (A), in lieu of applying paragraphs (2) and (3)—

''(i) the qualified health care property shall cease to be foreclosure property as of the close of the second taxable year after the taxable year in which such trust acquired such property, and

''(ii) if the real estate investment trust establishes to the satisfaction of the Secretary that an extension of the grace period in clause (i) is necessary to the orderly leasing or liquidation of the trust's interest in such qualified health care property, the Secretary may grant 1 or more extensions of the grace period for such qualified health care property.

Any such extension shall not extend the grace period beyond the close of the 6th year after the taxable year in which such trust acquired such qualified health care property.

''(C) INCOME FROM INDEPENDENT CONTRACTORS.—For purposes of applying paragraph (4)(C) with respect to qualified health care property which is foreclosure property by reason of subparagraph (A) or paragraph (1), income derived or received by the trust from an independent contractor shall be disregarded to the extent such income is attributable to—

''(i) any lease of property in effect on the date the real estate investment trust acquired the qualified health care property (without regard to its renewal after such date so long as such renewal is pursuant to the terms of such lease as in effect on such date), or

''(ii) any lease of property entered into after such date if—

''(I) on such date, a lease of such property from the trust was in effect, and

''(II) under the terms of the new lease, such trust receives a substantially similar or lesser benefit in comparison to the lease referred to in subclause (I).

''(D) QUALIFIED HEALTH CARE PROPERTY.—

''(i) IN GENERAL.—The term 'qualified health care property' means any real property (including interests therein), and any personal property incident to such real property, which—

''(I) is a health care facility, or

''(II) is necessary or incidental to the use of a health care facility.

''(ii) HEALTH CARE FACILITY.—For purposes of clause (i), the term 'health care facility' means a hospital, nursing facility, assisted living facility, congregate care facility, qualified continuing care facility (as defined in section 7872(g)(4)), or other licensed facility which extends medical or nursing or ancillary services to patients and which, immediately before the termination, expiration, default, or breach of the lease of or mortgage secured by such facility, was operated by a provider of such services which was eligible for participation in the medicare program under title XVIII of the Social Security Act with respect to such facility.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

PART III—CONFORMITY WITH REGULATED INVESTMENT COMPANY RULES

SEC. 1041. CONFORMITY WITH REGULATED INVESTMENT COMPANY RULES.

(a) DISTRIBUTION REQUIREMENT.—Clauses (i) and (ii) of section 857(a)(1)(A) (relating to requirements applicable to real estate investment trusts) are each amended by striking ''95 percent (90 percent for taxable years beginning before January 1, 1980)'' and inserting ''90 percent''.

(b) IMPOSITION OF TAX.—Clause (i) of section 857(b)(5)(A) (relating to imposition of tax in case of failure to meet certain requirements) is amended by striking ''95 percent (90 percent in the case of taxable years beginning before January 1, 1980)'' and inserting ''90 percent''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

PART IV—CLARIFICATION OF EXCEPTION FROM IMPERMISSIBLE TENANT SERVICE INCOME

SEC. 1051. CLARIFICATION OF EXCEPTION FOR INDEPENDENT OPERATORS.

(a) IN GENERAL.—Paragraph (3) of section 856(d) (relating to independent contractor defined) is amended by adding at the end the following flush sentence:

''In the event that any class of stock of either the real estate investment trust or such person is regularly traded on an established securities market, only persons who own, directly or indirectly, more than 5 percent of such class of stock shall be taken into account as owning any of the stock of such class for purposes of applying the 35 percent limitation set forth in subparagraph (B) (but all of the outstanding stock of such class shall be considered outstanding in order to compute the denominator for purpose of determining the applicable percentage of ownership).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

PART V—MODIFICATION OF EARNINGS AND PROFITS RULES

SEC. 1061. MODIFICATION OF EARNINGS AND PROFITS RULES.

(a) RULES FOR DETERMINING WHETHER REGULATED INVESTMENT COMPANY HAS EARNINGS AND

PROFITS FROM NON-RIC YEAR.—Subsection (c) of section 852 is amended by adding at the end the following new paragraph:

''(3) DISTRIBUTIONS TO MEET REQUIREMENTS OF SUBSECTION (a)(2)(B).—Any distribution which is made in order to comply with the requirements of subsection (a)(2)(B)—

''(A) shall be treated for purposes of this subsection and subsection (a)(2)(B) as made from the earliest earnings and profits accumulated in any taxable year to which the provisions of this part did not apply rather than the most recently accumulated earnings and profits, and

''(B) to the extent treated under subparagraph (A) as made from accumulated earnings and profits, shall not be treated as a distribution for purposes of subsection (b)(2)(D) and section 855.''.

(b) CLARIFICATION OF APPLICATION OF REIT SPILLOVER DIVIDEND RULES TO DISTRIBUTIONS TO MEET QUALIFICATION REQUIREMENT.—Subparagraph (B) of section 857(d)(3) is amended by inserting before the period ''and section 858''.

(c) APPLICATION OF DEFICIENCY DIVIDEND PROCEDURES.—Paragraph (1) of section 852(e) is amended by adding at the end the following new sentence: ''If the determination under subparagraph (A) is solely as a result of the failure to meet the requirements of subsection (a)(2), the preceding sentence shall also apply for purposes of applying subsection (a)(2) to the non-RIC year.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2000.

PART VI—STUDY RELATING TO TAXABLE REIT SUBSIDIARIES

SEC. 1071. STUDY RELATING TO TAXABLE REIT SUBSIDIARIES.

The Commissioner of the Internal Revenue shall conduct a study to determine how many taxable REIT subsidiaries are in existence and the aggregate amount of taxes paid by such subsidiaries. The Secretary shall submit a report to the Congress describing the results of such study.

Subtitle D—Private Activity Bond Volume Cap

SEC. 1081. 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 E—Leasehold Improvements Depreciation

SEC. 1091. 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 XI—MISCELLANEOUS PROVISIONS

SEC. 1101. 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.

SEC. 1102. TAX TREATMENT OF ALASKA NATIVE SETTLEMENT TRUSTS.

(a) TAX EXEMPTION.—Section 501(c), as amended by section 801(a), is amended by adding at the end the following new paragraph:

''(29) A trust which—

''(A) constitutes a Settlement Trust under section 39 of the Alaska Native Claims Settlement Act (43 U.S.C. 1629e), and

''(B) with respect to which an election under subsection (p)(2) is in effect.''.

(b) SPECIAL RULES RELATING TO TAXATION OF ALASKA NATIVE SETTLEMENT TRUSTS.—Section 501 is amended by redesignating subsection (p) as subsection (q) and by inserting after subsection (o) the following new subsection:

''(p) SPECIAL RULES FOR TAXATION OF ALASKA NATIVE SETTLEMENT TRUSTS.—

''(1) IN GENERAL.—For purposes of this title, the following rules shall apply in the case of a Settlement Trust:

''(A) ELECTING TRUST.—If an election under paragraph (2) is in effect for any taxable year—

''(i) no amount shall be includible in the gross income of a beneficiary of the Settlement Trust by reason of a contribution to the Settlement Trust made during such taxable year, and

''(ii) except as provided in this subsection, the provisions of subchapter J and section 1(e) shall not apply to the Settlement Trust and its beneficiaries for such taxable year.

''(B) NONELECTING TRUST.—If an election is not in effect under paragraph (2) for any taxable year, the provisions of subchapter J and section 1(e) shall apply to the Settlement Trust and its beneficiaries for such taxable year.

''(2) ONE-TIME ELECTION.—

''(A) IN GENERAL.—A Settlement Trust may elect to have the provisions of this subsection and subsection (c)(29) apply to the trust and its beneficiaries.

''(B) TIME AND METHOD OF ELECTION.—An election under subparagraph (A) shall be made—

''(i) on or before the due date (including extensions) for filing the Settlement Trust's return of tax for the 1st taxable year of the Settlement Trust ending after December 31, 1999, and

''(ii) by attaching to such return of tax a statement specifically providing for such election.

''(C) PERIOD ELECTION IN EFFECT.—Except as provided in paragraph (3), an election under subparagraph (A)—

''(i) shall apply to the 1st taxable year described in subparagraph (B)(i) and all subsequent taxable years, and

''(ii) may not be revoked once it is made.

''(3) SPECIAL RULES WHERE TRANSFER RESTRICTIONS MODIFIED.—

''(A) TRANSFER OF BENEFICIAL INTERESTS.—If, at any time, a beneficial interest in a Settlement Trust may be disposed of in a manner which would not be permitted by section 7(h) of the Alaska Native Claims Settlement Act (43 U.S.C. 1606(h)) if the interest were Settlement Common Stock—

''(i) no election may be made under paragraph (2)(A) with respect to such trust, and

''(ii) if an election under paragraph (2)(A) is in effect as of such time—

''(I) such election is revoked as of the 1st day of the taxable year following the taxable year in which such disposition is first permitted, and

''(II) there is hereby imposed on such trust a tax equal to the product of the fair market value of the assets held by the trust as of the close of the taxable year in which such disposition is first permitted and the highest rate of tax under section 1(e) for such taxable year.

The tax imposed by clause (ii)(II) shall be in lieu of any other tax imposed by this chapter for the taxable year.

''(B) STOCK IN CORPORATION.—If—

''(i) the Settlement Common Stock in any Native Corporation which transferred assets to a Settlement Trust making an election under paragraph (2)(A) may be disposed of in a manner not permitted by section 7(h) of the Alaska Native Claims Settlement Act (43 U.S.C. 1606(h)), and

''(ii) at any time after such disposition of stock is first permitted, such corporation transfers assets to such trust,

clause (ii) of subparagraph (A) shall be applied to such trust on and after the date of the transfer in the same manner as if the trust permitted dispositions of beneficial interests in the trust in a manner not permitted by such section 7(h).

''(C) ADMINISTRATIVE PROVISIONS.—For purposes of subtitle F, any tax imposed by subparagraph (A)(ii)(II) shall be treated as an excise tax with respect to which the deficiency procedures of such subtitle apply.

''(4) DISTRIBUTION REQUIREMENT ON ELECTING SETTLEMENT TRUST.—

''(A) IN GENERAL.—If an election is in effect under paragraph (2) for any taxable year, a Settlement Trust shall distribute at least 55 percent of its adjusted taxable income for such taxable year.

''(B) TAX IMPOSED IF INSUFFICIENT DISTRIBUTION.—If a Settlement Trust fails to meet the distribution requirement of subparagraph (A) for any taxable year, then, notwithstanding subsection (c)(29), a tax shall be imposed on the trust under section 1(e) on an amount of taxable income equal to the amount of such failure.

''(C) DESIGNATION OF DISTRIBUTION.—Solely for purposes of meeting the requirements of this paragraph, a Settlement Trust may elect to treat any distribution (or portion) during the 65-day period following the close of any taxable year as made on the last day of such taxable year. Any such distribution (or portion) may not be taken into account under this paragraph for any other taxable year.

''(D) ADJUSTED TAXABLE INCOME.—For purposes of this paragraph, the term 'adjusted taxable income' means taxable income determined under section 641(b) without regard to any deduction under section 651 or 661.

''(5) TAX TREATMENT OF DISTRIBUTIONS TO BENEFICIARIES.—

''(A) ELECTING TRUST.—If an election is in effect under paragraph (2) for any taxable year, any distribution to a beneficiary shall be included in gross income of the beneficiary as ordinary income.

''(B) NONELECTING TRUSTS.—Any distribution to a beneficiary from a Settlement Trust not described in subparagraph (A) shall be includible in income as provided under subchapter J.

''(C) EARNINGS AND PROFITS.—The earnings and profits of any Native Corporation making a contribution to a Settlement Trust shall not be reduced on account thereof at the time of such contribution, but such earnings and profits shall be reduced (up to the amount of such contribution) as distributions are thereafter made by the Settlement Trust which exceed the sum of—

''(i) such Trust's total undistributed net income for all prior years during which an election under paragraph (2) is in effect, and

''(ii) such Trust's distributable net income.

''(6) DEFINITIONS.—For purposes of this subsection—

''(A) NATIVE CORPORATION.—The term 'Native Corporation' has the meaning given such term by section 3(m) of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(m)).

''(B) SETTLEMENT TRUST.—The term 'Settlement Trust' means a trust which constitutes a Settlement Trust under section 39 of the Alaska Native Claims Settlement Act (43 U.S.C. 1629e).''.

(c) WITHHOLDING ON DISTRIBUTIONS BY ELECTING ANCSA SETTLEMENT TRUSTS.—Section 3402 is amended by adding at the end the following new subsection:

''(t) TAX WITHHOLDING ON DISTRIBUTIONS BY ELECTING ANCSA SETTLEMENT TRUSTS.—

''(1) IN GENERAL.—Any Settlement Trust (as defined in section 501(p)(6)(B)) which is exempt from income tax under section 501(c)(29) (in this subsection referred to as an 'electing trust') and which makes a payment to any beneficiary shall deduct and withhold from such payment a tax in an amount equal to such payment's proportionate share of the annualized tax.

''(2) EXCEPTION.—The tax imposed by paragraph (1) shall not apply to any payment to the extent that such payment, when annualized, does not exceed an amount equal to the amount in effect under section 6012(a)(1)(A)(i) for taxable years beginning in the calendar year in which the payment is made.

''(3) ANNUALIZED TAX.—For purposes of paragraph (1), the term 'annualized tax' means, with respect to any payment, the amount of tax which would be imposed by section 1(c) (determined without regard to any rate of tax in excess of 31 percent) on an amount of taxable income equal to the excess of—

''(A) the annualized amount of such payment, over

''(B) the amount determined under paragraph (2).

''(4) ANNUALIZATION.—For purposes of this subsection, amounts shall be annualized in the manner prescribed by the Secretary.

''(5) ALTERNATE WITHHOLDING PROCEDURES.—At the election of an electing trust, the tax imposed by this subsection on any payment made by such trust shall be determined in accordance with such tables or computational procedures as may be specified in regulations prescribed by the Secretary (in lieu of in accordance with paragraphs (2) and (3)).

''(6) COORDINATION WITH OTHER SECTIONS.—For purposes of this chapter and so much of subtitle F as relates to this chapter, payments which are subject to withholding under this subsection shall be treated as if they were wages paid by an employer to an employee.''.

(d) REPORTING.—Section 6041 is amended by adding at the end the following new subsection:

''(f) APPLICATION TO ALASKA NATIVE SETTLEMENT TRUSTS.—In the case of any distribution from a Settlement Trust (as defined in section 501(p)(6)(B)) to a beneficiary, this section shall apply, except that—

''(1) this section shall apply to such distribution without regard to the amount thereof,

''(2) the Settlement Trust shall include on any return or statement required by this section information as to the character of such distribution (if applicable) and the amount of tax imposed by chapter 1 which has been deducted and withheld from such distribution, and

''(3) the filing of any return or statement required by this section shall satisfy any requirement to file any other form or schedule under this title with respect to distributive share information (including any form or schedule to be included with the trust's tax return).''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years of Settlement Trusts ending after December 31, 1999, and to contributions to such trusts after such date.

SEC. 1103. LONG-TERM UNUSED CREDITS ALLOWED AGAINST MINIMUM TAX.

(a) IN GENERAL.—Subsection (c) of section 53 (relating to limitation) is amended by adding at the end the following:

''(2) SPECIAL RULE FOR CORPORATIONS WITH LONG-TERM UNUSED CREDITS.—

''(A) IN GENERAL.—If—

''(i) a corporation to which section 56(g) applies has a long-term unused minimum tax credit for a taxable year, and

''(ii) no credit would be allowable under this section for the taxable year by reason of paragraph (1),

then there shall be allowed a credit under subsection (a) for the taxable year in the amount determined under subparagraph (B).

''(B) AMOUNT OF CREDIT.—For purposes of subparagraph (A), the amount of the credit shall be equal to the least of the following for the taxable year:

''(i) The long-term unused minimum tax credit.

''(ii) 50 percent of the taxpayer's tentative minimum tax.

''(iii) The excess (if any) of the amount under paragraph (1)(B) over the amount under paragraph (1)(A).

''(C) LONG-TERM UNUSED MINIMUM TAX CREDIT.—For purposes of this paragraph—

''(i) IN GENERAL.—The long-term unused minimum tax credit for any taxable year is the portion of the minimum tax credit determined under subsection (b) attributable to the adjusted net minimum tax for taxable years beginning after 1986 and ending before the 5th taxable year immediately preceding the taxable year for which the determination is being made.

''(ii) FIRST-IN, FIRST-OUT ORDERING RULE.—For purposes of clause (i), credits shall be treated as allowed under subsection (a) on a first-in, first-out basis.''.

(b) CONFORMING AMENDMENTS.—Section 53(c) (as in effect before the amendment made by subsection (a)) is amended—

(1) by striking ''The'' and inserting the following:

''(1) IN GENERAL.—The''; and

(2) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2003.

SEC. 1104. 5-YEAR NET OPERATING LOSS CARRYBACK FOR LOSSES ATTRIBUTABLE TO OPERATING MINERAL INTERESTS OF INDEPENDENT OIL AND GAS PRODUCERS.

(a) IN GENERAL.—Paragraph (1) of section 172(b) (relating to years to which loss may be carried) is amended by adding at the end the following new subparagraph:

''(H) LOSSES ON OPERATING MINERAL INTERESTS OF INDEPENDENT OIL AND GAS PRODUCERS.—In the case of a taxpayer—

''(i) which has an eligible oil and gas loss (as defined in subsection (j)) for a taxable year, and

''(ii) which is not an integrated oil company (as defined in section 291(b)(4)),

such eligible oil and gas loss shall be a net operating loss carryback to each of the 5 taxable years preceding the taxable year of such loss.''.

(b) ELIGIBLE OIL AND GAS LOSS.—Section 172 is amended by redesignating subsection (j) as subsection (k) and by inserting after subsection (i) the following new subsection:

''(j) ELIGIBLE OIL AND GAS LOSS.—For purposes of this section—

''(1) IN GENERAL.—The term 'eligible oil and gas loss' means the lesser of—

''(A) the amount which would be the net operating loss for the taxable year if only income and deductions attributable to operating mineral interests (as defined in section 614(d)) in oil and gas wells are taken into account, or

''(B) the amount of the net operating loss for such taxable year.

''(2) COORDINATION WITH SUBSECTION (b)(2).—For purposes of applying subsection (b)(2), an eligible oil and gas loss for any taxable year shall be treated in a manner similar to the manner in which a specified liability loss is treated.

''(3) ELECTION.—Any taxpayer entitled to a 5-year carryback under subsection (b)(1)(H) from any loss year may elect to have the carryback

period with respect to such loss year determined without regard to subsection (b)(1)(H).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to net operating losses for taxable years beginning after December 31, 1998.

SEC. 1105. ELECTION TO EXPENSE GEOLOGICAL AND GEOPHYSICAL EXPENDITURES.

(a) IN GENERAL.—Section 263 (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.''.

(b) CONFORMING AMENDMENT.—Section 263A(c)(3) is amended by inserting ''263(j),'' after ''263(i),''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to expenses paid or incurred in taxable years beginning after December 31, 1999.

SEC. 1106. ELECTION TO EXPENSE DELAY RENTAL PAYMENTS

(a) IN GENERAL.—Section 263 (relating to capital expenditures), as amended by section 1105(a), 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.''.

(b) CONFORMING AMENDMENT.—Section 263A(c)(3), as amended by section 1105(b), is amended by inserting ''263(k),'' after ''263(j),''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to payments made or incurred in taxable years beginning after December 31, 1999.

SEC. 1107. MODIFICATION OF ACTIVE BUSINESS DEFINITION UNDER SECTION 355.

(a) IN GENERAL.—Section 355(b) (defining active conduct of a trade or business) is amended by adding at the end the following new paragraph:

''(3) SPECIAL RULES RELATING TO ACTIVE BUSINESS REQUIREMENT.—

''(A) IN GENERAL.—For purposes of determining whether a corporation meets the requirement of paragraph (2)(A), all members of such corporation's separate affiliated group shall be treated as 1 corporation. For purposes of the preceding sentence, a corporation's separate affiliated group is the affiliated group which would be determined under section 1504(a) if such corporation were the common parent and section 1504(b) did not apply.

''(B) CONTROL.—For purposes of paragraph (2)(D), all distributee corporations which are members of the same affiliated group (as defined in section 1504(a) without regard to section 1504(b)) shall be treated as 1 distributee corporation.''.

(b) CONFORMING AMENDMENTS.—

(1) Subparagraph (A) of section 355(b)(2) is amended to read as follows:

''(A) it is engaged in the active conduct of a trade or business,''.

(2) Section 355(b)(2) is amended by striking the last sentence.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to distributions after the date of the enactment of this Act.

(2) TRANSITION RULE.—The amendments made by this section shall not apply to any distribution pursuant to a transaction which is—

(A) made pursuant to an agreement which was binding on such date and at all times thereafter,

(B) described in a ruling request submitted to the Internal Revenue Service on or before such date, or

(C) described on or before such date in a public announcement or in a filing with the Securities and Exchange Commission.

(3) ELECTION TO HAVE AMENDMENTS APPLY.—Paragraph (2) shall not apply if the distributing corporation elects not to have such paragraph apply to distributions of such corporation. Any such election, once made, shall be irrevocable.

SEC. 1108. 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.

SEC. 1109. MODIFICATION OF EXCISE TAX IMPOSED ON ARROW COMPONENTS.

(a) IN GENERAL.—Paragraph (2) of section 4161(b) (relating to bows and arrows, etc.) is amended to read as follows:

''(2) ARROWS.—

''(A) IN GENERAL.—There is hereby imposed on the sale by the manufacturer, producer, or importer of any shaft, point, article used to attach a point to a shaft, nock, or vane of a type used in the manufacture of any arrow which after its assembly—

''(i) measures 18 inches overall or more in length, or

''(ii) measures less than 18 inches overall in length but is suitable for use with a bow described in paragraph (1)(A),

a tax equal to 12.4 percent of the price for which so sold.

''(B) REDUCED RATE ON CERTAIN HUNTING POINTS.—Subparagraph (A) shall be applied by substituting '11 percent' for '12.4 percent' in the case of a point which is designed primarily for use in hunting fish or large animals.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to articles sold by the manufacturer, producer, or importer after the close of the first calendar month ending more than 30 days after the date of the enactment of this Act.

SEC. 1110. INCREASE IN THRESHOLD FOR JOINT COMMITTEE REPORTS ON REFUNDS AND CREDITS.

(a) GENERAL RULE.—Subsections (a) and (b) of section 6405 are each amended by striking ''$1,000,000'' and inserting ''$2,000,000''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the date of the enactment of this Act, except that such amendment shall not apply with respect to any refund or credit with respect to a report that has been made before such date of enactment under section 6405 of the Internal Revenue Code of 1986.

SEC. 1111. MODIFICATION OF RURAL AIRPORT DEFINITION.

(a) IN GENERAL.—Clause (ii) of section 4261(e)(1)(B) (defining rural airport) is amended by striking the period at the end of subclause (II) and inserting '', or'', and by adding at the end the following new subclause:

''(III) is not connected by paved roads to another airport.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to calendar years beginning after 1999.

SEC. 1112. PAYMENT OF DIVIDENDS ON STOCK OF COOPERATIVES WITHOUT REDUCING PATRONAGE DIVIDENDS.

(a) IN GENERAL.—Subsection (a) of section 1388 (relating to patronage dividend defined) is amended by adding at the end the following: ''For purposes of paragraph (3), net earnings shall not be reduced by amounts paid during the year as dividends on capital stock or other proprietary capital interests of the organization to the extent that the articles of incorporation or bylaws of such organization or other contract with patrons provide that such dividends are in addition to amounts otherwise payable to patrons which are derived from business done with or for patrons during the taxable year.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to distributions in taxable years beginning after the date of the enactment of this Act.

SEC. 1113. CONSOLIDATION OF LIFE INSURANCE COMPANIES WITH OTHER CORPORATIONS.

(a) IN GENERAL.—Section 1504(b) (defining includible corporation) is amended by striking paragraph (2).

(b) CONFORMING AMENDMENTS.—

(1) Section 1504 is amended by striking subsection (c) and by redesignating subsections (d), (e), and (f) as subsections (c), (d), and (e), respectively.

(2) Section 1503(c)(1) (relating to special rule for application of certain losses against income of insurance companies taxed under section 801) is amended by striking ''an election under section 1504(c)(2) is in effect for the taxable year and''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

(d) NO CARRYBACK BEFORE JANUARY 1, 2001.—To the extent that a consolidated net operating loss is allowed or increased by reason of the amendments made by this section, such loss may not be carried back to a taxable year beginning before January 1, 2001.

(e) NONTERMINATION OF GROUP.—No affiliated group shall terminate solely as a result of the amendments made by this section.

(f) WAIVER OF 5-YEAR WAITING PERIOD.—Under regulations prescribed by the Secretary of the Treasury or his delegate, an automatic waiver from the 5-year waiting period for reconsolidation provided in section 1504(a)(3) of the Internal Revenue Code of 1986 shall be granted to any corporation which was previously an includible corporation but was subsequently deemed a nonincludible corporation as a result of becoming a subsidiary of a corporation which was not an includible corporation solely by operation of section 1504(c)(2) of such Code (as in effect on the day before the date of the enactment of this Act).

SEC. 1114. EXPANSION OF EXEMPTION FROM PERSONAL HOLDING COMPANY TAX FOR LENDING OR FINANCE COMPANIES.

(a) IN GENERAL.—Paragraph (6) of section 542(c) (defining personal holding company) is amended—

(1) by striking ''rents,'' in subparagraph (B), and

(2) by adding ''and'' at the end of subparagraph (B),

(3) by striking subparagraph (C), and

(4) by redesignating subparagraph (D) as subparagraph (C).

(b) EXCEPTION FOR LENDING OR FINANCE COMPANIES DETERMINED ON AFFILIATED GROUP BASIS.—Subsection (d) of section 542 is amended by striking paragraphs (1) and (2) and inserting the following new paragraphs:

''(1) LENDING OR FINANCE BUSINESS DEFINED.—For purposes of subsection (c)(6), the term 'lending or finance business' means a business of—

''(A) making loans,

''(B) purchasing or discounting accounts receivable, notes, or installment obligations,

''(C) engaging in leasing (including entering into leases and purchasing, servicing, and disposing of leases and leased assets),

''(D) rendering services or making facilities available in the ordinary course of a lending or finance business.

''(E) rendering services or making facilities available in connection with activities described in subparagraphs (A), (B), and (C) carried on by the corporation rendering services or making facilities available, or

''(F) rendering services or making facilities available to another corporation which is engaged in the lending or finance business (within the meaning of this paragraph), if such services or facilities are related to the lending or finance business (within such meaning) of such other corporation and such other corporation and the corporation rendering services or making facilities available are members of the same affiliated group (as defined in section 1504).

''(2) EXCEPTION DETERMINED ON AN AFFILIATED GROUP BASIS.—In the case of a lending or finance company which is a member of an affiliated group (as defined in section 1504), such company shall be treated as meeting the requirements of subsection (c)(6) if such group (determined by taking into account only members of such group which are engaged in a lending or finance business) meets such requirements.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after December 31, 1999.

SEC. 1115. CREDIT FOR MODIFICATIONS TO INTER-CITY BUSES REQUIRED UNDER THE AMERICANS WITH DISABILITIES ACT OF 1990.

(a) IN GENERAL.—Subsection (a) of section 44 (relating to expenditures to provide access to disabled individuals) is amended to read as follows:

''(a) GENERAL RULE.—For purposes of section 38, the amount of the disabled access credit determined under this section for any taxable year shall be an amount equal to the sum of—

''(1) in the case of an eligible small business, 50 percent of so much of the eligible access expenditures for the taxable year as exceed $250 but do not exceed $10,250, and

''(2) 50 percent of so much of the eligible bus access expenditures for the taxable year with respect to each eligible bus as exceed $250 but do not exceed $30,250.''.

(b) ELIGIBLE BUS ACCESS EXPENDITURES.—Section 44 is amended by redesignating subsections (d) and (e) as subsections (e) and (f), respectively, and by inserting after subsection (c) the following new subsection:

''(d) ELIGIBLE BUS ACCESS EXPENDITURES.—For purposes of this section—

''(1) IN GENERAL.—The term 'eligible bus access expenditures' means amounts paid or incurred by the taxpayer for the purpose of enabling the taxpayer's eligible bus to comply with applicable requirements under the Americans With Disabilities Act of 1990 (as in effect on the date of the enactment of this subsection).

''(2) CERTAIN EXPENDITURES NOT INCLUDED.—The amount of eligible bus access expenditures otherwise taken into account under subsection (a)(2) shall be reduced to the extent that funds for such expenditures are received under any Federal, State, or local program.

''(3) ELIGIBLE BUS.—The term 'eligible bus' means any automobile bus eligible for a refund under section 6427(b) by reason of transportation described in section 6427(b)(1)(A).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999, and before January 1, 2012.

SEC. 1116. INCREASED DEDUCTIBILITY OF BUSINESS MEAL EXPENSES FOR INDIVIDUALS SUBJECT TO FEDERAL LIMITATIONS ON HOURS OF SERVICE.

The table in section 274(n)(3)(B) (relating to special rule for individuals subject to Federal hours of service) is amended—

(1) by striking ''or 2007'', and

(2) by striking ''2008'' and inserting ''2007''.

SEC. 1117. TAX-EXEMPT FINANCING OF QUALIFIED HIGHWAY INFRASTRUCTURE CONSTRUCTION.

(a) TREATMENT AS EXEMPT FACILITY BOND.—A bond described in subsection (b) shall be treated as described in section 141(e)(1)(A) of the Internal Revenue Code of 1986, except that—

(1) section 146 of such Code shall not apply to such bond, and

(2) section 147(c)(1) of such Code shall be applied by substituting ''any portion of'' for ''25 percent or more''.

(b) BOND DESCRIBED.—

(1) IN GENERAL.—A bond is described in this subsection if such bond is issued after December 31, 1999, as part of an issue—

(A) 95 percent or more of the net proceeds of which are to be used to provide a qualified highway infrastructure project, and

(B) to which there has been allocated a portion of the allocation to the project under paragraph (2)(C)(ii) which is equal to the aggregate face amount of bonds to be issued as part of such issue.

(2) QUALIFIED HIGHWAY INFRASTRUCTURE PROJECTS.—

(A) IN GENERAL.—For purposes of paragraph (1), the term ''qualified highway infrastructure project'' means a project—

(i) for the construction or reconstruction of a highway, and

(ii) designated under subparagraph (B) as an eligible pilot project.

(B) ELIGIBLE PILOT PROJECT.—

(i) IN GENERAL.—The Secretary of Transportation, in consultation with the Secretary of the Treasury, shall select not more than 15 highway infrastructure projects to be pilot projects eligible for tax-exempt financing.

(ii) ELIGIBILITY CRITERIA.—In determining the criteria necessary for the eligibility of pilot projects, the Secretary of Transportation shall include the following:

(I) The project must serve the general public.

(II) The project is necessary to evaluate the potential of the private sector's participation in the provision of the highway infrastructure of the United States.

(III) The project must be located on publicly-owned rights-of-way.

(IV) The project must be publicly owned or the ownership of the highway constructed or reconstructed under the project must revert to the public.

(V) The project must be consistent with a transportation plan developed pursuant to section 134(g) or 135(e) of title 23, United States Code.

(C) AGGREGATE FACE AMOUNT OF TAX-EXEMPT FINANCING.—

(i) IN GENERAL.—The aggregate face amount of bonds issued pursuant to this section shall not exceed $15,000,000,000, determined without regard to any bond the proceeds of which are used exclusively to refund (other than to advance refund) a bond issued pursuant to this section (or a bond which is a part of a series of refundings of a bond so issued) if the amount of the refunding bond does not exceed the outstanding amount of the refunded bond.

(ii) ALLOCATION.—The Secretary of Transportation, in consultation with the Secretary of the Treasury, shall allocate the amount described in clause (i) among the eligible pilot projects designated under subparagraph (B).

(iii) REALLOCATION.—If any portion of an allocation under clause (ii) is unused on the date which is 3 years after such allocation, the Secretary of Transportation, in consultation with the Secretary of the Treasury, may reallocate such portion among the remaining eligible pilot projects.

(c) REPORT.—

(1) IN GENERAL.—Not later than the earlier of—

(A) 1 year after either ½ of the projects authorized under this section have been identified or ½ of the total bonds allowable for the projects under this section have been issued, or

(B) 7 years after the date of the enactment of this Act,

the Secretary of Transportation, in consultation with the Secretary of the Treasury, shall submit the report described in paragraph (2) to the Committees on Finance and on Environment and Public Works of the Senate and the Committees on Ways and Means and on Transportation and Infrastructure of the House of Representatives.

(2) CONTENTS.—The report under paragraph (1) shall evaluate the overall success of the program conducted pursuant to this section, including—

(A) a description of each project under the program,

(B) the extent to which the projects used new technologies, construction techniques, or innovative cost controls that resulted in savings in building the project, and

(C) the use and efficiency of the Federal tax subsidy provided by the bond financing.

SEC. 1118. EXPANSION OF DC HOMEBUYER TAX CREDIT.

(a) EXTENSION.—Section 1400C(i) (relating to application of section) is amended by striking ''2001'' and inserting ''2002''.

(b) EXPANSION OF INCOME LIMITATION.—Section 1400C(b)(1) (relating to limitation based on modified adjusted gross income) is amended—

(1) by striking ''$110,000'' in subparagraph (A)(i) and inserting ''$140,000'', and

(2) by inserting ''($40,000 in the case of a joint return)'' after ''$20,000'' in subparagraph (B).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 1119. EXTENSION OF DC ZERO PERCENT CAPITAL GAINS RATE.

(a) IN GENERAL.—Section 1400B (relating to zero percent capital gains rate) is amended by adding at the end the following new subsection:

''(h) EXTENSION TO ENTIRE DISTRICT OF COLUMBIA.—In determining whether any stock or partnership interest which is originally issued after December 31, 1999, or any tangible property acquired by the taxpayer by purchase after December 31, 1999, is a DC Zone asset, subsection (d) shall be applied without regard to paragraph (2) thereof.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on January 1, 2000.

SEC. 1120. NATURAL GAS GATHERING LINES TREATED AS 7-YEAR PROPERTY.

(a) IN GENERAL.—Subparagraph (C) of section 168(e)(3) (relating to classification of certain property) is amended by redesignating clause (ii) as clause (iii) and by inserting after clause (i) the following new clause:

''(ii) any natural gas gathering line, and''.

(b) NATURAL GAS GATHERING LINE.—Subsection (i) of section 168 is amended by adding at the end the following new paragraph:

''(15) NATURAL GAS GATHERING LINE.—The term 'natural gas gathering line' means—

''(A) the pipe, equipment, and appurtenances determined to be a gathering line by the Federal Energy Regulatory Commission, or

''(B) the pipe, equipment, and appurtenances used to deliver natural gas from the wellhead or a common point to the point at which such gas first reaches—

''(i) a gas processing plant,

''(ii) an interconnection with a transmission pipeline certificated by the Federal Energy Regulatory Commission as an interstate transmission pipeline,

''(iii) an interconnection with an intrastate transmission pipeline, or

''(iv) a direct interconnection with a local distribution company, a gas storage facility, or an industrial consumer.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service on or after the date of the enactment of this Act.

SEC. 1121. EXEMPTION FROM TICKET TAXES FOR CERTAIN TRANSPORTATION PROVIDED BY SMALL SEAPLANES.

(a) IN GENERAL.—Section 4281 (relating to small aircraft on nonestablished lines) is amended to read as follows:

''SEC. 4281. SMALL AIRCRAFT.

''The taxes imposed by sections 4261 and 4271 shall not apply to—

''(1) transportation by an aircraft having a maximum certificated takeoff weight of 6,000 pounds or less, except when such aircraft is operated on an established line, and

''(2) transportation by a seaplane having a maximum certificated takeoff weight of 6,000 pounds or less with respect to any segment consisting of a takeoff from, and a landing on, water.

For purposes of the preceding sentence, the term 'maximum certificated takeoff weight' means the maximum such weight contained in the type certificate or airworthiness certificate.''.

(b) CLERICAL AMENDMENT.—The table of sections for part III of subchapter C of chapter 33 is amended by striking ''on nonestablished lines'' in the item relating to section 4281.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act but shall not apply to any amount paid on or before such date with respect to taxes imposed by sections 4261 and 4271 of the Internal Revenue Code of 1986.

SEC. 1122. 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.

SEC. 1123. 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.

SEC. 1124. 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 reacquired'' 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. 1125. 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 Taxpayer Refund Act of 1999.''.

(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.

SEC. 1126. 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.''.

SEC. 1127. 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.

SEC. 1128. 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.

SEC. 1129. 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.

SEC. 1130. 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.

SEC. 1131. DISCLOSURE OF TAX INFORMATION TO FACILITATE COMBINED EMPLOYMENT TAX REPORTING.

Section 6103(d)(5) of the Internal Revenue Code of 1986 is amended to read as follows:

''(5) DISCLOSURE FOR COMBINED EMPLOYMENT TAX REPORTING.—The Secretary may disclose taxpayer identity information and signatures to any agency, body, or commission of any State for the purpose of carrying out with such agency, body, or commission a combined Federal and State employment tax reporting program approved by the Secretary. Subsections (a)(2) and (p)(4) and sections 7213 and 7213A shall not apply with respect to disclosures or inspections made pursuant to this paragraph.''.

SEC. 1132. TREATMENT OF MAPLE SYRUP PRODUCTION.

Line 3 of subsection (k) of section 3306 of the Internal Revenue Code of 1986 is amended by inserting after ''chapter'' the following: ''agricultural labor includes labor connected to the harvesting or production of maple sap into maple syrup or sugar, and''.

SEC. 1133. 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. 1134. MODIFICATION OF ALTERNATIVE MINIMUM TAX FOR INDIVIDUALS.

Section 56(b)(1)(E), as amended by section 206, is amended by striking ''$250'' and inserting ''$300''.

SEC. 1135. 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, 2000, and before January 1, 2002.

SEC. 1136. 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.

SEC. 1137. CREDIT FOR CLINICAL TESTING RESEARCH EXPENSES ATTRIBUTABLE TO CERTAIN QUALIFIED ACADEMIC INSTITUTIONS INCLUDING TEACHING HOSPITALS.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 (relating to business related credits) is amended by inserting after section 41 the following:

''SEC. 41A. CREDIT FOR MEDICAL INNOVATION EXPENSES.

''(a) GENERAL RULE.—For purposes of section 38, the medical innovation credit determined under this section for the taxable year shall be an amount equal to 40 percent of the excess (if any) of—

''(1) the qualified medical innovation expenses for the taxable year, over

''(2) the medical innovation base period amount.

''(b) QUALIFIED MEDICAL INNOVATION EXPENSES.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified medical innovation expenses' means the amounts which are paid or incurred by the taxpayer during the taxable year directly or indirectly to any qualified academic institution for clinical testing research activities.

''(2) CLINICAL TESTING RESEARCH ACTIVITIES.—

''(A) IN GENERAL.—The term 'clinical testing research activities' means human clinical testing conducted at any qualified academic institution in the development of any product, which occurs before—

''(i) the date on which an application with respect to such product is approved under section 505(b), 506, or 507 of the Federal Food, Drug, and Cosmetic Act (as in effect on the date of the enactment of this section),

''(ii) the date on which a license for such product is issued under section 351 of the Public Health Service Act (as so in effect), or

''(iii) the date classification or approval of such product which is a device intended for human use is given under section 513, 514, or 515 of the Federal Food, Drug, and Cosmetic Act (as so in effect).

''(B) PRODUCT.—The term 'product' means any drug, biologic, or medical device.

''(3) QUALIFIED ACADEMIC INSTITUTION.—The term 'qualified academic institution' means any of the following institutions:

''(A) EDUCATIONAL INSTITUTION.—A qualified organization described in section 170(b)(1)(A)(iii) which is owned by, or affiliated with, an institution of higher education (as defined in section 3304(f)).

''(B) TEACHING HOSPITAL.—A teaching hospital which—

''(i) is publicly supported or owned by an organization described in section 501(c)(3), and

''(ii) is affiliated with an organization meeting the requirements of subparagraph (A).

''(C) FOUNDATION.—A medical research organization described in section 501(c)(3) (other than a private foundation) which is affiliated with, or owned by—

''(i) an organization meeting the requirements of subparagraph (A), or

''(ii) a teaching hospital meeting the requirements of subparagraph (B).

''(D) CHARITABLE RESEARCH HOSPITAL.—A hospital that is designated as a cancer center by the National Cancer Institute.

''(4) EXCLUSION FOR AMOUNTS FUNDED BY GRANTS, ETC.—The term 'qualified medical innovation expenses' shall not include any amount

to the extent such amount is funded by any grant, contract, or otherwise by another person (or any governmental entity).

''(c) MEDICAL INNOVATION BASE PERIOD AMOUNT.—For purposes of this section, the term 'medical innovation base period amount' means the average annual qualified medical innovation expenses paid by the taxpayer during the 3-taxable year period ending with the taxable year immediately preceding the first taxable year of the taxpayer beginning after December 31, 1998.

''(d) SPECIAL RULES.—

''(1) LIMITATION ON FOREIGN TESTING.—No credit shall be allowed under this section with respect to any clinical testing research activities conducted outside the United States.

''(2) CERTAIN RULES MADE APPLICABLE.—Rules similar to the rules of subsections (f) and (g) of section 41 shall apply for purposes of this section.

''(3) ELECTION.—This section shall apply to any taxpayer for any taxable year only if such taxpayer elects to have this section apply for such taxable year.

''(4) COORDINATION WITH CREDIT FOR INCREASING RESEARCH EXPENDITURES AND WITH CREDIT FOR CLINICAL TESTING EXPENSES FOR CERTAIN DRUGS FOR RARE DISEASES.—Any qualified medical innovation expense for a taxable year to which an election under this section applies shall not be taken into account for purposes of determining the credit allowable under section 41 or 45C for such taxable year.''.

(b) CREDIT TO BE PART OF GENERAL BUSINESS CREDIT.—

(1) IN GENERAL.—Section 38(b) (relating to current year business credits), as amended by this Act, is amended by striking ''plus'' at the end of paragraph (14), by striking the period at the end of paragraph (15) and inserting '', plus'', and by adding at the end the following:

''(16) the medical innovation expenses credit determined under section 41A(a).''.

(2) TRANSITION RULE.—Section 39(d), as amended by this Act, is amended by adding at the end the following new paragraph:

''(11) NO CARRYBACK OF SECTION 41A CREDIT BEFORE ENACTMENT.—No portion of the unused business credit for any taxable year which is attributable to the medical innovation credit determined under section 41A may be carried back to a taxable year beginning before January 1, 1999.''.

(c) DENIAL OF DOUBLE BENEFIT.—Section 280C, as amended by this Act, is amended by adding at the end the following new subsection:

''(e) CREDIT FOR INCREASING MEDICAL INNOVATION EXPENSES.—

''(1) IN GENERAL.—No deduction shall be allowed for that portion of the qualified medical innovation expenses (as defined in section 41A(b)) otherwise allowable as a deduction for the taxable year which is equal to the amount of the credit determined for such taxable year under section 41A(a).

''(2) CERTAIN RULES TO APPLY.—Rules similar to the rules of paragraphs (2), (3), and (4) of subsection (c) shall apply for purposes of this subsection.''.

(d) DEDUCTION FOR UNUSED PORTION OF CREDIT.—Section 196(c) (defining qualified business credits) is amended by redesignating paragraphs (5) through (8) as paragraphs (6) through (9), respectively, and by inserting after paragraph (4) the following new paragraph:

''(5) the medical innovation expenses credit determined under section 41A(a) (other than such credit determined under the rules of section 280C(d)(2)),''.

(e) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1 is amended by adding after the item relating to section 41 the following:

''Sec. 41A. Credit for medical innovation expenses.''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1998.

TITLE XII—EXTENSION OF EXPIRED AND EXPIRING PROVISIONS

SEC. 1201. 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. 1202. 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. 1203. 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. 1204. 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. 1205. 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. 1206. ALASKA EXEMPTION FROM DYEING REQUIREMENTS.

(a) EXCEPTION TO DYEING REQUIREMENTS FOR EXEMPT DIESEL FUEL AND KEROSENE.—Paragraph (1) of section 4082(c) (relating to exception to dyeing requirements) is amended to read as follows:

''(1) removed, entered, or sold in the State of Alaska for ultimate sale or use in such State, and''.

(b) EFFECTIVE DATE.—The amendment made by this section applies with respect to fuel removed, entered, or sold on or after the date of the enactment of this Act.

SEC. 1207. 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.

TITLE XIII—REVENUE OFFSETS

Subtitle A—General Provisions

SEC. 1301. 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. 1302. 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. 1303. 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. 1304. 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. 1305. 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. 1306. 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. 1311. 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. 1312. 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. 1313. 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. 1314. 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. 1315. 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. 1316. 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. 1317. 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(l).

''(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. 1318. 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. 1319. 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. 1320. CONTROLLED ENTITIES INELIGIBLE FOR REIT STATUS.

(a) IN GENERAL.—Subsection (a) of section 856 (relating to definition of real estate investment trust) is amended by striking ''and'' at the end of paragraph (6), by redesignating paragraph (7) as paragraph (8), and by inserting after paragraph (6) the following new paragraph:

''(7) which is not a controlled entity (as defined in subsection (l)); and''.

(b) CONTROLLED ENTITY.—Section 856 is amended by adding at the end the following new subsection:

''(l) CONTROLLED ENTITY.—

''(1) IN GENERAL.—For purposes of subsection (a)(7), an entity is a controlled entity if, at any time during the taxable year, one person (other than a qualified entity)—

''(A) in the case of a corporation, owns stock—

''(i) possessing at least 50 percent of the total voting power of the stock of such corporation, or

''(ii) having a value equal to at least 50 percent of the total value of the stock of such corporation, or

''(B) in the case of a trust, owns beneficial interests in the trust which would meet the requirements of subparagraph (A) if such interests were stock.

''(2) QUALIFIED ENTITY.—For purposes of paragraph (1), the term 'qualified entity' means—

''(A) any real estate investment trust, and

''(B) any partnership in which one real estate investment trust owns at least 50 percent of the capital and profits interests in the partnership.

''(3) ATTRIBUTION RULES.—For purposes of this paragraphs (1) and (2)—

''(A) IN GENERAL.—Rules similar to the rules of subsections (d)(5) and (h)(3) shall apply.

''(B) STAPLED ENTITIES.—A group of entities which are stapled entities (as defined in section 269B(c)(2)) shall be treated as 1 person.

''(4) EXCEPTION FOR CERTAIN NEW REITS.—

''(A) IN GENERAL.—The term 'controlled entity' shall not include an incubator REIT.

''(B) INCUBATOR REIT.—A corporation shall be treated as an incubator REIT for any taxable year during the eligibility period if it meets all the following requirements for such year:

''(i) The corporation elects to be treated as an incubator REIT.

''(ii) The corporation has only voting common stock outstanding.

''(iii) Not more than 50 percent of the corporation's real estate assets consist of mortgages.

''(iv) From not later than the beginning of the last half of the second taxable year, at least 10 percent of the corporation's capital is provided by lenders or equity investors who are unrelated to the corporation's largest shareholder.

''(v) The 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. 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.

SEC. 1321. 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 XIV—TECHNICAL CORRECTIONS

SEC. 1401. AMENDMENTS RELATED TO TAX AND TRADE RELIEF EXTENSION ACT OF 1998.

(a) AMENDMENT RELATED TO SECTION 1004(b) OF THE ACT.—Subsection (d) of section 6104 is amended by adding at the end the following new paragraph:

''(6) APPLICATION TO NONEXEMPT CHARITABLE TRUSTS AND NONEXEMPT PRIVATE FOUNDATIONS.—The organizations referred to in paragraphs (1) and (2) of section 6033(d) shall comply with the requirements of this subsection relating to annual returns filed under section 6033 in the same manner as the organizations referred to in paragraph (1).''.

(b) AMENDMENT RELATED TO SECTION 4003 OF THE ACT.—Subsection (b) of section 4003 of the Tax and Trade Relief Extension Act of 1998 is amended by inserting ''(7)(A)(i)(II),'' after ''(5)(A)(ii)(I),''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the provisions of the Tax and Trade Relief Extension Act of 1998 to which they relate.

SEC. 1402. AMENDMENTS RELATED TO INTERNAL REVENUE SERVICE RESTRUCTURING AND REFORM ACT OF 1998.

(a) AMENDMENT RELATED TO 1103 OF THE ACT.—Paragraph (6) of section 6103(k) is amended—

(1) by inserting ''and an officer or employee of the Office of Treasury Inspector General for Tax Administration'' after ''internal revenue officer or employee'', and

(2) by striking ''INTERNAL REVENUE'' in the heading and inserting ''CERTAIN''.

(b) AMENDMENT RELATED TO SECTION 3509 OF THE ACT.—Subparagraph (A) of section 6110(g)(5) is amended by inserting '', any Chief Counsel advice,'' after ''technical advice memorandum''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the provisions of the Internal Revenue Service Restructuring and Reform Act of 1998 to which they relate.

SEC. 1403. AMENDMENTS RELATED TO TAXPAYER RELIEF ACT OF 1997.

(a) AMENDMENT RELATED TO SECTION 302 OF THE ACT.—The last sentence of section 3405(e)(1)(B) is amended by inserting ''(other than a Roth IRA)'' after ''individual retirement plan''.

(b) AMENDMENTS RELATED TO SECTION 1072 OF THE ACT.—

(1) Clause (ii) of section 415(c)(3)(D) and subparagraph (B) of section 403(b)(3) are each amended by striking ''section 125 or'' and inserting ''section 125, 132(f)(4), or''.

(2) Paragraph (2) of section 414(s) is amended by striking ''section 125, 402(e)(3)'' and inserting ''section 125, 132(f)(4), 402(e)(3)''.

(c) AMENDMENT RELATED TO SECTION 1454 OF THE ACT.—Subsection (a) of section 7436 is amended by inserting before the period at the end of the first sentence ''and the proper amount of employment tax under such determination''.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the provisions of the Taxpayer Relief of 1997 to which they relate.

SEC. 1404. OTHER TECHNICAL CORRECTIONS.

(a) AFFILIATED CORPORATIONS IN CONTEXT OF WORTHLESS SECURITIES.—

(1) Subparagraph (A) of section 165(g)(3) is amended to read as follows:

''(A) the taxpayer owns directly stock in such corporation meeting the requirements of section 1504(a)(2), and''.

(2) Paragraph (3) of section 165(g) is amended by striking the last sentence.

(3) The amendments made by this subsection shall apply to taxable years beginning after December 31, 1984.

(b) REFERENCE TO CERTAIN STATE PLANS.—

(1) Subparagraph (B) of section 51(d)(2) is amended—

(A) by striking ''plan approved'' and inserting ''program funded'', and

(B) by striking ''(relating to assistance for needy families with minor children)''.

(2) The amendment made by paragraph (1) shall take effect as if included in the amendments made by section 1201 of the Small Business Job Protection Act of 1996.

(c) AMOUNT OF IRA CONTRIBUTION OF LESSER EARNING SPOUSE.—

(1) Clause (ii) of section 219(c)(1)(B) is amended by striking ''and'' at the end of subclause (I), by redesignating subclause (II) as subclause (III), and by inserting after subclause (I) the following new subclause:

''(II) the amount of any designated nondeductible contribution (as defined in section 408(o)) on behalf of such spouse for such taxable year, and''.

(2) The amendment made by paragraph (1) shall take effect as if included in section 1427 of the Small Business Job Protection Act of 1996.

(d) MODIFIED ENDOWMENT CONTRACTS.—

(1) Paragraph (2) of section 7702A(a) is amended by inserting ''or this paragraph'' before the period.

(2) Clause (ii) of section 7702A(c)(3)(A) is amended by striking ''under the contract'' and inserting ''under the old contract''.

(3) The amendments made by this subsection shall take effect as if included in the amendments made by section 5012 of the Technical and Miscellaneous Revenue Act of 1988.

(e) LUMP-SUM DISTRIBUTIONS.—

(1) Clause (ii) of section 401(k)(10)(B) is amended by adding at the end the following new sentence: ''Such term includes a distribution of an annuity contract from—

''(I) a trust which forms a part of a plan described in section 401(a) and which is exempt from tax under section 501(a), or

''(II) an annuity plan described in section 403(a).''.

(2) The amendment made by paragraph (1) shall take effect as if included in section 1401 of the Small Business Job Protection Act of 1996.

(f) TENTATIVE CARRYBACK ADJUSTMENTS OF LOSSES FROM SECTION 1256 CONTRACTS.—

(1) Subsection (a) of section 6411 is amended by striking ''section 1212(a)(1)'' and inserting ''subsection (a)(1) or (c) of section 1212''.

(2) The amendment made by paragraph (1) shall take effect as if included in the amendments made by section 504 of the Economic Recovery Tax Act of 1981.

SEC. 1405. CLERICAL CHANGES.

(1) Subsection (f) of section 67 is amended by striking ''the last sentence'' and inserting ''the second sentence''.

(2) The heading for paragraph (5) of section 408(d) is amended to read as follows:

''(5) DISTRIBUTIONS OF EXCESS CONTRIBUTIONS AFTER DUE DATE FOR TAXABLE YEAR AND CERTAIN EXCESS ROLLOVER CONTRIBUTIONS.—''.

(3) The heading for subparagraph (B) of section 529(e)(3) is amended by striking ''UNDER GUARANTEED PLANS''.

(4)(A) Subsection (e) of section 678 is amended by striking ''an electing small business corporation'' and inserting ''an S corporation''.

(B) Clause (v) of section 6103(e)(1)(D) is amended to read as follows:

''(v) if the corporation was an S corporation, any person who was a shareholder during any part of the period covered by such return during which an election under section 1362(a) was in effect, or''.

(5) Subparagraph (B) of section 995(b)(3) is amended by striking ''the Military Security Act of 1954 (22 U.S.C. 1934)'' and inserting ''section 38 of the International Security Assistance and Arms Export Control Act of 1976 (22 U.S.C. 2778)''.

(6) Subparagraph (B) of section 4946(c)(3) is amended by striking ''the lowest rate of compensation prescribed for GS–16 of the General Schedule under section 5332'' and inserting ''the lowest rate of basic pay for the Senior Executive Service under section 5382''.

SEC. 1406. 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''.

TITLE XV—COMPLIANCE WITH CONGRESSIONAL BUDGET ACT

SEC. 1501. 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.

CHEMICAL SAFETY INFORMATION, SITE SECURITY AND FUELS REGULATORY RELIEF ACT

Mr. LUGAR. Mr. President, I ask the Chair lay before the Senate a message from the House of Representatives on the bill (S. 880) to amend the Clean Air Act to remove flammable fuels from the list of substances with respect to which reporting and other activities are required under the risk management plan program.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the bill from the Senate (S. 880) entitled ''An Act to amend the Clean Air Act to remove flammable fuels from the list of substances with respect to which reporting and other activities are required under the risk management plan program'', do pass with the following amendments:

Strike out all after the enacting clause and insert:

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Chemical Safety Information, Site Security and Fuels Regulatory Relief Act''.

SEC. 2. REMOVAL OF PROPANE SOLD BY RETAILERS AND OTHER FLAMMABLE FUELS FROM RISK MANAGEMENT LIST.

Section 112(r) of the Clean Air Act (42 U.S.C. 7412(r)) is amended—

(1) by redesignating subparagraphs (A) through (C) of paragraph (4) as clauses (i) through (iii), respectively, and indenting appropriately;

(2) by striking in paragraph (4) ''Administrator shall consider each of the following criteria—'' and inserting the following: ''Administrator—

''(A) shall consider—'';

(3) in subparagraph (A)(iii) (as designated by paragraphs (1) and (2)), of paragraph (4)by striking the period at the end and inserting ''; and'';

(4) by adding at the end of paragraph (4) the following:

''(B) shall not list a flammable substance when used as a fuel or held for sale as a fuel at a retail facility under this subsection solely because of the explosive or flammable properties of the substance, unless a fire or explosion caused by the substance will result in acute adverse heath effects from human exposure to the substance, including the unburned fuel or its combustion byproducts, other than those caused by the heat of the fire or impact of the explosion.''; and

(5) by inserting the following new subparagraph at the end of paragraph (2):

''(D) The term 'retail facility' means a stationary source at which more than one-half of the income is obtained from direct sales to end users or at which more than one-half of the fuel sold, by volume, is sold through a cylinder exchange program.''.

SEC. 3. PUBLIC ACCESS TO OFF-SITE CONSEQUENCE ANALYSIS INFORMATION.

(a) IN GENERAL.—Section 112(r)(7) of the Clean Air Act (42 U.S.C. 7412(r)(7)) is amended by adding at the end the following:

''(H) PUBLIC ACCESS TO OFF-SITE CONSEQUENCE ANALYSIS INFORMATION.—

''(i) DEFINITIONS.—In this subparagraph:

''(I) COVERED PERSON.—The term 'covered person' means—

''(aa) an officer or employee of the United States;

''(bb) an officer or employee of an agent or contractor of the Federal Government;

''(cc) an officer or employee of a State or local government;

''(dd) an officer or employee of an agent or contractor of a State or local government;

''(ee) an individual affiliated with an entity that has been given, by a State or local government, responsibility for preventing, planning for, or responding to accidental releases;

''(ff) an officer or employee or an agent or contractor of an entity described in item (ee); and

''(gg) a qualified researcher under clause (vii).

''(II) OFFICIAL USE.—The term 'official use' means an action of a Federal, State, or local government agency or an entity referred to in subclause (I)(ee) intended to carry out a function relevant to preventing, planning for, or responding to accidental releases.

''(III) OFF-SITE CONSEQUENCE ANALYSIS INFORMATION.—The term 'off-site consequence analysis information' means those portions of a risk management plan, excluding the executive summary of the plan, consisting of an evaluation of 1 or more worst-case release scenarios or alternative release scenarios, and any electronic data base created by the Administrator from those portions.

''(IV) RISK MANAGEMENT PLAN.—The term 'risk management plan' means a risk management plan submitted to the Administrator by an owner or operator of a stationary source under subparagraph (B)(iii).

''(ii) REGULATIONS.—Not later than 1 year after the date of enactment of this subparagraph, the President shall—

''(I) assess—

''(aa) the increased risk of terrorist and other criminal activity associated with the posting of off-site consequence analysis information on the Internet; and

''(bb) the incentives created by public disclosure of off-site consequence analysis information for reduction in the risk of accidental releases; and

''(II) based on the assessment under subclause (I), promulgate regulations governing the distribution of off-site consequence analysis information in a manner that, in the opinion of the President, minimizes the likelihood of accidental releases and the risk described in subclause (I)(aa) and the likelihood of harm to public health and welfare, and—

''(aa) allows access by any member of the public to paper copies of off-site consequence analysis information for a limited number of stationary sources located anywhere in the United States, without any geographical restriction;

''(bb) allows other public access to off-site consequence analysis information as appropriate;

''(cc) allows access for official use by a covered person described in any of items (cc) through (ff) of clause (i)(I) (referred to in this subclause as a 'State or local covered person') to off-site consequence analysis information relating to stationary sources located in the person's State;

''(dd) allows a State or local covered person to provide, for official use, off-site consequence analysis information relating to stationary sources located in the person's State to a State or local covered person in a contiguous State; and

''(ee) allows a State or local covered person to obtain for official use, by request to the Administrator, off-site consequence analysis information that is not available to the person under item (cc).

''(iii) AVAILABILITY UNDER FREEDOM OF INFORMATION ACT.—

''(I) FIRST YEAR.—Off-site consequence analysis information, and any ranking of stationary sources derived from the information, shall not be made available under section 552 of title 5, United States Code, during the 1-year period beginning on the date of enactment of this subparagraph.

''(II) AFTER FIRST YEAR.—If the regulations under clause (ii) are promulgated on or before the end of the period described in subclause (I), off-site consequence analysis information covered by the regulations, and any ranking of stationary sources derived from the information, shall not be made available under section 552 of title 5, United States Code, after the end of that period.

''(III) APPLICABILITY.—Subclauses (I) and (II) apply to off-site consequence analysis information submitted to the Administrator before, on, or after the date of enactment of this subparagraph.

''(iv) AVAILABILITY OF INFORMATION DURING TRANSITION PERIOD.—The Administrator shall make off-site consequence analysis information available to covered persons for official use in a manner that meets the requirements of items (cc) through (ee) of clause (ii)(II), and to the public in a form that does not make available any information concerning the identity or location of stationary sources, during the period—

''(I) beginning on the date of enactment of this subparagraph; and

''(II) ending on the earlier of the date of promulgation of the regulations under clause (ii) or the date that is 1 year after the date of enactment of this subparagraph.

''(v) PROHIBITION ON UNAUTHORIZED DISCLOSURE OF INFORMATION BY COVERED PERSONS.—

''(I) IN GENERAL.—Beginning on the date of enactment of this subparagraph, a covered person shall not disclose to the public off-site consequence analysis information in any form, or any statewide or national ranking of identified stationary sources derived from such information, except as authorized by this subparagraph (including the regulations promulgated under clause (ii)). After the end of the 1-year period beginning on the date of enactment of this subparagraph, if regulations have not been promulgated under clause (ii), the preceding sentence shall not apply.

''(II) CRIMINAL PENALTIES.—Notwithstanding section 113, a covered person that willfully violates a restriction or prohibition established by this subparagraph (including the regulations promulgated under clause (ii)) shall, upon conviction, be fined for an infraction under section 3571 of title 18, United States Code, (but shall not be subject to imprisonment) for each unauthorized disclosure of off-site consequence analysis information, except that subsection (d) of such section 3571 shall not apply to a case in which the offense results in pecuniary loss unless the defendant knew that such loss would occur. The disclosure of off-site consequence analysis information for each specific stationary source shall be considered a separate offense. The total of all penalties that may be imposed on a single person or organization under this item shall not exceed $1,000,000 for violations committed during any 1 calendar year.

''(III) APPLICABILITY.—If the owner or operator of a stationary source makes off-site consequence analysis information relating to that stationary source available to the public without restriction—

''(aa) subclauses (I) and (II) shall not apply with respect to the information; and

''(bb) the owner or operator shall notify the Administrator of the public availability of the information.

''(IV) LIST.—The Administrator shall maintain and make publicly available a list of all stationary sources that have provided notification under subclause (III)(bb).

''(vi) NOTICE.—The Administrator shall provide notice of the definition of official use as provided in clause (i)(III) and examples of actions that would and would not meet that definition, and notice of the restrictions on further dissemination and the penalties established by this Act to each covered person who receives off-site consequence analysis information under clause (iv) and each covered person who receives off-site consequence analysis information for an official use under the regulations promulgated under clause (ii).

''(vii) QUALIFIED RESEARCHERS.—

''(I) IN GENERAL.—Not later than 180 days after the date of enactment of this subparagraph, the Administrator, in consultation with the Attorney General, shall develop and implement a system for providing off-site consequence analysis information, including facility identification, to any qualified researcher, including a qualified researcher from industry or any public interest group.

''(II) LIMITATION ON DISSEMINATION.—The system shall not allow the researcher to disseminate, or make available on the Internet, the off-site consequence analysis information, or any portion of the off-site consequence analysis information, received under this clause.

''(viii) READ-ONLY INFORMATION TECHNOLOGY SYSTEM.—In consultation with the Attorney General and the heads of other appropriate Federal agencies, the Administrator shall establish

an information technology system that provides for the availability to the public of off-site consequence analysis information by means of a central data base under the control of the Federal Government that contains information that users may read, but that provides no means by which an electronic or mechanical copy of the information may be made.

''(ix) VOLUNTARY INDUSTRY ACCIDENT PREVENTION STANDARDS.—The Environmental Protection Agency, the Department of Justice, and other appropriate agencies may provide technical assistance to owners and operators of stationary sources and participate in the development of voluntary industry standards that will help achieve the objectives set forth in paragraph (1).

''(x) EFFECT ON STATE OR LOCAL LAW.—

''(I) IN GENERAL.—Subject to subclause (II), this subparagraph (including the regulations promulgated under this subparagraph) shall supersede any provision of State or local law that is inconsistent with this subparagraph (including the regulations).

''(II) AVAILABILITY OF INFORMATION UNDER STATE LAW.—Nothing in this subparagraph precludes a State from making available data on the off-site consequences of chemical releases collected in accordance with State law.

''(xi) REPORT.—

''(I) IN GENERAL.—Not later than 3 years after the date of enactment of this subparagraph, the Attorney General, in consultation with appropriate State, local, and Federal Government agencies, affected industry, and the public, shall submit to Congress a report that describes the extent to which regulations promulgated under this paragraph have resulted in actions, including the design and maintenance of safe facilities, that are effective in detecting, preventing, and minimizing the consequences of releases of regulated substances that may be caused by criminal activity. As part of this report, the Attorney General, using available data to the extent possible, and a sampling of covered stationary sources selected at the discretion of the Attorney General, and in consultation with appropriate State, local, and Federal governmental agencies, affected industry, and the public, shall review the vulnerability of covered stationary sources to criminal and terrorist activity, current industry practices regarding site security, and security of transportation of regulated substances. The Attorney General shall submit this report, containing the results of the review, together with recommendations, if any, for reducing vulnerability of covered stationary sources to criminal and terrorist activity, to the Committee on Commerce of the United States House of Representatives and the Committee on Environment and Public Works of the United States Senate and other relevant committees of Congress.

''(II) INTERIM REPORT.—Not later than 12 months after the date of enactment of this subparagraph, the Attorney General shall submit to the Committee on Commerce of the United States House of Representatives and the Committee on Environment and Public Works of the United States Senate, and other relevant committees of Congress, an interim report that includes, at a minimum—

''(aa) the preliminary findings under subclause (I);

''(bb) the methods used to develop the findings; and

''(cc) an explanation of the activities expected to occur that could cause the findings of the report under subclause (I) to be different than the preliminary findings.

''(III) AVAILABILITY OF INFORMATION.—Information that is developed by the Attorney General or requested by the Attorney General and received from a covered stationary source for the purpose of conducting the review under subclauses (I) and (II) shall be exempt from disclosure under section 552 of title 5, United States Code, if such information would pose a threat to national security.

''(xii) SCOPE.—This subparagraph—

''(I) applies only to covered persons; and

''(II) does not restrict the dissemination of off-site consequence analysis information by any covered person in any manner or form except in the form of a risk management plan or an electronic data base created by the Administrator from off-site consequence analysis information.

''(xiii) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Administrator and the Attorney General such sums as are necessary to carry out this subparagraph (including the regulations promulgated under clause (ii)), to remain available until expended.''.

(b) REPORTS.—

(1) DEFINITION OF ACCIDENTAL RELEASE.—In this subsection, the term ''accidental release'' has the meaning given the term in section 112(r)(2) of the Clean Air Act (42 U.S.C. 7412(r)(2)).

(2) REPORT ON STATUS OF CERTAIN AMENDMENTS.—Not later than 2 years after the date of enactment of this Act, the Comptroller General of the United States shall submit to Congress a report on the status of the development of amendments to the National Fire Protection Association Code for Liquefied Petroleum Gas that will result in the provision of information to local emergency response personnel concerning the off-site effects of accidental releases of substances exempted from listing under section 112(r)(4)(B) of the Clean Air Act (as added by section 3).

(3) REPORT ON COMPLIANCE WITH CERTAIN INFORMATION SUBMISSION REQUIREMENTS.—Not later than 3 years after the date of enactment of this Act, the Comptroller General of the United States shall submit to Congress a report that—

(A) describes the level of compliance with Federal and State requirements relating to the submission to local emergency response personnel of information intended to help the local emergency response personnel respond to chemical accidents or related environmental or public health threats; and

(B) contains an analysis of the adequacy of the information required to be submitted and the efficacy of the methods for delivering the information to local emergency response personnel.

(c) REEVALUATION OF REGULATIONS.—The President shall reevaluate the regulations promulgated under this section within 6 years after the enactment of this Act. If the President determines not to modify such regulations, the President shall publish a notice in the Federal Register stating that such reevaluation has been completed and that a determination has been made not to modify the regulations. Such notice shall include an explanation of the basis of such decision.

SEC. 4. PUBLIC MEETING DURING MORATORIUM PERIOD.

(a) IN GENERAL.—Not later than 180 days after the date of enactment of this Act, each owner or operator of a stationary source covered by section 112(r)(7)(B)(ii) of the Clean Air Act shall convene a public meeting, after reasonable public notice, in order to describe and discuss the local implications of the risk management plan submitted by the stationary source pursuant to section 112(r)(7)(B)(iii) of the Clean Air Act, including a summary of the off-site consequence analysis portion of the plan. Two or more stationary sources may conduct a joint meeting. In lieu of conducting such a meeting, small business stationary sources as defined in section 507(c)(1) of the Clean Air Act may comply with this section by publicly posting a summary of the off-site consequence analysis information for their facility not later than 180 days after the enactment of this Act. Not later than 10 months after the date of enactment of this Act, each such owner or operator shall send a certification to the director of the Federal Bureau of Investigation stating that such meeting has been held, or that such summary has been posted, within 1 year prior to, or within 6 months after, the date of the enactment of this Act. This section shall not apply to sources that employ only Program 1 processes within the meaning of regulations promulgated under section 112(r)(7)(B)(i) of the Clean Air Act.

(b) ENFORCEMENT.—The Administrator of the Environmental Protection Agency may bring an action in the appropriate United States district court against any person who fails or refuses to comply with the requirements of this section, and such court may issue such orders, and take such other actions, as may be necessary to require compliance with such requirements.

Mr. LAUTENBERG. Mr. President, I was heavily involved in the negotiations over the manager's amendment to S. 880 as passed by the Senate by unanimous consent on June 23, and have carefully studied the House's amendments to S. 880, which we accept today. I rise to clarify the congressional intent with respect to S. 880, the Chemical Safety Information, Site Security and Fuels Regulatory Relief Act of 1999, as we pass it and send it to the President.

Balance between the right-to-know effect and risks of criminal activity (New section 112(r)(7)(H)(ii)): The amendment directs the President to promulgate regulations governing the disclosure of the off-site Consequence Analysis (OCA) information in a way that minimizes the likelihood of releases of the regulated chemicals, whether these releases are accidental or the result of criminal activity. In other words, the amendment calls for a balancing of the risk-reducing effect of public disclosure (the ''Right-to-Know Effect'') against the potential of increased risk of criminal activity associated with the posting of the OCA information on the Internet. Most importantly, reducing the threat of criminal activity is not the sole or even primary focus of the rule-making. Rather the objective is to minimize the release of regulated chemicals, which requires a balanced approach, and nothing in this Act necessarily precludes the eventual electronic dissemination of the information.

Off-site consequence analysis information (New section 112(r)(7)(H)(i)(IV) and (V), and (xii)): The amendment defines ''off-site consequence analysis information'' (OCA information) as a portion of a ''risk management plan,'' which is in turn defined as referring only to information ''submitted to the Administrator by an owner or operator of a stationary source under subparagraph (B)'' of section 112(r)(7) of the Clean Air Act. Similarly, the amendment makes clear that its restrictions apply only to OCA information in the form submitted to the Administrator

(New section 112(r)(7)(H)(xii)). In other words, no information, except OCA information submitted to the Administrator, in the form in which it was submitted, is affected by the amendment. Even identical information that is made available to members of the public (unless there is a legally-binding restriction) or that is submitted to state or local agencies is not affected by the constraints on disclosure established by the Act.

Official use (New section 112(r)(7)(H)(i)(III) and (vi)): The amendment defines ''official use'' broadly—''an action . . . intended to carry out a function relevant to preventing, planning for or responding to accidental releases or criminal releases''—to reflect the sense that there are a broad range of official uses to which the OCA information may appropriately be put, so long as its public availability is constrained in accord with the regulations developed under the amendment. The bill does not authorize the Administrator to establish restrictions on such official use.

State and local official access to all OCA information (New section 112(r)(7)(H)(ii)(II)(ee)): The amendment requires that any covered State and local official be provided, upon request, OCA information on any facility in the country, not just on facilities in the individual's State or community. This reflects, among other things, the fact that a comprehensive evaluation of the facility next door should include comparison with other facilities, including those owned by the same company or its competitors. Similarly, a comprehensive evaluation of the hazard reduction programs of Community A requires a comparison of the hazards presented by facilities in Community A with those presented in Community B.

Public access to OCA information regardless of geographic location (New section 112(r)(7)(H)(ii)(II)(aa)): The amendment makes clear that the regulations shall allow any member of the public access to the OCA information for a limited number of facilities regardless of geographic location. This reflects the fact that the need to compare the neighborhood facility with facilities in other locations, or to compare one's community with others, is just as important and appropriate for the public as it is for officials.

Voluntary disclosure of OCA information: New section 112(r)(7)(H)(v)(III): The amendment directs any facility that chooses to provide its OCA information to the public without legally-binding restriction to inform the public, through EPA, of that voluntary disclosure.

Qualified researchers (New section 112(r)(7)(H)(vii)): The amendment directs the Administrator, in consultation with the Attorney General, to develop a system for providing access to OCA information for ''qualified researchers.'' The Administrator is given authority to determine whether researchers are ''qualified,'' but is otherwise given no authority to screen researchers nor to deny them access to OCA information on the basis of political persuasion, likely findings, purpose to which findings would be put, or any other such factor.

Interaction with State law (New section 112(r)(7)H)(x)(II)): The amendment makes clear that States with existing or new laws that collect even data that is identical to OCA information are not precluded from making the State- or local-gathered data available.

Reports on vulnerability to criminal activity (New section 112(r)(7)(H)(xi)): The amendment directs the Attorney General to submit a preliminary report in one year and a final report in three years on the extent to which the Risk Management Program regulations have resulted in actions, by stationary sources among others, that are effective in detecting, preventing, and minimizing the consequences of releases caused by criminal activity. The Comptroller General is specifically directed to study the ''design and maintenance of safe facilities'' so that Congress may learn the extent to which the best protection against criminal activity is to maintain a facility that is inherently safe.

Reevaluation of disclosure regulations (Section 3(c)): The Act directs the President to reevaluate the regulations governing disclosure within six years. This reevaluation should be made on the same basis used to promulgate the regulations—i.e. the President should perform two separate assessments: (1) an assessment of the increased risk of criminal activity associated with the internet posting of OCA information, and (2) an assessment of the incentives created by public disclosure of OCA information for reduction in the risk of accidental releases. Written documentation of the two assessments and all information and data the President utilizes in preparation of the assessments should be a part of the administrative record associated with any determination the President makes regarding the regulations, or any modification of the regulations.

General duty; Finally, the Act leaves the general duty clause of section 112(r) of the Clean Air Act unchanged, in recognition of the fact that the Environmental Protection Agency believes that the general duty clause applies to releases caused by criminal or terrorist activities.

Mr. INHOFE. Mr. President, I rise today to discuss my legislation, S. 880, the Fuels Regulatory Relief Act, which passed Congress today, and according to the Administration should be signed into law shortly. This bill was passed in the Senate by unanimous consent on June 23, 1999, and passed by the House with amendments, on July 21, 1999.

I appreciate the speediness with which the House acted on this legislation and the support of my good friend Chairman TOM BLILEY. Unfortunately the Senate is forced to act just as quickly on this legislation because of delays created by the administration. In early 1998, I raised concerns to the administration regarding the security risks posed by disseminating the worst-case scenario data on the Internet. The FBI agreed with my concerns. Despite the acknowledgment of the risks involved the administration did not cooperate with Congress to fix this problem until the eleventh hour.

Because of the urgency in passing this legislation I have decided that a conference would not be beneficial. While I agree with most of the changes incorporated in the House-passed version, due to the haste of their consideration, I feel the necessity to explain in more detail my view, as the lead sponsor, of one particular provision.

Section 3 of the act requires the ''Attorney General, and in consultation with appropriate State, local, and Federal governmental agencies, affected industry, and the public, shall review the vulnerability of covered stationary sources to criminal and terrorist activity, current industry practices regarding site security, and security of transportation of regulated substances.''

In carrying out this provision, I ask the Attorney General, in consulting with the Federal governmental agencies, to work with the Intelligence Community as well as the FBI. If any technical assistance regarding chemicals is needed I direct the Attorney General to work with the Department of Energy facilities, particularly the Hazardous Material Spill Center at the Nevada Test site and the Sandia laboratory in New Mexico. Regarding the transportation issues, the Attorney General should consult with the Department of Transportation. In addition, I would like to emphasize that any confidential information or national security information should be closely safeguarded.

Mr. LUGAR. Mr. President, I ask unanimous consent that the Senate concur in the amendments of the House.

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

EXECUTIVE CALENDAR

EXECUTIVE SESSION

Mr. LUGAR. Mr. President, I ask unanimous consent that the Senate immediately proceed to executive session to consider the following nominations en bloc: Executive Calendar Nos. 202, 205, 207, and 216.

I further ask unanimous consent that the nominations be confirmed en bloc,

the motions to reconsider be laid upon the table, and that any statements relating to the nominations be printed in the RECORD, the President be immediately notified of the Senate's action, and the Senate then return to legislative session.

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

The nominations were considered and confirmed, as follows:

BARRY GOLDWATER SCHOLARSHIP & EXCELLENCE IN EDUCATION FOUNDATION

James Roger Angel, of Arizona, to be a Member of the Board of Trustees of the Barry Goldwater Scholarship and Excellence in Education Foundation for a term expiring February 4, 2002.

NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE

Jack E. Hightower, of Texas, to be a Member of the National Commission on Libraries and Information Science for a term expiring July 19, 1999.

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

Jerry D. Florence, of California, to be a Member of the National Museum Services Board for a term expiring December 6, 2002.

DEPARTMENT OF JUSTICE

Alejandro N. Mayorkas, of California, to be United States Attorney for the Central District of California.

LEGISLATIVE SESSION

The PRESIDING OFFICER. Under the previous order, the Senate will resume legislative session.

ORDERS FOR TUESDAY, AUGUST 3, 1999

Mr. LUGAR. Mr. President, I ask unanimous consent that when the Senate completes its business today, it adjourn until the hour of 9:30 a.m. on Tuesday, August 3. I further ask unanimous consent that on Tuesday, immediately following the prayer, the Journal of proceedings be approved to date, the morning hour be deemed expired, the time for the two leaders be reserved for their use later in the day, and the Senate then begin a period of morning business until 10:30 a.m. with Senators speaking for up to 5 minutes each, with the following exceptions:

Senator HAGEL, or his designee, from 9:30 to 10 a.m., to be followed by Senator REED of Rhode Island for 10 minutes, Senator BAUCUS for 10 minutes, and Senator DURBIN for 10 minutes.

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

Mr. LUGAR. Mr. President, further, I ask unanimous consent that the Senate stand in recess from the hours of 12:30 p.m. to 2:15 p.m. for the weekly policy conferences to meet.

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

PROGRAM

Mr. LUGAR. Mr. President, for the information of all Senators, the Senate will convene at 9:30 a.m. and be in a period of morning business until 10:30. Following morning business, the Senate will resume consideration of the pending disaster relief amendment to the Agriculture appropriations bill. It is hoped that a time agreement can be made so that votes on this issue can take place by tomorrow afternoon.

As a reminder, the Senate will recess tomorrow from 12:30 to 2:15 so that the weekly policy conferences can meet. Further, a cloture motion on the dairy compact amendment was filed today. Therefore, under the provisions of rule XXII, that cloture vote will take place 1 hour after the Senate convenes on Wednesday unless an agreement is made by the two leaders.

COMMENDING GENERAL WESLEY K. CLARK

Mr. LUGAR. Mr. President, I ask unanimous consent that Senate Resolution 169 be discharged from the Armed Services Committee and, further, that the Senate proceed to its immediate consideration.

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

The clerk will report.

The legislative clerk read as follows:

A resolution (S. Res. 169) commending General Wesley K. Clark, United States Army.

There being no objection, the Senate proceeded to consider the resolution.

Mr. LUGAR. Mr. President, I ask unanimous consent that the resolution be agreed to, the preamble be agreed to, the motion to reconsider be laid upon the table, and that any statements relating to S. Res. 169 be printed in the RECORD.

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

The resolution (S. Res. 169) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 169

Whereas General Wesley K. Clark has had a long and distinguished military career, which includes graduating first in the class of 1966 from the United States Military Academy at West Point and serving in command positions at every level in the United States Army, culminating in service concurrently in the positions of Supreme Allied Commander, Europe and Commander-in-Chief of the United States European Command;

Whereas General Clark was integral to the formulation of the Dayton Accords;

Whereas General Clark most recently distinguished himself by his tireless, resourceful, and successful leadership of the first military action of the North Atlantic Treaty Organization despite severe constraints; and

Whereas General Clark's record of exemplary and dedicated service is an example which all military officers should seek to emulate and is deserving of special recognition: Now, therefore, be it

Resolved, That—

(1) the United States Senate commends and expresses its gratitude to General Wesley K. Clark, United States Army, for his outstanding record of military service to the United States of America; and

(2) the Secretary of the Senate shall transmit a copy of this resolution to General Wesley K. Clark.

ADJOURNMENT UNTIL 9:30 A.M. TOMORROW

Mr. LUGAR. Mr. President, if there is no further business to come before the Senate, I ask unanimous consent that the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 7:16 p.m., adjourned until Tuesday, August 3, 1999, at 9:30 a.m.

NOMINATIONS

Executive nominations received by the Senate August 2, 1999:

DEPARTMENT OF TRANSPORTATION

STEPHEN D. VAN BEEK, OF THE DISTRICT OF COLUMBIA, TO BE ASSOCIATE DEPUTY SECRETARY OF TRANSPORTATION, VICE JOHN CHARLES HORSLEY, RESIGNED.

DEPARTMENT OF THE TREASURY

NEAL S. WOLIN, OF ILLINOIS, TO BE GENERAL COUNSEL FOR THE DEPARTMENT OF THE TREASURY, VICE EDWARD S. KNIGHT, RESIGNED.

MISSISSIPPI RIVER COMMISSION

SAM EPSTEIN ANGEL, OF ARKANSAS, TO BE A MEMBER OF THE MISSISSIPPI RIVER COMMISSION FOR A TERM OF NINE YEARS. (REAPPOINTMENT)

BRIGADIER GENERAL ROBERT H. GRIFFIN, UNITED STATES ARMY, TO BE A MEMBER OF THE MISSISSIPPI RIVER COMMISSION, UNDER THE PROVISIONS OF SECTION 2 OF AN ACT OF CONGRESS, APPROVED JUNE 1879 (21 STAT. 37) (33 USC 642).

CONFIRMATIONS

Executive nominations confirmed by the Senate August 2, 1999:

BARRY GOLDWATER SCHOLARSHIP AND EXCELLENCE IN EDUCATION FOUNDATION

JAMES ROGER ANGEL, OF ARIZONA, TO BE A MEMBER OF THE BOARD OF TRUSTEES OF THE BARRY GOLDWATER SCHOLARSHIP AND EXCELLENCE IN EDUCATION FOUNDATION FOR A TERM EXPIRING FEBRUARY 4, 2002.

NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE

JACK E. HIGHTOWER, OF TEXAS, TO BE A MEMBER OF THE NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE FOR A TERM EXPIRING JULY 19, 1999.

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

JERRY D. FLORENCE, OF CALIFORNIA, TO BE A MEMBER OF THE NATIONAL MUSEUM SERVICES BOARD FOR A TERM EXPIRING DECEMBER 6, 2002, VICE JOHN L. BRYANT, JR., TERM EXPIRED.

THE ABOVE NOMINATIONS WERE APPROVED SUBJECT TO THE NOMINEES' COMMITMENT TO RESPOND TO REQUESTS TO APPEAR AND TESTIFY BEFORE ANY DULY CONSTITUTED COMMITTEE OF THE SENATE.

DEPARTMENT OF JUSTICE

ALEJANDRO N. MAYORKAS, OF CALIFORNIA, TO BE UNITED STATES ATTORNEY FOR THE CENTRAL DISTRICT OF CALIFORNIA.

EXTENSIONS OF REMARKS

THE VIOLENCE PREVENTION TRAINING FOR EARLY CHILDHOOD EDUCATORS ACT

HON. SAM GEJDENSON

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. GEJDENSON. Mr. Speaker, I rise to introduce the Violence Prevention Training for Early Childhood Educators Act.

Students, parents, I rise to introduce the Violence Prevention Training for Early Childhood Educators Act.

Students, parents, teachers and members of communities across our country have been grappling with the issue of school violence. There is no magic solution to this difficult matter, there is no single cause that can be addressed to guarantee our schools will be violence-free. However, I believe that to effectively address this issue we must ensure that those who are entering careers in early childhood development and education are properly trained in violence prevention.

The legislation that my colleagues and I are introducing today will authorize the Secretary of Education to award grants ranging from $500,000 to $1,000,000 to institutions of higher learning and other facilities in order to assist them in making violence prevention training available to prospective teachers and those returning for additional professional development. Moreover, the bill will ensure that teachers, school counselors and child care providers are provided with the skills necessary to prevent violent behavior in young children at the very earliest stages. In 1992, Congress enacted legislation which funded similar training programs at Eastern Connecticut State University, University of Colorado at Denver, University of Kansas, University of Minnesota, University of North Carolina, Temple University and a dozen other colleges and universities.

There is evidence that strongly suggests that early intervention and education is effective in preventing delinquency. For example, one study has indicated that when preschool teachers instruct young children about interpersonal problem-solving skills and other forms of conflict resolution, children are less likely to demonstrate problematic behavior, which is effective in preventing delinquency later on. In addition, there is further evidence that indicates that support programs for families with very young children—those under the age of five—are effective in preventing delinquency.

Teachers are on the frontline every day. They need to be prepared to discuss with the children and the entire family how to resolve issues without resorting to violence. I believe we must reinvest in this proven, worthwhile program in order to ensure that our teachers, daycare providers and school counselors have the training they need to combat violence in school and society at large.

I am pleased to be joined in this effort by Mr. KUCINICH of Ohio, Mr. HILLIARD of Alabama, Ms. LEE of California, Ms. CHRISTENSEN of Virginia Islands, Mr. MALONEY of Connecticut, Mr. WU of Oregon, Mr. ETHERIDGE of North Carolina, Ms. JACKSON-LEE of Texas, Ms. MILLENDER-MCDONALD of California, Mr. SCOTT of Virginia, and Mr. MCGOVERN of Massachusetts.

HONORING DINO PETRUCCI

HON. GEORGE RADANOVICH

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. RADANOVICH. Mr. Speaker, I rise today to honor Dino Petrucci for receiving the Senior Farmer of the Year Award. Dino Petrucci's efforts to educate and inspire young people toward agriculture render him deserving of this award.

Dino was born on a farm in Madera and still lives on the property his family cultivated while he was growing up. He attended Howard Elementary School, graduated from Madera High School in 1947, and earned a college degree in Crop Science from Cal Poly, San Luis Obispo.

During his four years at Madera High, Dino was actively involved in student government and the Future Farmers of America. He was elected Student Body Vice President and Senior Class Speaker. He also served as Chapter President of FFA and won the FAA State Speaking contest.

Petrucci went on to hold numerous leadership positions in various organizations as a young adult. He was elected the State FFA President and was a National Public Speaker at the National FFA Convention in Kansas City. In addition, he served as President of the Crop Science Department at Cal Poly.

Mr. Petrucci was successful in his undertakings on behalf of these organizations and in his academic endeavors. He earned the coveted American Farmer Degree and co-authored a book that was used in school agriculture departments across the state.

After college, Dino began his teaching career in the Ag Department in Victorville. Two years later, he returned to Madera and embarked upon a 29-year career with the Madera High Ag Department. During this time, Dino was actively farming a variety of crops with his brother, Enzo. Dino and wife Peggy were also raising a family of two children and supporting them on their 4–H and FFA projects.

Many of his former students attest that Mr. Petrucci was a committed teacher, giving more hours than were required of him. For fifteen years, he advised the California Young Farmers and was instrumental in the Madera Chapter receiving recognition as "Outstanding Chapter" for many of those years. He also served as State President of the California Ag Teachers Association, and found time to serve as Chairman of the Livestock Department at the Madera District Fair.

While balancing a family and career Dino has made time for community involvement by serving as President of the Lion's Club, President of Madera Toastmasters, and President of Madera County Farm Bureau. He was also elected last year to serve as a Trustee on the Madera Unified School District Board. In addition, Mr. Petrucci began the MUST Center and served as its Director for two years. This program was designed to teach vocational skills to the underprivileged to order to afford them better job opportunities. Currently, Petrucci is actively involved at Howard Elementary School where he attended as a boy, his children attended, and his grandchildren now attend.

Mr. Speaker, I rise today to honor Dino Petrucci for his outstanding accomplishments and service to his community. I urge my colleagues to join me in wishing Dino many more years of continued success and happiness.

PERSONAL EXPLANATION

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. GEORGE MILLER of California. Mr. Speaker, I submit the following statement into the CONGRESSIONAL RECORD.

On rollcall vote No. 344 on July 29, 1999 I mistakenly voted "yea." I would like the RECORD to reflect the fact that I oppose the amendment and should have voted "nay". The amendment would prohibit the District of Columbia from spending its own funds on a needle exchange program that has saved hundreds of residents from death and disease caused by the HIV–AIDS epidemic. I support such proven programs and oppose efforts by Congress to intrude into the affairs of the District of Columbia in such a misinformed and heavy-handed fashion.

TRIBUTE TO CORMAC HENNESSY

HON. PETER T. KING

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday August 2, 1999

Mr. KING. Mr. Speaker, I rise today to recognize the commitment and selfless dedication one young man, Cormac Hennessy has made to myself, my staff and the people of the Third District of New York. Cormac began interning in my office in the Summer of 1998 and since

that time he has exhibited all the qualities: intellect, wit and a certain style that make him truly the son of a Diplomat's Deiplomat. In fact, Cormac was an inspiration to those who loved the game of golf, for there was never too dull an assignment or too onerous a task that Cormac did not shirk for the sake of eighteen holes. I am confident that in the care of two truly wonderful people, Pat and Pauline Hennessy, Cormac will amount to something more than the self-proclaimed title of ''King of all Interns.'' Indeed I am certain that his unsurpassed sarcasm, his indecipherable ''Southern'' dialect and his unique charm will cause him to rise to the highest levels of leadership and success. I wish him all the best in his future endeavors and I thank him for all that he has done and meant to me.

PERSONAL EXPLANATION

HON. ASA HUTCHINSON

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. HUTCHINSON. Mr. Speaker, on Friday, July 30, 1999, I was inadvertently detained and did not vote on rollcall No. 354 or 355. Had I been present, I would have voted ''aye'' on both.

HONORING JAN DUKE

HON. GEORGE RADANOVICH

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. RADANOVICH. Mr. Speaker, I rise today to honor Jan Duke for receiving the prestigious Milken Educator Award. Duke teaches fourth grade at John Adam's Elementary School in the Madera Unified School District.

Jan Duke was one of four teachers in California to receive this honor, and one of 160 to be honored nationwide. She is the first from Madera Unified School District to be given this award.

Beyond her role as an exemplary teacher, Jan is a skilled writer and presenter. Duke has written two books on teaching fourth-graders and co-authored, with her husband, a book on teaching individuals to read. She also advises national scholastic book clubs on what literature would be best for children. In addition, she conducts 5 to 20 seminars annually for fourth-grade teachers nationwide.

Mr. Speaker, I rise today to honor Jan Duke for her achievements and service to the community. I urge my colleagues to join me in wishing Jan many more years of continued success and happiness.

CONCERN FOR RESIDENTS OF VIEQUES, PUERTO RICO

HON. DAN BURTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. BURTON. Mr. Speaker, I rise today to bring to the forefront a very important issue that has not been given the attention it deserves by this Congress. More than 9,000 American citizens, living on the island of Vieques, live in fear. But, it isn't a fear of drug trafficking. It isn't a fear of violent gangs or terrorism either. Our fellow citizens live in fear of our own military, and I would like to explain why.

For more than 50 years, the residents of Vieques, Puerto Rico, an island encompassing fewer than 52 square miles of which the Navy occupies 35 square miles, have had to endure live military ammunition and bombing exercises. Vieques is the largest area in the Western hemisphere used for military exercises with live ammunition, and the only place where bombing still occurs near a substantial civilian population. For years, the residents of Vieques have expressed their concerns about the negative impact that the bombing and live ammunition exercises are having on their health and safety. Unfortunately, their voices have not been heard and that concerns me. On April 19, 1999, the people of Vieques raised their voices once again, this time in despair. It was on that date, during routine military practices conducted by two Navy F/A–18 Hornet jets, that two bombs were accidentally dropped near an observation post manned by civilian security guards. As a result, a security guard was killed and four others were wounded. I believe that if the citizens of Puerto Rico had equal representation in Congress, legitimate concerns for their safety and health would have been better safeguarded.

Since that accident, the Navy has temporarily ceased military maneuvers while an investigation is carried out, and Puerto Rico's Governor, the Honorable Pedro Rossello, appointed a Commission that investigated the incident and reported its findings to the President's Special Panel on Military Operations on Vieques on July 9, 1999. The Governor's Commission unanimously concluded that it is not possible to protect the people of Vieques, or the environment, from the extreme danger posed by live ammunition testing. The Navy argues that Vieques is a unique site for training exercises with live ammunition, making it essential to our National security. I've always worked to protect our National security, however, it should never be achieved at the expense of the personal rights or safety of our own citizens. The only solution may be to end permanently the military's live ammunition testing on Vieques.

No one in this House would tolerate what the military is doing on Vieques if it were taking place in our Congressional district, and neither would our constituents. Imagine trying to explain to the voters why they should welcome the bombardment of their communities with live ammunition. Try convincing your constituents to accept, and in return thank you, for having uranium-coated bombs dropped within a few miles of their homes, schools, hospitals, and public parks. Imagine asking your constituents to accept having their children attend classrooms which reverberate during the school day as live shells explode nearby. No one in this chamber would permit the continuation of a practice by our own military that endangers the lives of the very people we have been elected to represent.

There's a reality about Puerto Rico, one that is wonderful and abhorrent at the same time. The people of Puerto Rico are truly American citizens, part of America's great democracy, and that is wonderful. However, the people of Puerto Rico currently lack the single most important tool that our democracy provides, two Senators and a voting delegation in the House of Representatives, and that is abhorrent. It is precisely because the people of Puerto Rico don't have equal representation in Congress that they need our help now. If they had real representation here, the military would have the proper incentive to solve the problem of live ammunition testing on Vieques. I trust that my colleagues in the House of Representatives would agree with me. If this practice were occurring in any one of the fifty States, I know we would all stand together to oppose it. We owe our fellow American citizens in Puerto Rico the same level of respect. They deserve nothing less. In fact, their safety and their lives may depend on it.

Mr. Speaker, I strongly encourage my colleagues to take a hard look at this issue.

CELEBRATING THE CITY OF LOMITA

HON. STEVEN T. KUYKENDALL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. KUYKENDALL Mr. Speaker, I rise today to recognize the City of Lomita, California. Lomita is celebrating its 35th year as an incorporated city. The City of Lomita is widely recognized for its rustic, small-town atmosphere amongst the larger cities of the South Bay.

Lomita was first established as a German farming community in 1907. The farming community continued to grow throughout the years, and in June of 1964, after several unsuccessful attempts, Lomita was finally incorporated as a city.

While surrounding communities have experienced tremendous growth, Lomita has remained relatively unchanged since incorporation. Lomita's small town attributes attract young families in search of a safe, close knit community. Lomita is a culturally diverse community and it also boasts one of the lowest crime rates in the South Bay region. It is an ideal place to raise a family and live the American Dream, and many of its residents are homeowners and small business entrepreneurs.

The future looks bright for the city of Lomita. Preparations are currently underway for an ambitious revitalization of Lomita's downtown area to ensure that Lomita maintains its small-town atmosphere.

Lomita has thrived over the last 35 years, and as we enter the 21st century, Lomita will continue to stand out as a small, unique town of the South Bay. I congratulate the City of Lomita and its 20,000 residents on this milestone.

IN HONOR OF MYLDRED JONES

HON. LORETTA SANCHEZ

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Ms. SANCHEZ. Mr. Speaker, today I rise to honor Myldred Jones, an Orange County resident, and a great humanitarian, on this her ninetieth birthday.

Myldred moved to California from Pennsylvania with her family when she was four years old. Growing up during the Depression, the Jones family experienced the poverty that affected millions of Americans. Even so, Myldred's parents, who were also her greatest mentors, would share whatever food they had with other people. Although the Jones' family was also poor, they seemed to always have enough to give to others.

Early on, Myldred learned the lessons of humanitarianism, of unconditional love, and of providing and caring for others. These gifts were to become the very essence of her life.

Myldred began her career as a high school teacher and, later, became a juvenile probation officer. During World War II, she was one of the first eight WAVES from California. Her military career included duty as a Special Assistant to Commandant 14th Naval District, Assistant Director of the Department of Welfare, and a faculty member on international relations for the Armed Forces Graduate School. She was also the Naval Liaison Officer for both the United Nations and the National Red Cross. When she retired in 1959, she was the director of Social Services of the Navy Relief Society.

After her retirement, Myldred became active in the Civil Rights Movement and marched with Martin Luther King from Selma, Alabama, to Montgomery, Alabama. In 1969, she joined Cesar Chavez on his marches for the United Farm Workers. Her work in the Watts district of Los Angeles, California, earned her recognition from Governor Ronald Reagan, who employed her as a consultant on youth affairs.

Recognizing the need that many young people had for assistance with different problems, Myldred developed the first ''hotline'' for troubled teenagers. Many of the teenagers were runaways or ''throwaways'' whose parents had either forced them to leave their homes, or whose parents had left them. With no place to go, the teenagers were in a desperate situation.

Myldred's deep compassion to help these teenagers, led her to sell her home and purchase another home which could house runaway children on a temporary basis. Out of this need was born the Casa Youth Shelter which has since its inception in 1978, has assisted thousands of ''lost youth'' find their way back home and into the mainstream of society.

The philosophy behind Myldred's home for teenagers comes from a belief that all of the children can turn their lives into a success if they have the love and attention which had been denied to them all of their lives.

Housing twelve youths at a time for a period of two weeks, Casa Youth Shelter, has become a safe haven for many youth whose lives were on the line. To this day, Myldred meets each of the youth and talks with them. Myldred is regarded by many as ''our own Mother Teresa'' for her life has been dedicated to taking care of others who are in need. She is an angel amongst us.

Colleagues, please join me today in wishing Myldred Jones a very happy birthday and also in congratulating her on her life which has been lived to the fullest.

TRIBUTE TO KING HASSAN II OF MOROCCO

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. LANTOS. Mr. Speaker, on July 23, His Majesty King Hassan II of Morocco passed away and his son, Sidi Mohammad ben Al Hassan, assumed the throne of Morocco.

King Hassan II reigned over the Kingdom of Morocco for thirty-eight years after succeeding his father as monarch on March 3, 1961. Under his leadership Morocco has undergone a significant transformation. King Hassan fostered the evolution of a more democratic constitutional government, encouraged tolerance for ethnic and religious minorities in Morocco, and made measurable improvement in respect for human rights.

Mr. Speaker, in the area of foreign policy, King Hassan played an important role personally in advancing the Middle East peace process. He was instrumental in bringing together leaders of Israel and the Arab states on a number of different occasions. It is significant that in September 1993 Israeli Prime Minister Yitzhak Rabin and Foreign Minister Shimon Peres stopped in Morocco to thank King Hassan on their return to Israel from Washington, D.C., following the signature of the Oslo Accords on the South Lawn of the White House.

The relationship between Morocco and the United States has flourished under the leadership of King Hassan. Our association with Morocco are long and friendly, having begun in 1777 when Morocco was one of the first nations formally to recognize the Government of the United States of America. Ten years later, in 1787, our two countries negotiated a Treaty of Peace and Friendship, which was the first such treaty concluded by our young nation. The unique relationship of our countries was strengthened and deepened under the leadership of King Hassan.

Mr. Speaker, I know that my colleagues join me in extending my deepest condolences to the Moroccan people on the passing of King Hassan and also in extending to Crown Prince Sidi Mohammed ben Al Hassan our congratulations on his accession to the throne. I wish the new King well as he assumes the awesome responsibility for the welfare and well-being of the Moroccan people.

RECOGNIZING RODGER B. JENSEN

HON. GEORGE RADANOVICH

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. RADANOVICH. Mr. Speaker, I rise today to recognize Rodger Jensen for receiving the 1999 Community Salute honor. Mr. Jensen is being honored for his dedication and leadership in agriculture, and the local community.

Rodger Jensen is President of S and J Ranch in Madera, a farm management company that began in 1950 with 2,600 acres of open land, dry-farmed for barley and wheat. Today, S and J farms citrus, nuts, and olives in Madera, Merced, Fresno, Kern, and Tulare Counties. The company also manages thousands of acres of permanent crops and boasts a commercial citrus and pistachio nursery and an insectary. in order to ensure the success of these crops and entities, S and J employs 97 full-time non-harvest personnel and as many as 500 harvest employees.

Rodger's work at S and J Ranch is not his only contribution to Valley agriculture. Twenty years ago, Rodger, along with several faculty, alumni, and friends of California State University, Fresno, had a million-dollar idea. They wanted to start a foundation that would benefit, promote, and support the School of Agricultural Sciences and Technology, along with its programs. The supporters set out to raise $1 million in endowed scholarships. Today, their success is apparent, as the Ag One Endowment Fund stands at over $1.4 million and indications are that $2 million will be reached by the end of this year.

Rodger Jensen, a 1941 Fresno State graduate, has touched the lives of countless young people through his involvement in Ag One, the School and University, Valley Children's Hospital, the San Joaquin River Parkway Trust, the Boy Scouts, and many other organizations.

Rodger Jensen is also involved in many professional affiliations including: The California Pistachio Commission—Board of Directors, the California Chamber of Commerce—Board of Directors, the California Commission of Agriculture, the California Pistachio Association—President, Chairman, the Fresno City & County Chamber of Commerce—Board of Directors, the Fresno County Farm Bureau—Board of Directors, and the Western Pistachio Association—Board of Directors.

Mr. Jensen has contributed to the agriculture food business by serving on many boards. In previous years, he served on the boards of Mid-Cal Citrus Exchange, Sunkist Growers, and the Fruit Growers Supply.

During his many years of involvement in agriculture and the community Rodger has received numerous awards. He was given the School of Agriculture Distinguished Service Award in 1980, the Fresno Foundation Award in 1989, and the FSU Alumni Arthur Safstrom Award in 1995. Mr. Jensen was also named Ag USA Citrus Farmer of the Year in 1967.

Mr. Speaker, I want to recognize Rodger Jensen for his dedication to the community and the agriculture industry. I urge my colleagues to join me in wishing Mr. Jensen many more years of continued success.

INTRODUCTION OF THE OMNIBUS MERCURY EMISSIONS REDUCTION ACT OF 1999

HON. THOMAS H. ALLEN

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. ALLEN. Mr. Speaker, today I rise to introduce the Omnibus Mercury Emissions Reduction Act of 1999, a bill to reduce mercury emissions by 95 percent nationwide. I am pleased to be joined by 27 of my colleagues who have agreed to be original cosponsors of this important legislation.

Although mercury is a naturally occurring element, it has built up to dangerous levels in the environment. Mercury pollution impairs the reproductive and nervous systems of fish and wildlife, and can be extremely harmful when ingested by humans. It is especially dangerous to pregnant women, children and developing fetuses. Ingesting mercury can severely damage the central nervous system, causing numbness in extremities, impaired vision, kidney disease, and, in some cases, even death.

According to EPA's ''Mercury Study Report to Congress,'' exposure to mercury poses a significant threat to human health, and concentrations of mercury in the environment are increasing. The report concludes that mercury pollution in the U.S. comes primarily from a few categories of combustion units and incinerators. Together, these sources emit more than 155 tons of mercury into our environment each year. These emissions can be suspended in the air for up to a year, and travel hundreds of miles before settling in bodies of water and soil.

Nearly every State confronts the health risks posed by mercury pollution, and the problem is growing. Just six years ago, 27 States had issued mercury advisories warning the public about consuming fish contaminated with mercury. Today, the number of States issuing advisories has risen to 40, and the number of water bodies covered by the warnings has nearly doubled. In some States, including my home State of Maine, every single river, lake, and stream is under a mercury advisory.

This growing problem has already prompted action at the State and regional level. Last year the New England Governors and Eastern Canadian Premiers enacted a plan to reduce emissions, educate the public and label products that contain mercury. Maine and Vermont have passed legislation to cut mercury pollution, and Massachusetts and New Jersey have enacted strict mercury emissions standards on waste incinerators.

Although there is a clear consensus that mercury pollution poses a serious threat, State and regional initiatives alone are not sufficient to deal with this problem. As Congress recognized when it passed the Clean Air Act nearly 30 years ago, Federal legislation is the only effective way to deal with airborne pollutants that know no State boundaries.

That is why I am introducing legislation to reduce the amount of mercury emitted from the largest polluters. This bill sets mercury emissions standards for coal-fired utilities, waste combustors, commercial and industrial boilers, chlor-alkali plants and Portland cement plants. According to EPA's report to Congress, these sources are responsible for more than 87 percent of all mercury emissions in the U.S.

My bill also phases out the use of mercury in products and ensures that municipalities work with waste incinerators to keep products that contain mercury out of the waste stream. It would also require a recycling program for products that contain mercury as an essential component, and increases research into the effects of mercury pollution.

With mercury levels in the environment growing every year, it is long past time to enact a comprehensive strategy for controlling mercury pollution. We have the technology for companies to meet these standards, and this bill will allow them to choose the best approach for their facility. We have reduced or eliminated other toxins, without the catastrophic effects that some industries predicted. Now we should eliminate dangerous levels of mercury. I urge my colleagues to support this legislation and stop mercury from polluting our waters, infecting our fish and wildlife, and threatening the health of our children.

DISAPPROVING EXTENSION OF NONDISCRIMINATORY TREATMENT TO PRODUCTS OF PEOPLE'S REPUBLIC OF CHINA

SPEECH OF

HON. KAREN McCARTHY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Ms. MCCARTHY of Missouri. Mr. Speaker, I rise today to speak in favor of extending Normal Trade Relations to China for the coming year and against House Joint Resolution 57. Extending Normal Trade Relations will maintain our healthy economic ties with China, the world's fourth largest economy, and allow us to move closer to agreement on a stable and acceptable plan for China's international economic engagement.

China today is America's fourth largest trading partner. In 1998 Americans exported $14 billion worth of goods to China, making China the 13th largest market abroad for U.S. goods, such as aircraft and aircraft parts, fertilizer, and electronic equipment.

My district exports plastic materials and resins, automotive parts, telecommunications equipment, building materials, food and dairy products, agricultural machinery, and pollution control equipment to China. Continued engagement with China enhances future economic opportunities for U.S. workers and businesses. Dan Bunch Enterprises, a company in Kansas City that exports cleaning products to China, has shared with me that they have seen significant increases in available jobs for their company this year as a direct result of trade relations with China, and they expect this trend to continue in the coming years.

Another company in my district that depends on extensive and successful participation in the Chinese market is AlliedSignal. China is one of the top 3 global markets where AlliedSignal is focusing its efforts to grow. AlliedSignal presently has 1,000 employees in China and 60,000 U.S. employees. Among the major products they export to China are commercial aircraft equipment (e.g., engines, auxiliary power units, landing systems, avionics), turbochargers, electrical power distribution transformer cores, fabrics, fibers, and friction materials. AlliedSignal has taken a proactive stance regarding the issue of security, especially cyber security, even going so far as to hire an outside firm to attempt to penetrate their firewalls.

AlliedSignal's interests in China also promote capitalistic and democratic ideals in China. They provide their Chinese associates with comprehensive training in economics fundamentals, as well as major supervisory and managerial fundamental skills training. This training teaches things like delegation of authority, team participation, high performance work team practices, priority setting, respect for individuals, and due process under the work rule and plant adjudication processes. They also provide funding for their associates to attend China-Europe International Business School to receive a western style MBA.

Approximately 400,000 American jobs depend on exports to China and Hong Kong, and exports to these countries have more than tripled over the past decade. In 1998, Missouri exported $137 billion worth of goods to China. The most recent statistics from the International Trade Administration indicate that Greater Kansas City's merchandise export sales to China total $61 million per year, a 151% increase since 1993.

I applaud the extension of Normal Trade Relations with China, which has helped to lift 200 million Chinese out of poverty since 1978. Mr. Speaker, let us continue our efforts toward engaging China in negotiations to reform human rights, worker rights, and international security.

THE SOUTH PACIFIC GAMES

HON. ROBERT A. UNDERWOOD

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. UNDERWOOD. Mr. Speaker, one of the largest regional multi-sporting events in the Pacific, the South Pacific Games, was recently hosted by the island of Guam. The 11th South Pacific Games consisted of roughly 6,000 athletes and officials. Athletes from 22 countries competed in 26 sporting events over a 15 day period in May and June.

Once again, athletes from the North and South Pacific gathered and engaged in various sporting events—a celebration of goodwill, cultural exchange, brotherhood and healthy competition. This year's competitors represented the geographic locations of Melanesia, Polynesia and Micronesia.

The island of Guam was responsible for all aspects of the organization of the 11th South Pacific Games. Every effort was made to make this year's Games the most memorable in the history. Organizers developed and implemented a Master Plan that guided the Games to a successful conclusion. The 1999 Guam South Pacific Games Commission consisted of the chairman, executive chairman,

eleven board members, and the commission staff. As chairman, the island's governor, the Honorable Carl T.C. Gutierrez, committed extensive resources in support of the Games. It was all a great success.

Competing on home turf, Guam athletes gave their best performance yet. I would like to commend and congratulate Team Guam for their superb performance, efforts and contributions toward the success of the Games. Participating in regional competitions such as the South Pacific Games strengthens our relations with our neighbors and prepares our athletes for higher levels of competition.

I am pleased to submit for the RECORD the names of the Guam athletes who have distinguished themselves by winning medals in the 11th South Pacific Games.

TRACK & FIELD

Brent Butler: 10k—Men: Silver
Debra Cardenas: 5000m—Women: Bronze
Brent Butler: 5000m—Men: Silver
Susan Seay: Marathon—Women: Silver
Debra Cardenas: 1500m—Women: Silver
Anthony Quan: 1500—Men: Silver
Neil Weare: 1500—Men: Bronze

BASEBALL

Guam Team: Gold

BASKETBALL

Guam Men's Team: Silver
Guam Women's Team: Bronze

BOXING

Nomer Alegre: 57 kg: Silver
Tana Meafou: 91kg: Silver
Duane Roberts: 91 kg: Bronze

CANOEING

Guam Women's Team: Women's 2500 Meter G6: Bronze

GOLF

Guam Men's Team: Bronze
Teresita Blair: Women—Individuals: Gold

JUDO

Kazuhiro Sonoda: 60 kg: Bronze
Patrick Fleming: 66kg: Bronze
Caesar Whitt: 90 kg: Bronze

KARATE—MEN

Pan Kim: 60 kg: Silver
Roger Nochefranca: 65 kg: Silver
Rickey Flores: 75 kg: Bronze
Atsuyoshi Shiroma: 80 kg: Gold
Atsuyoshi Shiroma: Open Category Bronze

KARATE—WOMEN

Roxanne Vertulfo:—53 kg: Silver
Dolores Flores: 60 kg: Silver
June Uson: 60 kg+: Bronze
June Uson: Open Category: Bronze
Guam Team: Silver

SAILING

Brett Chivers: Laser—Men: Gold
Erik Lewis: Laser—Men: Silver
Michele Jacobs: Laser—Women: Silver
Guam Team: Laser—Men Team: Gold
Guam Team: Boards—Lightweight Men Team: Bronze
Guam Team: Boards—Women Team: Bronze

SOFTBALL

Guam Team: Fast Pitch—Men: Silver
Guam Team: Slow Pitch—Men: Silver
Guam Team: Slow Pitch—Women: Bronze

SWIMMING—MEN

Darrick Bollinger: 50m Freestyle: Bronze
Peter Manglona: 100m Breaststroke: Silver
Darrick Bollinger: 100m Freestyle: Bronze
Daniel O'Keefe: 200m Butterfly: Silver
Daniel O'Keefe: 200m Medley: Silver
Daniel O'Keefe: 400m Medley: Silver
Daniel O'Keefe: 400m Freestyle: Bronze
Darrick Bollinger, Daniel O'Keefe, Joshua Taitano, Mushashi Flores: 4x100 Medley Relay: Silver
Joshua Taitano, Peter Manglona, Daniel O'Keefe, Darrick Bollinger: 4x100 Freestyle Relay: Silver

TABLE TENNIS

Guam Team: Bronze

TAEKWONDO—MEN

Vincent Flores: 58 kg: Gold
Joe Daryle Cruz: 62 kg: Gold
Christian Lee: 67 kg: Silver
Sonny Chargualaf: 72 kg: Silver
Ken Orland: 84 kg: Bronze
Guam Team: Bronze

TAEKWONDO—WOMEN

Eleanor Minor: 57 kg: Gold

TRIATHLON

Kari Wicklund: Women: Gold
Alison Ward: Women: Silver
Guam Team: Bronze

WRESTLING—FREESTYLE

Anthony Santos: 54 kg: Gold
Regel Agahan: 58 kg: Bronze
Melchor Manibusan: 69 kg: Silver
Ben Hernandez: 76 kg: Bronze
Joseph Santos: 85 kg: Gold
Drew Santos: 97 kg: Bronze
John Meyenberg: 130 kg: Silver

WRESTLING—GRECO-ROMAN

Anthony Santos: 54 kg: Gold
Regel Agahan: 58 kg: Silver
Melchor Manibusan: 69 kg: Gold
Ben Hernandez: 76 kg: Silver
Joseph Santos: 85 kg: Gold
Joaquin Dydasco: 97 kg: Bronze
Jose Dydasco: 130 kg: Silver

IN MEMORY OF G. SAGE LYONS

HON. SONNY CALLAHAN

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. CALLAHAN. Mr. Speaker, recently, Mobile, and indeed, the entire state of Alabama, lost a true statesman, a fine public servant and simply put, an overall wonderful human being when my longtime friend, Sage Lyons, passed away earlier this year following a brief battle with pancreatic cancer.

Not only did I consider Sage a close personal friend, but I also looked upon him as one of my political mentors. Even though in age he was a few years my junior, I began my stint in public service in 1970 with my first election to the Alabama House of Representatives, the same year Sage would be elected Speaker of the House. For this reason, and for so many others, I recall with great fondness Sage's wonderful sense of humor, his strong will, his keen intellect and one of his lasting trademarks, the fact that his word was always as good as his bond.

Mr. Speaker, while Sage's name may not appear as often in Alabama history as some of our more colorful political figures, the fact is in his own quiet, yet very effective way, Sage made many lasting contributions to Mobile and to Alabama, and it is very much an understatement to say his legacy will live on for generations to come. Almost without equal, there are few men who have left such a distinguished mark of public service as did my friend Sage.

Born in Mobile, Alabama, on October 1, 1936, George Sage Lyons graduated first from University Military School in Mobile and later from Washington and Lee University. From there, he proceeded to The University of Alabama where he earned his law degree. In 1962, he returned to Mobile and helped establish the firm Lyons, Pipes & Cook.

Elected to the Alabama House of Representatives in 1969, Sage flourished as a politician. In 1971, at the age of 34, he became the youngest legislator ever to be elected Speaker, a post he held until 1975 when he declined to seek reelection and threw himself back into his legal practice.

But Sage's ties to the State Capitol in Montgomery did not end with his departure from office.

Throughout both his professional and political career, Sage's advice and support continued to be sought by people from all walks of life—Republicans and Democrats, blacks and whites, rich and poor alike. It was commonly believed if you had Sage Lyons in your corner, then you had a real warrior on your side.

In 1995, Sage once again answered the call to public service by putting his personal interests aside to return to Montgomery to assist then-Governor Fob James, first as his chief legal advisor and later as his finance director. As he had more than 20 years before, Sage provided a sound voice of reason and lent a steady hand on the ship of state.

In an editorial reflecting on Sage's death, the Mobile Register wrote: "Alabama has lost a competent, willing public servant. Even more, it has lost a man of integrity, who routinely placed good government over politics and people over political parties."

Mr. Speaker, on March 5th Alabama lost one of her most giving and gifted native sons. Naturally, his death left a big void in the lives of his many friends and family, as well as his hometown which benefitted so greatly by his involvement in the public arena. Sage is survived by his widow, Elsie, their two children, George Sage, Jr. and Amelia, as well as three grandchildren. They remain in our thoughts and prayers, just as Sage remains in a select group which is clearly among the best and brightest our state has ever produced.

RECOGNIZING ROBERT HUME BRADY

HON. FRANK D. LUCAS

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. LUCAS of Oklahoma. Mr. Speaker, I rise today to recognize one man's many accomplishments and contributions to the University of Oklahoma and the State of Oklahoma. Mr. Robert Hume Brady was born and raised in Seiling, Oklahoma. He was awarded the OU Regents' Alumni Award in 1998 for his exceptional dedication and service to the University of Oklahoma and served as an honorary chair of the 100th anniversary celebration of the OU Association's founding. A 1960 graduate with a bachelor's degree in business

administration, he joined Travelers Property Casualty Corporation in 1963 and today serves as regional vice president. In many of the cities where his career has taken him, he has made the OU presence stronger. He formed the OU Club of New Orleans in 1969, reactivated the OU Club of Kansas City in 1985, and organized the OU Club of Charlotte in 1991. He served as president of the OU Club of Charlotte for seven years and currently is a member of the Board of Directors. He has worked to raise funds for scholarship support to potential OU students and to bring new energy to the OU Club through recruiting and nominating younger members to leadership positions. He continues a long OU family tradition established by his great-uncle C. Ross Hume, a member of the first graduating class in 1898 and one of the founders of the OU Alumni Association in 1899. His grandfather, Dr. R.R. Hume, a member of the second graduating class, was instrumental in the selection of OU's colors of crimson and cream.

Robert Brady will retire July 31, 1999, after 37 years with Travelers, and he and his wife Betty plan to return to Oklahoma City. Bob started with Travelers in 1963 after graduating from the University of Oklahoma. Further tours of duty included New Orleans, Home Office, Oklahoma City, Kansas City and Charlotte. While in Charlotte, Bob helped make Travelers North Carolina's leading Independent Agency carrier.

Respected among his peers for his elegance and character, Bob is a colleague, mentor, friend, husband, father and grandfather.

CONGRATULATIONS TO DEBBIE McGOLDRICK AND NIALL O'DOWD UPON THE BIRTH OF THEIR DAUGHTER ALANA KATHLEEN

HON. PETER T. KING

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. KING. Mr. Speaker, I rise to inform the House that on Sunday, July 25, 1999, at 1:34 a.m., Debbie McGoldrick and Niall O'Dowd because the proud parents of a baby daughter, Alana Kathleen. Alana Kathleen weighed in at 8 pounds, 5½ ounces and is 21 inches long. The best news is that Alana Kathleen and her mother Debbie are in perfect health.

I am proud to be able to call Debbie and Niall my good friends. Niall is the Founding Publisher of the Irish Voice newspaper and Irish America magazine. Debbie, who is clearly the brains and the beauty of the operation, is the Senior Editor of the Irish Voice. Niall and Debbie are leaders in the Irish-American community and have been in the very forefront of the Irish peace process.

As happy as Niall and Debbie are over the birth of their beautiful daughter, I know that Alana Kathleen will soon realize how fortunate she is to have such outstanding parents. On behalf of myself and my family I wish them the very best of health and happiness.

VAN ARSDALES HONORED

HON. PAUL E. KANJORSKI

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. KANJORSKI. Mr. Speaker, I rise today to bring to the attention of my colleagues, two distinguished community leaders, Tom and Suzette van Arsdale. My good friends Tom and Suzette will be honored this month by the Luzerne Foundation for their community service and leadership. I am pleased and proud to have been asked to participate in this tribute.

Born in New York City in 1937, Tom van Arsdale grew up in New England. Tom joined the U.S. Army after high school and served in the Signal Corps as a top secret cryptographer for two years before receiving an honorable discharge. Tom began his business career as a teller in a New Jersey bank in 1959. Within two years, Tom was a bank officer and within four years, he was a senior executive. While pursuing his career, Tom was also earning degrees from Routon Valley Community College and Edison State College.

Tom's business acumen gained the attention in the banking world when he assumed the position of President of a troubled New Jersey bank, guided it out of its financial crisis, converted it to a public bank and subsequently sold it to the Dime Bank of New York. Tom continued to serve as the bank's President and CEO and was named to a directorship of the Dime Bank of New York.

Tom moved to northeastern Pennsylvania in 1990 after being named President and CEO of Franklin First Financial Corporation and Franklin First Savings Bank. After Franklin First was sold to Onbancorp in 1993, Tom continued to serve as its President and was elected to the parent bank's board until his recent retirement.

Suzette van Arsdale also spent her early years in banking. Born in New Jersey, Suzette rose in the ranks rapidly shortly after beginning her banking career, becoming a corporate officer of one of the Nation's largest commercial banks. While working full time, Suzette earned a degree in management from Kean University. Tom and Suzette were married in 1986 and now have two children: Thomas Robert, age 12, and Matthew Ernest, age 20 months.

Mr. Speaker, both van Arsdales have been active members of the community. Tom serves on several local boards, including the Luzerne County Community College Foundation, the Committee for Economic Growth, the Wyoming Valley United Way, Wyoming Seminary, College Misericordia, the Central Division of Pennsylvania Economy League, WVIA public radio and television, and the Northeast Philharmonic Orchestra, to name just a few. He is a member of the Pennsylvania Bankers Association and America's Community Bankers and a former chair of the Community Bankers Council of the Federal Reserve Bank of Philadelphia.

Suzette has an equally impressive resume of community activity and involvement, currently serving or having served as President of the Junior League, member of the Presidents Council of King's College, second chair the Wyoming Valley Red Cross, member of the Wyoming Seminary Board of Directors, and as an active member of United Way of Wyoming Valley, Leadership Wilkes-Barre, Family Services Association and the Luzerne Foundation. Suzette has helped raise funds for the Osterhout Library, the Back Mountain Library, the Northeast Philharmonic, the American Cancer Society, the St. Vincent's South Kitchen, the Catherine McCauley House, the Meals on Wheels program, the Fine Arts Fiesta, and the Theater on the Green at College Misericordia.

In 1998, both Tom and Suzette were honored by Her Majesty, the Queen of England. Tom was invested to the Order of St. John as an Associate Commander while Suzette was given a similar honor by the Queen and also invested to the Cathedral of the Church of St. John by Lord Prior.

Mr. Speaker, I am extremely proud to call Tom and Suzette van Arsdale my friends. In just 10 years, they have both had an enormous impact on northeastern Pennsylvania. I have called on them numerous times to help support community efforts and they have always provided their leadership. More importantly, they have been wonderful friends to me, my wife, Nancy, and to many people throughout the area. I am proud to join with the community in thanking them for their years of service and wishing them the best for the future.

TRIBUTE TO TOM TIPPY, SR.

HON. SONNY CALLAHAN

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. CALLAHAN. Mr. Speaker, I rise today to pay tribute to an important constituent, a fine community and business leader, and a close personal friend, Mr. Tom Tippy, Sr.

Tom, who passed away back on March 12th following a long illness, will be sorely missed by his family and many friends, as well as numerous associates throughout the First District of Alabama.

Tom Tippy's relationship with the people of South Alabama began over twenty-five years ago when, as an executive with Parsons & Whittemore, he came to the area as part of the delegation sent by the Landegger family to locate a site for the construction of a new pulp and paper facility.

This mill, which became known as Alabama River Pulp, grew to employ hundreds of men and women from Monroe County and the surrounding area, and it is a testament to the hard work of the entire Parsons & Whittemore corporate family, as well as the tremendous dedication and perseverance displayed by Tom Tippy and his staff.

Prior to entering the world of business, Tom was a distinguished veteran of the United States Army Air Corps and saw a great deal of service in the Pacific Theater of operations. While serving as a gunner with the crew of a B–24 Liberator in the 5th Army Air Corps, and later as a top turret gunner and flight engineer on a crew assigned to the 90th Bomber Group, Tom exhibited the same qualities of leadership, professionalism and dedication to

his crew mates and his nation that he displayed repeatedly throughout his life. I was saddened, but nonetheless honored, to have an American flag flown over this very building, a shrine to democracy throughout the world, which was draped over Tom's casket and presented to his family at his burial.

Perhaps one of the finest comments on Tom's life was offered by his dear friend and mine, Monroe County Probate Judge Otha Lee Biggs, when he said, ''He wasn't happy unless he was present with the employees of that company. They were a part of his family. If they needed him, he wanted to be there for him. And, for the leadership he gave to them, they gave him their support in return. For he was a people's man and he was a working man's executive.''

Indeed he was.

Mr. Speaker, I offer this memorial tribute to Tom Tippy with the belief that his legacy of goodness, of sound decisions and of always being a man of his word, will continue in perpetuity. Truly, he lived his life with an enthusiasm toward helping others and in so doing, I believe he inspired the rest of us to try to do a little better ourselves as we approach our fellow man.

Tom is survived by his lovely wife, Rita; three sons, Tommy Tippy, Jr., Bill Tippy and Richard Tippy; one stepdaughter, Melanie Lee Ford; eight grandchildren and five great-grandchildren. My condolences go out to each of them.

DISAPPROVING EXTENSION OF NONDISCRIMINATORY TREATMENT TO PRODUCTS OF PEOPLE'S REPUBLIC OF CHINA

SPEECH OF

HON. ZOE LOFGREN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Ms. LOFGREN. Mr. Speaker, I rise to express my opposition to House Joint Resolution 57 disapproving the extension of nondiscriminatory treatment (or normal trade relations) to the People's Republic of China. The continued extension of normal trade relations (NTR) to China will do much to benefit the United States domestically, while engagement with China remains the most powerful means of advancing our interests abroad.

I share the concerns of many of my colleagues over China's record on human rights. In particular, the plight of the people of Tibet is one that we must not ignore. As we engage China economically, we should work to engage China in a policy that allows Tibetan peoples, cultures, and beliefs to flourish. As President Clinton has repeatedly emphasized, engagement with China is one path by which to encourage reform. The Clinton administration and Congress will continue to press China for human rights' reform and democratization of its political process.

Approximately 400,000 American jobs depend on trade with China. Nearly all of China's other major trading partners, including Japan and Europe, currently grant normal trade status to the People's Republic of China. Were China to retaliate with trade restrictions against the United States, these nations would gain a competitive trade edge against the United States that would jeopardize vast numbers of American jobs.

Additionally, the revocation of China's NTR status would likely simply replace Chinese imports with goods imported from its neighboring nations, harming only the American consumer. Let us also remember that over the past decade, American exports to China have quadrupled to $14.3 billion, a large portion of which is made up by high-technology imports produced in locations such as my district in Silicon Valley.

It is also possible that China might soon gain entrance into the World Trade Organization (WTO), an action that might result in the critical and historic acceptance by Chinese markets of American agricultural and industrial products. The chances of opening these Chinese markets would be severely diminished if the United States were to revoke NTR status at this point.

China also plays an extremely important role in guaranteeing regional security and stability from the Korean Peninsular to the Indian Subcontinent. China's constructive efforts for peace between North and South Korea, and its push for restraint by India and Pakistan in the wake of their nuclear tests, highlight the positive role China is capable of playing in the international arena. And our policy of engagement has exhibited some meaningful success; as a result of our policy China has signed the Nuclear Nonproliferation Treaty and the Comprehensive Test Ban Treaty and joined the Chemical Weapons Convention and the Biological Weapons Convention.

China clearly must take substantial steps to improve its record on human rights and democratize its government if it wishes to be fully accepted by the international community. Yet only further engagement with China will allow the United States the opportunity to advocate on behalf of its own interests and those of the Chinese people. I urge you vote against House Joint Resolution 57.

SUPPORT FOR BULGARIA, H. CON. RES. 170

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. GILMAN. Mr. Speaker, House Concurrent Resolution 170 outlines our United States foreign policy towards Bulgaria, notes the objectives of our new, post-Cold War relationship with Bulgaria, and points out some of the positive changes now underway in Bulgaria.

Since elections held in April 1997, the government of Bulgaria has committed itself to making progress on badly-needed economic reforms, fair treatment of all of Bulgaria's citizens, including those from its large ethnic Turkish minority, and Bulgaria's eventual integration into the pan-European and trans-Atlantic community.

However, despite Bulgaria's economic reforms, democratization, and progressive foreign policy, the breakup of the Soviet-dominated ''COMECON'' economic organization, the failure of the previous Bulgarian government to adequately address corrupt activities, and the imposition of international sanctions on neighboring Serbia and nearby Iraq during most of this decade have placed serious burdens on the Bulgarian economy.

I believe it is important that the United States recognize and commend Bulgaria's efforts to make progress in the midst of its current economic difficulties. House Concurrent Resolution 170 does that and makes it clear that the United States also supports Bulgaria's eventual integration into pan-European and trans-Atlantic economic and security institutions.

Bulgaria is working hard to overcome the legacy of four decades of communist rule and to assume its proper place in the trans-Atlantic community of states. Accordingly, I strongly encourage my colleagues to support House Concurrent Resolution 170, which I believe to be a recognition of our new relationship with this important country. I submit the text of H. Con. Res. 170 to be inserted at this point in the RECORD.

H. CON. RES. 170

Resolved by the House of Representatives (the Senate concurring),

SECTION 1. FINDINGS.

The Congress finds the following:

(1) Elections held in April 1997 in the Republic of Bulgaria brought to office a government committed to full economic reforms, discipline in government budgetary and currency policies, increased foreign, direct investment in Bulgaria, and energetic efforts to combat corrupt and criminal activities that had undermined previous economic reforms.

(2) The Government of the Republic of Bulgaria has worked to ensure the proper treatment of its citizens, regardless of ethnic background, including those of ethnic Turkish background, many of whom were subjected to forced assimilation campaigns and deportation under the former communist regime in Bulgaria.

(3) The Government of the Republic of Bulgaria has made Bulgaria's integration into pan-European and trans-Atlantic institutions, including the European Union and the North Atlantic Treaty Organization (NATO), the highest priority of its foreign policy, and has undertaken efforts to promote stability in southeastern Europe and the Black Sea region.

(4) The economy of the Republic of Bulgaria has suffered considerable decline due to the disruption of important markets caused by the break-up of the former, Soviet-dominated ''COMECON'' economic and trade organization, the application of international sanctions on Iraq, and the failure of the Government of the Republic of Bulgaria to confront widespread corrupt activities prior to the elections of April 1997 that resulted in the theft of large sums from both government and industry and that bankrupted many Bulgarian banks.

(5) The economy of the Republic of Bulgaria has suffered as well from the imposition of international sanctions on neighboring Serbia and continues to suffer from the conflict in that country, which has disrupted commerce throughout the region of southeastern Europe.

(6) The Government of the Republic of Bulgaria has recently taken steps to finalize bilateral agreements with the neighboring Republic of Macedonia, recognized by the

United States as the ''Former Yugoslav Republic of Macedonia'', overcoming longstanding dispute over the language to be used in those agreements.

(7) The Government of the Republic of Bulgaria has undertaken to reform Bulgaria's armed forces, adopting a military doctrine to that effect in March 1999.

(8) The Government of the Republic of Bulgaria has stated its continuing support for the mission of NATO in supporting democratization and stability across Europe.

(9) As a result of the conflict in Serbia with regard to the region of Kosovo, the Republic of Bulgaria has accepted several thousand refugees from the conflict.

SEC. 2. POLICY TOWARD THE REPUBLIC OF BULGARIA.

It is the policy of the United States—

(1) to promote the development in the Republic of Bulgaria of a market-based economy and a democratic government that respects the rights of all of its citizens, regardless of ethnic background;

(2) to support the territorial integrity of the Republic of Bulgaria;

(3) to insist that the territorial integrity of the Republic of Bulgaria be respected by neighboring countries and by all political movements within and outside Bulgaria; and

(4) to support the integration of the Republic of Bulgaria into pan-European and trans-Atlantic economic and security institutions.

SEC. 3. SENSE OF THE CONGRESS.

It is the sense of Congress that—

(1) the Government of the Republic of Bulgaria is to be commended for its efforts to ensure proper treatment of all of its citizens, regardless of ethnic background, particularly those of ethnic Turkish background;

(2) the Government of the Republic of Bulgaria is to be commended—

(A) for its efforts to accelerate the privatization of state-owned enterprises in a fair and transparent process;

(B) for its establishment of a currency board to ensure the value of the Bulgarian currency; and

(C) for its efforts to combat corrupt and criminal activities that undermine reforms and the viability of Bulgaria's government and industry;

(3) the Government of the Republic of Bulgaria should continue to implement programs that may qualify Bulgaria for entrance into the European Union and the North Atlantic Treaty Organization (NATO) and is to be commended for its continuing support of the NATO effort to ensure stability and democratization across Europe;

(4) the Republic of Bulgaria is suffering the adverse economic impact of the disruption of commerce in southeastern Europe and an influx of refugees caused by the conflict in neighboring Serbia;

(5) the Government of the Republic of Bulgaria should ensure the expedition ratification of all bilateral treaties that have been negotiated with the neighboring Government of the Former Yugoslav Republic of Macedonia;

(6) the Government of the Republic of Bulgaria should undertake steps to immediately halt any illicit transfer of arms and military equipment that may occur in Bulgaria or may cross Bulgarian territory;

(7) the Republic of Bulgaria should play a central role in any effort by the NATO to create a joint peacekeeping military unit involving personnel from throughout the countries of southeastern Europe or in the creation of facilities in support of such a peacekeeping unit; and

(8) the United States should join other official creditors of the Republic of Bulgaria in providing Bulgaria with relief from such official debt through rescheduling and, where appropriate, forgiveness.

PERSONAL EXPLANATION

HON. NICK J. RAHALL II

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. RAHALL. Mr. Speaker, on Thursday, July 29, 1999, I inadvertently voted ''no'' on rollcall vote No. 352, the Moakley amendment to prohibit any funding for the U.S. Army School of the America's located at Fort Benning, GA. As a cosponsor of legislation calling for the closure of the School of the Americas, and having consistently voted to prohibit funding for the School of the Americas in the past, I fully intended to cast my vote in favor of the Moakley amendment, rollcall vote No. 352.

TRIBUTE TO HUGH CHISOLM DALE

HON. SONNY CALLAHAN

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. CALLAHAN. Mr. Speaker, I rise today in honor of Hugh Chisolm Dale who received the honorary Doctor of Humanities degree on May 15, 1999, from Erskine College in Due West, South Carolina.

Without question, Hugh Dale is one of Erskine's most loyal alumni, and one of South Alabama's most outstanding citizens. Erskine awarded him the Alumni Distinguished Service Award in 1972 and the Algernon Sydney Sullivan Award in 1987. In addition, he served as a member of the Erskine Board of Trustees for twelve years, and was Chairman of the Board from 1967 to 1969.

While he is naturally proud of his relationship to his alma mater, Mr. Dale has also been a one-man chamber of commerce for his hometown of Camden, Alabama. He retired as senior vice President with the Camden National Bank in 1973, having first started with the bank back in 1951. In this capacity, he was often called upon to help lead numerous civic and community events which, in turn, helped the growth and development of Camden and Wilcox County.

Mr. Dale is the son of Hugh Henry Dale and Lillie Packer Chisolm and was born in Camden in 1911. He was valedictorian of the 1928 Wilcox County High School class and graduated cum laude from Erskine with a BA in chemistry in 1932. In 1935, he received a Master of Arts degree, also in chemistry, from Columbia University.

The first ten years after graduation were spent teaching school in Alabama, South Carolina, and Georgia. He then served in the United States Air Force as a preflight instructor during the Second World War, rising to the rank of Major. For the five years immediately following the war he worked for the Veterans Administration in Montgomery. After that, he returned to his hometown of Camden, where he has lived ever since.

Mr. Dale is married to the former Margaret Isabel Ware, and they have two daughters, Margaret Caroline Dale Austin and Jane Shelton Dale, both of whom also graduated from Erskine College. He has been a deacon and elder in the Associate Reformed Presbyterian Church, in Camden, where he served for years as its treasurer.

Mr. Speaker, Hugh Dale is a man of the highest moral character, and he has lived his entire life with the aim of serving his fellow man. It is appropriate that Erskine College recognized one of its most outstanding alumni in this way, and it is a tribute for a job well done.

I salute Mr. Dale for his many lifetime achievements, and wish him only good health and God's Blessings as he continues on life's journey.

SUPPORT FOR ROMANIA, H. CON. RES. 169

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. GILMAN. Mr. Speaker, House Concurrent Resolution 169 outlines our United States foreign policy towards Romania, recognizes the strides Romania has taken in economic and political reforms since the end of the cold war, recognizes the steps Romania has taken to improve relations with its neighbors and to prepare itself for eventual integration into the pan-European and trans-Atlantic communities, and urges Romania forward in its reforms, despite its current economic difficulties.

Mr. Speaker, although Romania had taken reform-oriented steps early in this decade, the elections of November 1996, the first since 1937 that led to a peaceful transfer of power under a democratic system, provided a fresh opportunity to push reforms forward. These reforms undertaken in the midst of economic hardship made worse by corruption, criminal activities, and the disruptions in commerce in southeast Europe caused by international sanctions and military actions against neighboring Serbia, have a long way to go.

I believe, however, that it is important to encourage Romania to continue with its reforms. I also believe that it should be our policy to support Romania's eventual integration into pan-European and trans-Atlantic economic and security institutions. In this regard, I note that Romania was the very first country to join NATO's ''Partnership for Peace'' program and that it has spent most of this decade working to reform its military and adopt procedures for its military forces that are compatible with those of the NATO alliance.

Mr. Speaker, I strongly encourage my colleagues to support House Concurrent Resolution 169, an important statement of United States support for Romania, for its program of reforms, and for its eventual integration into the trans-Atlantic community. I submit that the text of H. Con. Res. 169 be inserted at this point in the RECORD.

H. CON. RES. 169

Resolved by the House of Representatives (the Senate concurring),

SECTION 1. FINDINGS.

The Congress finds the following:

(1) Romania has negotiated, agreed to, and ratified an important bilateral treaty with the neighboring Republic of Hungary that recognizes the borders of those two countries and provides for the protection of the civil liberties of citizens who are members of national minorities.

(2) Romania has negotiated, agreed to, and ratified an important bilateral treaty with neighboring Ukraine that recognizes the borders of those two countries.

(3) The November 1996 electoral change in the Government of Romania was the first such change under a democratic political system in Romania since 1937.

(4) Romania was the first country to join the ''Partnership for Peace'' program of the North Atlantic Treaty Organization (NATO), in January 1994, has since become an active participant in that program, is a member of NATO's Euro-Atlantic Partnership Council, and has stated its strong interest in admission into NATO and into the European Union.

(5) The Government of Romania has worked to ensure civilian control over its armed forces and has begun to implement military reform through force reductions, reorganization of officer ranks, and adoption of NATO-compatible procedures.

(6) Romania has provided military personnel for participation in and support of multinational peacekeeping operations.

(7) The Government of Romania has stated its continuing support for the mission of NATO in supporting democratization and stability across Europe.

SEC. 2. POLICY TOWARD ROMANIA.

It is the policy of the United States—

(1) to promote the development in Romania of a market-based economy and a democratic government that respects the rights of all of its citizens, regardless of ethnic background;

(2) to support the territorial integrity of Romania and to insist that the territorial integrity of Romania be respected by all neighboring countries and by all political movements within and outside Romania; and

(3) to support the integration of Romania into pan-European and trans-Atlantic economic and security institutions.

SEC. 3. SENSE OF THE CONGRESS.

It is the sense of the Congress that—

(1) the United States should support efforts by Romania to integrate into pan-European and trans-Atlantic institutions and should view such integration as an important factor in consolidating democratic government in Romania;

(2) Romania is to be commended for its work to achieve bilateral treaties with the Republic of Hungary and Ukraine and the Government of Romania should now work expeditiously to negotiate, agree to, and ratify a bilateral treaty with the neighboring Republic of Moldova that recognizes the borders of those two countries;

(3) the Government of Romania should accelerate necessary economic reforms, particularly privatization of state-owned enterprises under a fair and transparent process and privatization of the agricultural sector to include privatization of land and of major agri-business enterprises;

(4) the Government of Romania should, in a concrete manner, address corrupt and criminal activities at all levels;

(5) the United States should undertake to assist Romania to address the costs of disruptions in commerce in southeastern Europe caused by the conflict in neighboring Serbia; and

(6) the United States should join other official creditors of Romania in providing Romania with relief from such official debt through rescheduling and, where appropriate, forgiveness.

PERSONAL EXPLANATION

HON. JULIA CARSON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Ms. CARSON. Mr. Speaker, I was unavoidably absent for one vote on Friday, July 30, 1999, missing rollcall vote 355. Had I been present, I would have voted "yes."

TRIBUTE TO ROBERT A. GUTHANS

HON. SONNY CALLAHAN

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. CALLAHAN. Mr. Speaker, I rise today to honor Bobby Guthans a respected leader in his field, an outstanding citizen in our community and quite frankly, as fine a gentleman as I have ever known. On a personal note, I am also pleased and honored to call Bobby Guthans my friend.

Bobby recently retired as president of Midstream Fuel Inc., Petroleum Energy Products Co., and Tenn-Tom Towing Co. As one of the founders of Midstream back in 1974, Bobby helped build a company that soon became recognized around the world as one of the innovative leaders in the maritime industry.

Bobby's success at Midstream didn't just happen because he's a nice guy with a great outlook on life, although he is certainly that.

It was the product of hard work, a good business head on his shoulders and a work ethic and respect for others that is second-to-none. In addition, Bobby, and his lovely wife Barbara Ann, come from the old school who believe "it is better to give than receive."

As such, they have volunteered literally untold hours in worthy civic and charitable endeavors, always with the attitude that it is right to give something back to your community and to your fellow man. Both Bobby and Barbara Ann are without peers when it comes to their generosity.

While being a first-class CEO, as well as a wonderful husband, father and grandfather, Bobby has also found time to hold down many important positions of leadership in his industry as well as his community. Some of these include: Chairman of the Board of American Waterways Operators; Chairman of the Southern Region of the AWO; Chairman of the Board of the Mobile Area Chamber of Commerce; Director of the Executive Committee of the Warrior-Tombigbee Development Association; and Director of the World Dredging Association.

In addition, he is on the boards of the Mobile Economic Development Council, the Mobile Industrial Development Board, the National Waterways Conference, Blue Cross Blue Shield of Alabama, the Geological Survey of Alabama and the Navy League of Mobile.

Bobby's community spirit has not gone without notice or thanks. Earlier this year, the U.S. Coast Guard bestowed upon Bobby its second-highest honor, the Meritorious Public Service Commendation. In addition, he has received the Alfred F. Delchamps, Jr. Award and the National Rivers Hall of Fame Achievement Award. In 1990, the Propellor Club named him Maritime Man of the Year.

Bobby is a native of Mobile and is a graduate of Virginia Military Institute, where he was commissioned as an Army officer and spent the next two years fighting for his country in the Korean Conflict. Today, Bobby serves on the board of VMI, as well as on the board of Spring Hill College in Mobile.

There are few people in the life of Mobile who have given as much, and as often, as has Bobby Guthans. Today, Bobby has chosen to spend a little more time with his bride of 40-plus years, their two children, Robert A. Guthans, Jr. and Jean Guthans Wilkins, and their five beauitful grandchildren. But that doesn't mean he's going to have a lot of free time on his hands, for Bobby doesn't know how to slow down. As he recently told a reporter from the Mobile Register, "I've got to be doing something. I'm not the kind of person who can spend his days hitting golf balls around."

Mr. Speaker, that's good news for Mobile, Alabama. For if you think about all that Bobby Guthans has been able to do for his community, his state and his nation while he was also running a multi-million dollar corporation, just think what he'll be able to do now that he doesn't have to show up to work at seven o'clock in the morning.

Mr. Speaker, I salute Bobby Guthans. He's a good man and a wonderful role model for us all.

THE PASSING OF FATHER PETER LAPPIN

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. GILMAN. Mr. Speaker, I deeply regret informing our colleagues of the passing of one of the most remarkable and accomplished residents of my 20th Congressional District of New York.

Father Peter Lappin, the author of 17 books on Christian theology, has been considered the spiritual leader of the Irish community in my congressional district. He long served as chaplain to the Rockland County Ancient Order of Hibernians and was a longtime supporter of the peace process in Ireland.

Father Peter Lappin devoted his life to the Salesian Fathers of which he was a member. He resided at the Marian Shrine and Don Bosco Retreat in Rockland County for over 25 years. He had first taken his vows as a Salesian of Don Bosco back in 1933, and lived in our Hudson Valley region of New York since 1961.

Father Lappin, who was 88 years young when a heart attack claimed him suddenly yesterday, was born in Belfast. He attended the Belfast School of Technology, the

Pallakenry College, and the Salesian College, Cowley, Oxford. Father Lappin then traveled to China where he continued his studies at the International School of Theology in Shanghai and the Salesian Studenate in Hong Kong. Father Lappin was finally ordained as a Salesian Priest in Shanghai, and subsequently he spent 16 years in Shanghai as a teacher and a parish priest.

Father Lappin also studied at Fordham University and the Columbia School Writing, both in New York City.

Father Lappin gained fame in many ways. In addition to his noted best selling books, including "Stories of Don Bosco" and biographies of contemporary Christian heroes, he was author of the "Salesian Bulletin". He was an editorial board member of "The Biographical Memoirs of Saint John Bosco" and was a lecturer on South America and the Far East. Father Lappin was active in the Knights of Columbus and in the Cambridge Society of Biographers.

Father Lappin was widely regarded for his talent at writing children's books which expressed the Catholic faith in a manner that youngsters could readily understand. He has a tremendous impact on countless generations of young readers.

Father Lapin's writings earned for him the Venice Festival awards, the Catholic Family Club award, and two Catholic Literacy Foundation awards.

Mrs. Gilman and I came to know Father Peter Lappin over many years, as a result of his deeply felt passion for a permanent peace in Ireland. Father Lappin traveled to the emerald isle extensively in his quest for a lasting peace in his homeland. He devoted much of his life to a resolution of the troubles in the north, and closely followed—and supported—the recent peace initiatives for Ireland.

In losing Father Lappin, Georgia and I have lost not only a fond friend but an outstanding advocate of peace throughout the world.

Danny Withers, one of the more prominent of Irish-American leaders in my district, stated:

> Father Lappin was a great supporter of independence for Ireland, and he used his God-given gift of the written word to help garner support for this worthy cause.

Father Lappin came to our Nation in 1961. He worked out of the New Rochelle headquarters of the Salesians for 11 years, traveling throughout our Nation and continuing his writings. He became a household word in Rockland Country for the past quarter century, due to his compassion, his love of all people but most especially children, and his dynamic personality.

Mr. Speaker, I invite my colleagues to join with me in extending our condolences to Father Lappin's half brother, Father James Brawley of Australia, and to all of his fellow Salesian fathers. His were huge footsteps that will be difficult to fill.

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Meetings scheduled for Tuesday, August 3, 1999 may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

AUGUST 4

8:30 a.m.
Judiciary
To hold hearings on the nomination of David W. Ogden, of Virginia, to be an Assistant Attorney General; and the nomination of Robert Raben, of Florida, to be an Assistant Attorney General.
SD–628

9 a.m.
Agriculture, Nutrition, and Forestry
To continue hearings on farm crisis issues.
SR–328A

Environment and Public Works
Business meeting to resume markup of S. 1090, to reauthorize and amend the Comprehensive Environmental Response, Liability, and Compensation Act of 1980.
SD–406

9:15 a.m.
Rules and Administration
To hold hearings on certain propsoed committee resolutions requesting funds for operating expenses.
SR–301

9:30 a.m.
Indian Affairs
To hold hearings on S. 299, to elevate the position of Director of the Indian Health Service within the Department of Health and Human Services to Assistant Secretary for Indian Health; and S. 406, to amend the Indian Health Care Improvement Act to make permanent the demonstration program that allows for direct billing of medicare, medicaid, and other third party payors, and to expand the eligibility under such program to other tribes and tribal organizations; followed by a business meeting to consider pending calendar business.
SR–485

10 a.m.
Judiciary
To hold hearings on S. 1172, to provide a patent term restoration review procedure for certain drug products, focusing on proposed remedies for relief, relating to pipeline drugs.
SD–628

10:30 a.m.
Foreign Relations
To hold hearings on S. 693, to assist in the enhancement of the security of Taiwan.
SD–419

Governmental Affairs
Oversight of Government Management, Restructuring and the District of Columbia Subcommittee
To hold hearings on overlap and duplication in the Federal Food Safety System.
SD–342

2 p.m.
Judiciary
Immigration Subcommittee
To hold hearings on annual refugee consultation.
SD–628

Intelligence
To hold closed hearings on pending intelligence matters.
SH–219

2:15 p.m.
Energy and Natural Resources
National Parks, Historic Preservation, and Recreation Subcommittee
To hold oversight hearings to review the performance management process under the requirements of the Government Performance and Results Act, by the National Park Service.
SD–366

Commerce, Science, and Transportation
To hold hearings to examine fraud against seniors.
SR–253

2:30 p.m.
Foreign Relations
International Economic Policy, Export and Trade Promotion Subcommittee
To hold hearings on economic reform and trade opportunities in Vietnam.
SD–419

AUGUST 5

9 a.m.
Agriculture, Nutrition, and Forestry
To continue hearings on farm crisis issues.
SR–328A

9:30 a.m.
Banking, Housing, and Urban Affairs
Housing and Transportation Subcommittee
To hold oversight hearings on activities of the Office of Multifamily Housing Assistance Restructuring of the Department of Housing and Urban Development.
SD–538

10 a.m.
Foreign Relations
Near Eastern and South Asian Affairs Subcommittee
To hold hearings on United States strategic interests in India.
SD–419

Judiciary
Business meeting to markup S. 486, to provide for the punishment of methoamphetamine laboratory operators, provide additional resources to combat methamphetamine production, trafficking, and abuse in the United States; and S. 620, to grant a Federal charter to Korean War Veterans Association, Incorporated.
SD–628

2:15 p.m.
Foreign Relations
To hold hearings on pending nominations.
SD–419

AUGUST 6

9:30 a.m.

Joint Economic Committee

To hold hearings on the employment and unemployment situation for July.

Room to be announced

SEPTEMBER 28

9:30 a.m.

Veterans' Affairs

To hold joint hearings with the House Committee on Veterans Affairs to review the legislative recommendations of the American Legion.

345 Cannon Building

POSTPONEMENTS

AUGUST 4

9:30 a.m.

Veterans' Affairs

To hold hearings on the maintenance of unneeded medical facilities of the Department of Veteran Affairs.

SD–106