from apportionment to any State after September 30, 2004, shall be available for apportionment to the State.

''(2) APPORTIONMENT OF WITHHELD FUNDS AFTER COMPLIANCE.—If, before the last day of the period for which funds withheld under subsection (b) from apportionment are to remain available for apportionment to a State under paragraph (1)(A), the State meets the requirements of subsection (b)(3), the Secretary shall, on the first day on which the State meets the requirements, apportion to the State the funds withheld under subsection (b) that remain available for apportionment to the State.

''(3) PERIOD OF AVAILABILITY OF SUBSEQUENTLY APPORTIONED FUNDS.—

''(A) IN GENERAL.—Any funds apportioned under paragraph (2) shall remain available for expenditure until the end of the third fiscal year following the fiscal year in which the funds are so apportioned.

''(B) TREATMENT OF CERTAIN FUNDS.—Any funds apportioned under paragraph (2) that are not obligated at the end of the period referred to in subparagraph (A) shall lapse.

''(4) EFFECT OF NONCOMPLIANCE.—If, at the end of the period for which funds withheld under subsection (b) from apportionment are available for apportionment to a State under paragraph (1)(A), the State does not meet the requirements of subsection (b)(3), the funds shall lapse.''.

(b) CONFORMING AMENDMENT.—The analysis for subchapter I of chapter 1 of title 23, United States Code, is amended by striking the item relating to section 164 and inserting the following:

''164. National minimum sentences for individuals convicted of operating motor vehicles while under the influence of alcohol.''.

By Mr. TORRICELLI (for himself, Mrs. BOXER, Mrs. FEINSTEIN, Mr. KERRY, and Mr. LAUTENBERG):

S. 1006. A bill to end the use of conventional steel-jawed leghold traps on animals in the United States; to the Committee on Environment and Public Works.

STEEL-JAWED LEGHOLD TRAP ACT OF 1999

• Mr. TORRICELLI. Mr. President, today, Senators BOXER, FEINSTEIN, KERRY (Ma.), LAUTENBERG and I rise to introduce legislation to end the use of the conventional steel-jawed leghold trap. I rise to draw this country's attention to the many liabilities of this outdated device and ask for my colleagues support in ending its use.

While this bill does not prohibit trapping, it does outlaw a particularly savage method of trapping by prohibiting the import or export of, and the interstate shipment of conventional steel-jawed leghold traps and articles of fur from animals caught in such traps.

The conventional steel-jawed leghold trap is a cruel and antiquated device for which many alternatives exist. The American Veterinary Medical Association and the American Animal Hospital Association have condemned leghold traps as ''inhumane'' and the majority of Americans oppose the use of this class of trap. California became the fourth state in recent years to pass a statewide ballot initiative to ban steel-jawed leghold traps—Arizona, Colorado, and Massachusetts are the other three states to have decided the issue by a direct vote of the people. A number of other states, including Florida, New Jersey, and Rhode Island, have legislative or administrative bans on these devices. In addition, 88 nations have banned their use.

This important and timely issue now takes on added importance as the United States and the European Union (E.U.) recently reached an agreement to implement humane trapping standards. This agreement requires the U.S. to phase out leghold traps. Without this agreement, the E.U. would have prohibited the importation of U.S. fur from thirteen species commonly captured with leghold traps. Adoption of my legislation will fulfill the U.S. obligation to the E.U. and reduce tremendous and unnecessary suffering of animals. By ending the use of the conventional steel-jawed leghold trap within our borders, we will effectively set a humane standard for trapping, as well as protect the U.S. fur industry by keeping Europe's doors open to U.S. fur.

One quarter of all U.S. fur exports, $44 million, go to the European market. Of this $44 million, $21 million would be eliminated by the ban. This would clearly cause considerable economic damage to the U.S. fur industry, an important source of employment for many Americans. Since many Americans rely on trapping for their livelihood, it is imperative to find a solution which prevents the considerable damage that this ban would cause to our fur industry. It is important to note that since the steel-jawed leghold trap has been banned in Europe, alternatives have been provided to protect and maintain the European fur industry.

Our nation would be far better served by ending the use of the archaic and inhumane steel-jawed leghold trap. By doing so, we are not only setting a long-overdue humane standard for trapping, we are ensuring that the European market remains open to all American fur exports.•

By Mr. BAUCUS (for himself and Mr. LEVIN):

S. 1008. A bill to modify the standards for responding to import surges under section 201 of the Trade Act of 1974, to establish mechanisms for import monitoring and the prevention of circumvention of United States trade laws, and to strengthen the enforcement of United States trade remedy laws; to the Committee on Finance.

IMPORT SURGE RELIEF ACT OF 1999

Mr. BAUCUS. I thank the Chair. Again, I thank my good friend from Minnesota, as well as the Presiding Officer from Wyoming, who was very generous in allowing us to proceed at this time.

Mr. President, I rise today to introduce the Import Surge Relief Act of 1999, an important measure that will provide a new and improved way to deal expeditiously with import surges. A sudden increase in imports in any sector, especially when these imports are shipped to us at rock bottom prices, has done grave damage to American business and American agriculture. This has been true in the past. It is true today. And, given the increased volatility that we see in the global trading and financial system, import surges are likely to create even greater havoc in our economy in the future.

The steel industry and its workers have been seriously injured, and we read about these stories almost daily. The agriculture industry and our farmers and ranchers face constant threats from surges in wheat, beef, lamb, pork and more. At a time when our rural and industrial communities are facing an all-time crisis, this damage goes to the very heart of our economy and our society.

The Import Surge Relief Act makes several critical improvements in Section 201 of U.S. trade law. This is the so-called ''safeguard'' provision that is designed to prevent serious disruption of our domestic industry because of imports. The improvements I am proposing include the following:

Easing the standard that must be met to demonstrate that there is a causal link between imports and injury to the U.S. industry, speeding up the process for addressing import surges, an absolutely critical need to prevent an industry from being devastated before action is taken, requiring that the President, in deciding whether to take action, focus more than he has in the past on the beneficial impact of a remedy, rather than on the negative impact on other industries, making provisional relief available on an urgent basis, and correcting the way in which imports are counted to prevent circumvention.

In addition, the bill provides for a system that will give us an early warning about import surges. We simply cannot wait until we see that an America industry is devastated. We must be able to project ahead, understand the threats facing an industry, and then consider quickly what type of action to take, if any.

Finally, the bill requires that there be an investigation about underlying problems in agricultural and steel trade. This investigation would focus on anti-competitive practices overseas, including cartel arrangements beyond the borders of the United States.

Mr. President, the United States will remain the most open market in the world. I am committed to that. At the same time, we must do everything we can to open foreign markets that retain barriers to our manufactured goods, agricultural products, and services. And, we must be sure that our domestic industry is able to adjust and adapt to import surges without experiencing the devastation to our businesses, farms, and communities that we have seen far too often in the past.

Let me discuss the Import Relief Act in more detail.

The bill changes the causation standard that links imports and injury. Instead of the requirement that imports be a ''substantial cause of serious injury, or threat thereof'', this bill requires only that imports cause, or threaten to cause, serious injury. Imports would not have to be the leading, or most important, cause of injury. This change conforms to the WTO Agreement on Safeguards.

The U.S. International Trade Commission practice has been to examine injury over a five year period. This practice ignores the problem of import surges where imports do not build up gradually over years but come into this country full blast in a precipitous way. This bill requires the ITC also to consider whether there has been a substantial increase in imports over a short time period.

The President has discretion to deny relief after the ITC recommends such action, if he believes that the economic and social costs outweigh the benefits. This bill requires that the President grant the relief recommended by the ITC unless it would have an adverse impact on the United States substantially out of proportion to the benefits. This would increase the likelihood that the President will implement the remedy that the ITC recommends.

The time period for provisional relief is reduced from ninety days to sixty days so that relief would come more quickly to the industry and workers.

The bill adds to the factors that ITC must consider in determining whether serious injury is occurring. These new factors are just common sense, such as the level of sales, the level of production, productivity of the industry, capacity utilization, profit and loss, and employment levels. The ITC should focus on current conditions in the industry, not only historical factors. In addition, the bill requires the ITC to consider conditions in foreign industries that indicate further possible increases in exports to the U.S. in the future. Looking at factors such as foreign production capacity, inventories, and demand in third countries will allow ITC to understand the threat to the American industry and its imminence.

Provisional relief is improved in several ways. The ITC must look at whether there is an import surge to determine if provisional relief should be provided. Also, USTR, the Senate Finance Committee, or the House Ways and Means Committee can request provisional relief when they have requested initiation of a Section 201 investigation.

The bill applies to Section 201 those provisions already in U.S. antidumping and countervailing duty law that ensure that the ITC, in its injury analysis, not double-count production by the domestic industry when upstream and/or downstream products are the subject of an investigation.

Domestic industries will be able to request that imports be monitored and data collected.

The bill allows the Office of Management and Budget to release preliminary trade data when there is an import surge. This will improve the ability of the industry to detect a problem quickly.

A new import monitoring and enforcement support program for steel and agricultural products will monitor illegal transshipments and other attempts to circumvent U.S. trade remedy laws.

A suffix to the Harmonized Tariff Schedule for products subject to trade actions will help track imports of those products.

The Commerce Department will continue its current steel import monitoring program.

The ITC will conduct an investigation of anticompetitive activities in international agriculture and steel trade, focusing especially on cartels and other anticompetitive practices. The ITC will report to the Senate Finance and Agriculture Committees, the House Ways and Means and Agriculture Committees, and USTR and must propose steps to address those anticompetitive practices.

I again repeat my praise to the Presiding Officer who has been excessively generous and gracious in the way he has conducted himself as the Presiding Officer allowing us to make these statements.

By Mr. JEFFORDS (for himself, Mr. ROCKEFELLER, Mrs. HUTCHISON, Mrs. FEINSTEIN, and Mrs. BOXER):

S. 1010. A bill to amend the Internal Revenue Code of 1986 to provide for a medical innovation tax credit for clinical testing research expenses attributable to academic medical centers and other qualified hospital research organizations; to the Committee on Finance.

MEDICAL INNOVATION TAX CREDIT LEGISLATION

• Mr. JEFFORDS. Mr. President, today I am introducing legislation that I believe will be beneficial to the continued success of our nation's medical schools and teaching hospitals. The bill will provide for a new tax credit, the ''Medical Innovation Tax Credit,'' which will serve as an incentive for private sector firms to invest in clinical research at these important institutions.

Medical schools and teaching hospitals fulfill a unique societal and economic role in the United States today. They are not only the training ground for health care professionals but are also centers for important research and development activities that lead to crucial medical breakthroughs. Because they link together research, medical training and patient care, these institutions are incubators of new life-saving drugs, medical services and surgical techniques.

Due to the changing health care marketplace these institutions have come under increasing cost pressures that threaten their future. In fact, a recent study by the American Association of Medical Colleges (AAMC) noted an alarming 22 percent decline in clinical research conducted at member hospitals. I believe the medical innovation tax credit would help reverse this disturbing trend, and I am pleased that the AAMC endorses this legislation.

The medical innovation tax credit is a targeted, incremental 20 percent credit for qualified medical innovation expenditures on biopharmaceutical research activities, like clinical trials performed at qualified educational institutions. The tax credit would enhance the flow of private-sector funds into medical schools and teaching hospitals by providing an important incentive for companies to perform more clinical trials research at these nonprofit institutions. This credit will encourage pharmaceutical and biotechnology companies to develop research partnerships with medical schools and teaching hospitals. The influx of funds from this research will help counteract some of the financial pressures these institutions have been experiencing. To qualify for the credit, research would have to be performed in the United States, so companies will not have an incentive to utilize lower-cost foreign facilities for research activities.

It is significantly more expensive for companies to perform clinical trials at teaching hospitals than at commercial research organizations. The medical innovation tax credit will reduce this cost differential. By leveraging additional private-sector support for these institutions in the form of clinical trial research, this new credit will also help these hospitals make the adjustment to the reduction in Medicare payments mandated by the Balanced Budget Act of 1997.

This legislation is critically important to institutions like Fletcher Allen Health Care in my home state of Vermont. Linked with the University of Vermont's Division of Health Sciences, Fletcher Allen's hospitals combine teaching and research. They are vital training sites for the next generation of physicians, nurses and other health professionals. In Fletcher Allen's nationally known Clinical Research Center, researchers seek to solve the mysteries of cancer, heart attacks, Alzheimer's disease, chronic obesity, cystic fibrosis and other illnesses. The medical innovation tax credit would help Fletcher Allen and hundreds of other institutions across the United States continue in their role as incubators of vital, innovative medical teaching and research technologies.

Legislation similar to this was introduced last year; the Joint Committee on taxation estimated that the bill would result in lost revenues of approximately one million dollars per year over the next five years. The bill I am introducing today is substantially similar to the bill introduced last year, although there have been technical changes to the definition of ''qualified academic institution'' to clarify that research expenditures at Veterans' Administration hospitals and certain non-profit research foundations qualify for the credit. As these changes are expected to affect a relatively small number of institutions, I do not expect substantial changes in the cost estimate. I believe this is a small price to pay for the favorable impact this credit will have on research at medical schools and teaching hospitals.●

By Mr. FRIST:

S. 1011. A bill to amend the Internal Revenue Code of 1986 to provide that trusts established for the benefit of individuals with disabilities shall be taxed at the same rates as individual taxpayers; to the Committee on Finance.

TAX FAIRNESS FOR SUPPORT OF THE PERMANENTLY DISABLED ACT

S. 1012. A bill to amend the Internal Revenue Code of 1986 to use the Consumer Price Index in addition to the national average wage index for purposes of cost-of-living adjustments; to the Committee on Finance.

BRACKET CREEP CORRECTION ACT

S. 1013. A bill to amend the Internal Revenue Code of 1986 to promote lifetime savings by allowing people to establish child savings accounts within Roth IRAs and by allowing the savings to be used for education, first time home purchases, and retirement, to expand the availability of Roth IRAs to all Americans and to protect their contributions from inflation, and for other purposes; to the Committee on Finance.

CHILD SAVINGS ACCOUNT ACT

S. 1014. A bill to amend the Internal Revenue Code of 1986 to reduce the rate of the individual income tax and the number of tax brackets; to the Committee on Finance.

10–20–30 ACT

● Mr. FRIST. Mr. President, today is Tax Freedom Day—the day that reflects how many days into the year a taxpayer must work in order to pay taxes. In 1913, when Congress first levied an income tax, Tax Freedom Day was January 30, and only 6 years ago, Tax Freedom Day was April 30—today it is two weeks into May before the taxpayer can stop working for the Federal Government and start working for him or herself.

It is thus fitting that I introduce today the Frist tax package—four tax bills that I believe will go a long way toward pushing Tax Freedom Day back toward January. This tax package is based on a set of core principles:

(1) Taxes are too high.

(2) The tax code is too complex.

(3) The tax code punishes taxpayers for working longer and smarter.

(4) The tax code does not promote savings for people of all ages and incomes.

We all know that taxes are too high. At a time when our tax burden as a percentage of GDP is at a post-World War II high and we are working longer and longer just to pay taxes, I believe that it is time for some tax relief for hard-working Americans. Taxes—federal, state, and local taxes combined—account for nearly 40% of the typical American family's budget—the single largest expense. All of this at a time when the federal budget is beginning to run a surplus. What that means to me is that the federal government is overcharging the taxpayer for the services it is providing.

If the monetary cost of paying taxes isn't high enough, consider that it takes almost 11 hours to correctly fill out the 1040 EZ form. Taxpayers spend almost 5.4 billion hours filling out the forms that they send to the IRS. And those are the taxpayers that do their own taxes—54% of Americans pay someone else to do their taxes for them. In my own State of Tennessee, ever year approximately 1.1 million taxpayers utilize a professional tax preparer in order to file their tax returns.

The tax code is also too complex. Our current tax code and its regulations are 17,000 pages long and contain over 5 and a half million words—seven times more than the Bible. Since 1981, the tax code has been changed 11,410 times. And one paragraph of law can take 250 pages to explain. With tax laws this complicated, it is no wonder that ordinary Americans have a tough time figuring them out.

Unfortunately, the trend in Congress is to add further complexity to the tax code—tax credits for one worthwhile cause or tax deductions for another, tax relief for certain segments for the population, but not for others. Because of all of this tinkering, by 2007, 8,000,000 more Americans will be subject to the alternative minimum tax (AMT), a provision that forces taxpayers to calculate their income two ways and then pay the government the higher of the two amounts.

The tax code punishes taxpayers for working harder and smarter. One of the reasons that Congress has been able to balance the federal budget is that revenues have been rising steadily—last year by 11 percent. Part of the reason for that rise is that our strong economy has resulted in Americans making more and more money which, in turn, has propelled them into higher and higher tax brackets. According to economist Steve Moore at the Cato Institute, over the past five years, higher incomes have pushed millions of middle-income families out of the 15 percent marginal tax bracket and into the 28 percent bracket, and out of the 28 percent bracket and into the 31 percent bracket, and so on. While federal tax revenues have risen by 11 percent, income has only risen by 6 percent. The reason for this real income bracket creep is our graduated income tax system.

The tax code does not promote savings for people of all ages and incomes. In fact, in many ways our tax code discourages people from saving. America has one of the world's lowest national savings rates. The personal saving rate in the United States averaged only 4.9 percent during the 1990s compared to 7.4 percent in the 1960s and 8.1 percent in the 1970s. In 1998, we actually had negative savings rates. And it is no wonder—as I mentioned previously, the average family pays close to 40% of their income in taxes. In addition to a high tax burden which often is applied twice to savings, the rules for opening and investing in an IRA account of any kind are complex and restrictive. IRAs are tax-preferred retirement accounts—tax-free for certain purposes like education expenses, first-time home purchases, health care and retirement. But because a person must have earned income to open an IRA, children are not eligible to have them. Additionally, the maximum contribution amounts have not been indexed since 1981—they are still at $2,000 per year. If the maximum contribution had been indexed for inflation it would stand at close to $5,000 today.

Increasing the national savings rate is even more important when coupled with our impending Social Security collapse. As it currently exists, Social Security is not sustainable for the long term unless taxes are significantly raised or the program is reformed. Even so, the return that a taxpayer gets on his or her Social Security investment via the payroll tax has diminished every year since the program's inception. In fact, the predicted rate of return at retirement for those age 24–50 is somewhere between −.34 percent and −1.7 percent. The rate of return on an average IRA investment is between 7 and 11 percent.

The four bills that I am introducing today—on Tax Freedom Day—collectively present a program that will lower taxes, simplify the tax code, correct for bracket creep, and provide increased savings opportunities for all Americans regardless of age and income level.

The 10–20–30 tax plan will consolidate the five tax brackets of our current tax code into just three—10, 20 and 30%—both lowering the tax burden and simplifying our tax code at the same time. The bill will also increase the income threshold for the lowest tax bracket—currently just over $25,000 for individuals—to $35,000—all of which will be taxed at a much lower rate—10%. In my own state of Tennessee, nearly 85% of individual taxpayers make $35,000 or less and will now pay at this lower rate. For married couples, the threshold for the lowest bracket is currently $42,000. Under my bill, this amount would increase to $60,000 and be taxed at 10%. Instead of 15 or 28 percent, the majority of taxpayers would pay only 10% under my plan.

I know that this bill will not get passed this year, nor is it likely to get passed anytime in the near future. I introduce this bill, however, as my vision for where I think the tax code should ultimately end up. If we use a plan such as this as our compass and work incrementally to widen the brackets and reduce the tax rates whenever possible, we will be headed in the right direction.

The ‘‘Child Savings Account Act’’ would amend the Internal Revenue Code of 1986 to promote lifetime savings by allowing people to establish child savings accounts—or CSA's—within Roth IRAs and by allowing the savings to be used for education, first-time home purchases, and retirement. The bill will also expand the availability of Roth IRAs to all Americans, regardless of income, and will index contribution limits to inflation.

For low-income taxpayers, there are two important provisions which will help families with less disposable income save. First, up to $100 of each $500 child tax credit may be refundable to those qualifying for the Earned Income Credit. This refundable credit must be deposited in a CSA. Second, any person may contribute to a child's CSA. This means that churches and community groups could contribute to young people's CSA accounts as a birthday present or on a special occasion.

These Child Savings Accounts will arm our children for the future and decrease their reliance on the federal government. As a subset of the Roth tax-favored IRAs, Child Savings Accounts are available to new-born children from cradle to grave. In an increasingly complex tax world, CSAs are a sort of ‘‘one-stop IRA shopping’’ that allow for certain tax-free withdrawals and tax-free accumulation of retirement income.

If a parent, and then the child himself, contributed the maximum amount for his lifetime, the Child Savings Account would be worth nearly $5 million at age 65 and over $7 million by age 70. And that is using conservative estimates of return. Even if a parent could only contribute less than $10 a month for the first 18 years of a child's life, and the child then gradually increased his or her contribution up to $2000 per year by the time he or she turned 40, the account would be worth $460,000 at age 65 and $672,000 at age 70. Even if the parent or grandparent or church or guardian put only $100 in the account in only one year, the account would still be worth almost $50,000 at retirement age. The power of compound interest is incredible. Giving more Americans—and all of our children—access to this power is imperative.

The Bracket Creep Correction Act would index the tax brackets for real income growth. Tax brackets were not indexed for inflation until 1981 when Ronald Reagan was President. Indexing for real income growth is a logical and necessary next step. None other than Milton Friedman has announced his support for indexing tax brackets for wage growth. In addition to correcting for inflation, the tax code would also adjust for income growth—thus ending the squeeze that many taxpayers have felt as their tax burdens have risen at a faster rate than their incomes.

A fourth bill that I will introduce will address a tax inequity that has existed for some time and was made worse by the large tax increases of 1993. The ‘‘Tax Fairness for Support of the Permanently Disabled Act’’ would change the tax rates for the taxable income of a trust fund established solely for the benefit of a person who is permanently and totally disabled. Instead of being taxed at the highest tax rate (39.6%) for amounts over $7,500, the income of this fund would be taxed at the tax rates that would normally apply to regular income of the same amount. In essence, trust fund income would be treated as personal income for a permanently disabled person.

Mr. Nicholas Verbin of Nashville, Tennessee called my office about this problem a year or so ago. The problem was that he had established an irrevocable trust for his son Nicky, who is completely disabled, unable to work, and totally dependent on his dad to provide for him. Mr. Verbin has spent his whole life building up this trust fund so that his son can live off this lifetime of hard work after Mr. Verbin is gone. Mr. Verbin does not want his son to have to go on welfare or become a ward of the state. Instead, he has built up this fund so that his son can be self-sufficient after he dies. Apparently, the federal government would rather have Nicky on its welfare roles than have him take care of himself.

Instead of taxing the interest that Nicky's trust accumulates every year as simple income, which it is since Nicky has no other form of income, the IRS taxes the interest at the highest rate allowable—39.6%. Instead of helping this sum grow into a sort of pension fund for Nicky, the IRS has milked it for all its worth. If Nicky's trust earns more than $7,500 in interest in a year, the federal government takes $2,125 plus 39.5% of the amount above $7,500. Meanwhile, even Bill Gates does not pay 39.6% on the first $275,000 of his income. We are taxing disabled children at a rate that we don't even tax multimillionaires!

I believe that we should not punish Mr. Verbin for his foresight, nor should we punish Nicky for his disability. While a case could be made that Congress should eliminate the tax on this type of trust altogether, I have simply proposed that the interest income be treated like normal income for those disabled boys and girls, men and women who cannot work for themselves and depend on this interest as their only source of income.

Mr. President, the Budget Resolution that we recently passed calls for a reconciliation bill this year of $778 over 2000–2009 (and $142 billion 2000–2004) in tax relief. Even with the military operations in Kosovo and other emergency appropriations, a tax cut is not only possible but necessary to keep our economy growing.

While many tax credits and deductions are attractive, they further complicate our already complicated tax code, subject additional tax payers to the alternative minimum tax, and pit one group of taxpayers against another. I believe that Congress should enact across the board tax relief—like what I have outlined in my 10–20–30 bill—as the on-budget surplus allows. We must work toward lowering the tax rates on every bracket, widening the amounts subject to each bracket and correcting for bracket creep in order to make the tax code fairer, flatter and less complex.

We must also build more wealth in this country and encourage Americans to save. The Child Savings Account bill is a great savings vehicle for both rich and poor and has enormous potential for increasing retirement savings. Instead of being dependent on Social Security, sock some money away in an IRA and get set for life.●

ADDITIONAL COSPONSORS

S. 101

At the request of Mr. LUGAR, the name of the Senator from Iowa [Mr. HARKIN] was added as a cosponsor of S. 101, a bill to promote trade in United States agricultural commodities, livestock, and value-added products, and to prepare for future bilateral and multilateral trade negotiations.

S. 279

At the request of Mr. MCCAIN, the name of the Senator from Nevada [Mr.