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PROCEEDINGS AND DEBATES OF THE 106th CONGRESS, SECOND SESSION

SENATE—*Wednesday, October 25, 2000*

(Legislative day of Friday, September 22, 2000)

The Senate met at 11:01 a.m., on the expiration of the recess, and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

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

Dear Lord and Father of mankind
Forgive our feverish ways . . .
Take from our souls the strain and stress,
And let our ordered lives confess
The beauty of Your peace.—Whittier.

In this time of prayer, we claim the assurance given through Isaiah. You promise to keep us in perfect peace if we allow You to stay our minds on You. This is the peace we need today. The conflict and tension of these days threaten to rob us of peace in our souls. It is easy to catch the emotional virus of frustration and exasperation, criticism and consternation, party spirit and quid pro quo manipulation.

Then we remember that Your peace is the healing antidote that can survive any circumstance. Give us the peace of a trusting and committed mind guided by Your Spirit. May Your deep peace flow into us, calming our impatience and flow from us to others claiming Your inspiration. In the name of the Prince of Peace who whispers in our souls, ''Peace I leave with you, My peace I give to you; not as the world gives do I give to you. Let not your heart be troubled, neither let it be afraid.''—John 14:27. May this be a great day of working cooperatively to finish the work of the 106th Congress for Your glory and the good of America. Amen.

PLEDGE OF ALLEGIANCE

The Honorable GEORGE V. VOINOVICH, a Senator from the State of Ohio, 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 PRESIDING OFFICER (Mr. VOINOVICH). The able acting majority leader is recognized.

SCHEDULE

Mr. STEVENS. Mr. President, speaking on behalf of the leader, for the information of all Senators, the Senate will be in a period of morning business until 12:30 p.m. today, with Senators DURBIN and THOMAS in control of the time. At 12:30, the Senate will recess until 2:15 for the weekly party conferences to meet. The House is expected to consider the continuing resolution this morning and the conference report to accompany the foreign operations appropriations bill this afternoon.

Therefore, the Senate will begin its consideration of those bills as soon as they become available. It is expected that the final votes regarding S. 2508, the Ute Indian water rights bill, will be this afternoon. Senators should be prepared to vote beginning around 4:30 this afternoon and throughout the remainder of the week in an effort to complete all business by the end of the week.

The leader thanks all Senators for their attention to this schedule.

RESERVATION OF LEADER TIME

THE PRESIDING OFFICER. Under the previous order, the leadership time is reserved.

MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of morning business not to extend beyond the hour of 12:30 p.m., with Senators permitted to speak therein for up to 5 minutes each.

The Senator from Alaska.

DAIRY MARKET ENHANCEMENT ACT OF 2000

Mr. STEVENS. Mr. President, I ask unanimous consent that the Agriculture Committee be discharged from further consideration of S. 2773, and the Senate then proceed to its immediate consideration.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report the bill by title.

The legislative clerk read as follows:

A bill (S. 2773) to amend the Agricultural Marketing Act of 1946 to enhance dairy markets through dairy product mandatory reporting, and for other purposes.

There being no objection, the Senate proceeded to consider the bill.

AMENDMENT NO. 4340

Mr. STEVENS. Senator CRAIG has an amendment at the desk, and I ask for its consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Alaska [Mr. STEVENS], for Mr. CRAIG, proposes an amendment numbered 4340.

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

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

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Dairy Market Enhancement Act of 2000''.

SEC. 2. DAIRY PRODUCT MANDATORY REPORTING.

The Agricultural Marketing Act of 1946 (7 U.S.C. 1621 et seq.) is amended by adding at the end the following:

''Subtitle C—Dairy Product Mandatory Reporting

''SEC. 271. PURPOSE.

''The purpose of this subtitle is to establish a program of information regarding the marketing of dairy products that—

''(1) provides information that can be readily understood by producers and other market participants, including information with respect to prices, quantities sold, and inventories of dairy products;

● This ''bullet'' symbol identifies statements or insertions which are not spoken by a member of the Senate on the floor.

''(2) improves the price and supply reporting services of the Department of Agriculture; and

''(3) encourages competition in the marketplace for dairy products.

''SEC. 272. DEFINITIONS.

''In this subtitle:

''(1) DAIRY PRODUCTS.—The term 'dairy products' means manufactured dairy products that are used by the Secretary to establish minimum prices for Class III and Class IV milk under a Federal milk marketing order issued under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937.

''(2) MANUFACTURER.—The term 'manufacturer' means any person engaged in the business of buying milk in commerce for the purpose of manufacturing dairy products.

''(3) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture.

''SEC. 273. MANDATORY REPORTING FOR DAIRY PRODUCTS.

''(a) ESTABLISHMENT.—The Secretary shall establish a program of mandatory dairy product information reporting that will—

''(1) provide timely, accurate, and reliable market information;

''(2) facilitate more informed marketing decisions; and

''(3) promote competition in the dairy product manufacturing industry.

''(b) REQUIREMENTS.—

''(1) IN GENERAL.—In establishing the program, the Secretary shall only—

''(A)(i) subject to the conditions described in paragraph (2), require each manufacturer to report to the Secretary information concerning the price, quantity, and moisture content of dairy products sold by the manufacturer; and

''(ii) modify the format used to provide the information on the day before the date of enactment of this subtitle to ensure that the information can be readily understood by market participants; and

''(B) require each manufacturer and other person storing dairy products to report to the Secretary, at a periodic interval determined by the Secretary, information on the quantity of dairy products stored.

''(2) CONDITIONS.—The conditions referred to in paragraph (1)(A)(i) are that—

''(A) the information referred to in paragraph (1)(A)(i) is required only with respect to those package sizes actually used to establish minimum prices for Class III or Class IV milk under a Federal milk marketing order;

''(B) the information referred to in paragraph (1)(A)(i) is required only to the extent that the information is actually used to establish minimum prices for Class III or Class IV milk under a Federal milk marketing order;

''(C) the frequency of the required reporting under paragraph (1)(A)(i) does not exceed the frequency used to establish minimum prices for Class III or Class IV milk under a Federal milk marketing order; and

''(D) the Secretary may exempt from all reporting requirements any manufacturer that processes and markets less than 1,000,000 pounds of dairy products per year.

''(c) ADMINISTRATION.—

''(1) IN GENERAL.—The Secretary shall promulgate such regulations as are necessary to ensure compliance with, and otherwise carry out, this subtitle.

''(2) CONFIDENTIALITY.—

''(A) IN GENERAL.—Except as otherwise directed by the Secretary or the Attorney General for enforcement purposes, no officer, employee, or agent of the United States shall make available to the public information, statistics, or documents obtained from or submitted by any person under this subtitle other than in a manner that ensures that confidentiality is preserved regarding the identity of persons, including parties to a contract, and proprietary business information.

''(B) RELATION TO OTHER REQUIREMENTS.—Notwithstanding any other provision of law, no facts or information obtained under this subtitle shall be disclosed in accordance with section 552 of title 5, United States Code.

''(3) VERIFICATION.—The Secretary shall take such actions as the Secretary considers necessary to verify the accuracy of the information submitted or reported under this subtitle.

''(4) ENFORCEMENT.—

''(A) UNLAWFUL ACT.—It shall be unlawful and a violation of this subtitle for any person subject to this subtitle to willfully fail or refuse to provide, or delay the timely reporting of, accurate information to the Secretary in accordance with this subtitle.

''(B) ORDER.—After providing notice and an opportunity for a hearing to affected persons, the Secretary may issue an order against any person to cease and desist from continuing any violation of this subtitle.

''(C) APPEAL.—

''(i) IN GENERAL.—The order of the Secretary under subparagraph (B) shall be final and conclusive unless an affected person files an appeal of the order of the Secretary in United States district court not later than 30 days after the date of the issuance of the order.

''(ii) FINDINGS.—A finding of the Secretary under this paragraph shall be set aside only if the finding is found to be unsupported by substantial evidence.

''(D) NONCOMPLIANCE WITH ORDER.—

''(i) IN GENERAL.—If a person subject to this subtitle fails to obey an order issued under this paragraph after the order has become final and unappealable, or after the appropriate United States district court has entered a final judgment in favor of the Secretary, the United States may apply to the appropriate United States district court for enforcement of the order.

''(ii) ENFORCEMENT.—If the court determines that the order was lawfully made and duly served and that the person violated the order, the court shall enforce the order.

''(iii) CIVIL PENALTY.—If the court finds that the person violated the order, the person shall be subject to a civil penalty of not more than $10,000 for each offense.

''(5) FEES.—The Secretary shall not charge or assess a user fee, transaction fee, service charge, assessment, reimbursement fee, or any other fee under this subtitle for—

''(A) the submission or reporting of information;

''(B) the receipt or availability of, or access to, published reports or information; or

''(C) any other activity required under this subtitle.

''(6) RECORDKEEPING.—Each person required to report information to the Secretary under this subtitle shall maintain, and make available to the Secretary, on request, original contracts, agreements, receipts, and other records associated with the sale or storage of any dairy products during the 2-year period beginning on the date of the creation of the records.

''(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section.''.

Mr. STEVENS. I ask unanimous consent the amendment be agreed to, the bill be read for the third time and passed, the motion to reconsider be laid on the table, and any statements relating to this bill be printed in the RECORD.

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

The amendment (No. 4340) was agreed to.

The bill (S. 2773), as amended, was read the third time and passed.

NATIONAL RECORDING PRESERVATION ACT OF 2000

Mr. STEVENS. Mr. President, I ask unanimous consent the Senate proceed to the immediate consideration of H.R. 4846, which is at the desk.

The PRESIDING OFFICER. The clerk will report the bill by title.

The legislative clerk read as follows:

A bill (H.R. 4846) to establish the National Recording Registry in the Library of Congress to maintain and preserve sound recordings that are culturally, historically, or aesthetically significant, and for other purposes.

There being no objection, the Senate proceeded to consider the bill.

AMENDMENT NO. 4341

Mr. STEVENS. Mr. President, it is my understanding Senator DASCHLE and others have an amendment at the desk and I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Alaska [Mr. STEVENS], for Mr. DASCHLE, for himself, Mr. LEAHY, and Mr. WYDEN, proposes an amendment numbered 4341.

Mr. STEVENS. I ask unanimous consent reading of the amendment be dispensed with.

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

The amendment is as follows:

In section 101, insert ''and collections of sound recordings'' after ''recordings''.

In section 102(a)(1), insert ''and collections of sound recordings'' after ''recordings''.

In section 102(a)(1), strike ''10 years'' and insert ''25 years''.

In section 102(a)(3), insert ''and collections of sound recordings'' after ''recordings''.

In section 102(b), insert ''or collection of sound recordings'' after ''recording''.

In section 103(a), insert ''or collection of sound recordings'' after ''recording'' each place it appears.

In section 103(b)(1), insert ''or collection of sound recordings'' after ''sound recording''.

In section 103(b)(4), insert ''or collection of sound recordings'' after ''sound recording'' the first place it appears.

In section 103(c), insert ''or collection of sound recordings'' after ''sound recording''.

In section 103(c), strike ''recording,'' and insert ''recording or collection,''.

In section 104(a), insert ''(including electronic access)'' after ''reasonable access''.

In the heading for section 122(d)(2), insert ''OR ORGANIZATION'' after ''ORGANIZATION''.

In section 124(a)(1), insert ''and collections of sound recordings'' after ''recordings'' the first place it appears.

Add at the end of section 124 the following new subsection:

(c) ENCOURAGING ACCESSIBILITY TO REGISTRY AND OUT OF PRINT RECORDINGS.—The Board shall encourage the owners of recordings and collections of recordings included in the National Recording Registry and the owners of out of print recordings to permit digital access to such recordings through the National Audio-Visual Conservation Center at Culpeper, Virginia, in order to reduce the portion of the Nation's recorded cultural legacy which is inaccessible to students, educators, and others, and may suggest such other measures as it considers reasonable and appropriate to increase public accessibility to such recordings.

Insert after section 125 the following new section:

SEC. 126. ESTABLISHMENT OF BYLAWS BY LIBRARIAN.

The Librarian may establish such bylaws (consistent with this subtitle) as the Librarian considers appropriate to govern the organization and operation of the Board, including bylaws relating to appointments and removals of members or organizations described in section 122(a)(2) which may be required as a result of changes in the title, membership, or nature of such organizations occurring after the date of the enactment of this Act.

Redesignate section 133 as section 134 and insert after section 132 the following new section:

SEC. 133. ENCOURAGING ACTIVITIES TO FOCUS ON RARE AND ENDANGERED RECORDINGS.

Congress encourages the Librarian and the Board, in carrying out their duties under this Act, to undertake activities designed to preserve and bring attention to sound recordings which are rare and sound recordings and collections of recordings which are in danger of becoming lost due to deterioration.

Mr. STEVENS. Mr. President, I ask unanimous consent the amendment be agreed to, the bill, as amended, be read for the third time and passed, the motion to reconsider be laid on the table, and the title amendment be agreed to, with no intervening action or debate.

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

The amendment (No. 4341) was agreed to.

The bill (H.R. 4846), as amended, was read the third time and passed.

The title amendment (No. 4342) was agreed to, as follows:

Amend the title to read as follows: ''A Bill to establish the National Recording Registry in the Library of Congress to maintain and preserve sound recordings and collections of sound recordings that are culturally, historically, or aesthetically significant, and for other purposes.''.

DISCRETIONARY SPENDING CAPS

Mr. STEVENS. Mr. President, I wish to make a statement about the discretionary spending caps that will be coming before the Senate on the foreign assistance appropriations bill. There is a provision on that bill which is required to adjust the spending caps because of the limitations in the 1997 Budget Act.

Subsection (a) of the amendment that will be before the Senate increases the discretionary cap for budget authority under the Balanced Budget Act of 1997 from $541.1 billion to $637 billion, and increases the discretionary cap for general purpose outlays under the Balanced Budget Act of 1997 from $547.3 billion to $612.7 billion.

When discretionary highway and mass transit outlays of $32.3 billion—separate cap categories—are added to this amount, we will have allowable discretionary spending of $645 billion under this raised cap.

Subsection (b)(1) includes emergency spending already committed during this session under the new cap limits. Emergency spending is usually excluded from cap limits. In this instance, we have included such spending within the cap limits in order to be assured we will not invade the Social Security surplus.

We have another subsection, (b)(2), that provides for adjustments under these caps to continue, as permitted by current law, for continuing disability reviews, CDRs: $450 million in budget authority; the earned-income tax compliance initiative, EITC, that is $145 million in budget authority, and adoption assistance of $20 million in budget authority; and for an outlay adjustment of 0.5 percent.

Subsection (c) provides for a 0.5-percent adjustment for budget authority to cover the differences between CBO and OMB scoring methods. A similar adjustment was provided last year.

These caps assure us that we will have the funds available to deal with the remaining two bills that are very contentious; the State-Justice-Commerce bill and the Labor-Health and Human Services bill. For each of those bills, we allocated portions of the 302(b) authority that was given to our Appropriations Committee under the budget resolution for the year 2001. However, after those bills had passed and gone to conference, we recovered portions of the 302(b) allocation and allocated that to Housing and Urban Development and the energy and water bill. The result is that these two bills that are in conference now do not have the full funding that would be required to bring them back across the floor to the Senate.

This adjustment to the 2001 discretionary spending caps, as contained in the foreign assistance bill that will be before the Senate, I hope this afternoon, are necessary in order that those two bills can be reallocated funding sufficient to assure that they will be able to be considered and passed by the Senate.

It has been a very difficult year for the Appropriations Committee because of the circumstances, because of the differences between the President's budget and the congressional budget resolution. There is a substantial gap between those two documents, and we have done our best to work with them. This action that we have taken now to lift the spending caps will give us the opportunity to work out the differences with the administration. I do believe that should and can be completed today. It is my firm hope we will complete action on the other two bills today so the House may commence consideration of them tomorrow and that the Senate will consider them Friday. That, of course, is going to take a lot of understanding and cooperation from all Members of the Senate, and I for one urge that take place.

I have not been home since the first week of August. We, on the Appropriations Committee, have been working around the clock on this process since the second week of August. It is time this come to an end. The disputes and conflicts between the bills, and between the administration and the Congress, between the House and Senate, and between Members of each body and within each body, are the most intensive I have ever seen. But it is time we realize that at the end of this week we will be 1 week away from the elections. I do not think Congress ought to be in session in the week before the elections, and I am going to do my utmost to see that we finish these bills by Friday.

If that is not possible, the leader will have to decide what we do. I, for one, intend to go home Saturday.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mrs. BOXER. Mr. President, are we in morning business?

The PRESIDING OFFICER. We are in morning business. Senators are to be recognized for up to 5 minutes each.

Mrs. BOXER. I ask unanimous consent that I be recognized for 10 minutes.

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

POLITICS AND ELECTIONS

Mrs. BOXER. Mr. President, there is so much happening in the world of politics and elections, it is almost hard to know what topic to talk about. Education is certainly No. 1 on the agenda of the American people, and we are now in the final stages, I hope, of agreeing—I am hopeful—on an education bill for our country. We have made some good progress. I am very glad; it appears President Clinton's budget priority for afterschool programs is winning out. I am hoping that is the case.

Many of us have worked long and hard to make the point that afterschool care is crucial, that it is the

best antidote to high crime, juvenile crime that occurs in the afternoons after school. It is a no-brainer. We know if kids are kept occupied after school, it keeps them out of trouble. We have seen these programs work. We have seen that juvenile crime occurs between 3 and 6 p.m. If children are engaged in stimulating activity after school, it helps.

President Clinton and the Democrats have been trying to ensure that the 1 million children who are waiting for afterschool programs, in fact, get afterschool programs. After reading press reports, I am glad to report to my colleagues that this looks as if it is on the way. However, we still have a major disagreement on school construction. I have seen some of our schools that are falling apart. Again, I hope we can reach agreement on this crucial issue.

The two candidates for President have been arguing over education. The good news is that education is the topic of the day. It is important, when we realize we have to import people to come into this country to take the high-tech jobs, and what a tragedy it is that our young people are not trained. So education is key.

Of course, there is an argument between the two candidates on whether or not education should be a national priority, which is Vice President GORE's view, or Governor Bush's view that really the National Government should not get very involved. This is a key distinction.

I side with Dwight Eisenhower, a Republican President, who said it is crucial to our national defense to have education as a top priority and to make sure that our young people are educated in math, science, and reading, everything they have to know—even in those days before high tech. I think Vice President GORE is correct.

There is also a flap over some claims that the Texas students were doing really well. It turns out that the independent Rand report issued just yesterday says, in fact, those Texas students were not tested with national tests. If one looks at the national tests, they are just not making it. Clearly, this education issue is going to go on.

I come here as a member of the Foreign Relations Committee to talk about another issue, a very important issue, and that is an issue that is being debated in the Foreign Relations Committee right now. I am not on the particular subcommittees that are holding this hearing, but it seems to me the hearing going on about U.S.-Russia policy in 1995 are really aimed at trying to take a hit at Vice President GORE.

It is interesting that Republican officials who are speaking up 2 weeks before the election never even talked about the agreement that came out of those meetings in 1995. They did not talk about them for 5 years, but 2 weeks before an election they are out there trying to hurt the Vice President. This is politics at its very worst.

Frankly, what we ought to be talking about is foreign policy in the years 2000 and 2001 in this century because some of the comments made by Governor Bush and his advisers are raising all kinds of alarms throughout the world. It is important that they be put on the table. These remarks have to do with the U.S. policy in the Balkans. Advisers to Governor Bush have followed up on his statements he made in the last debate that if he was elected President, he would negotiate for the removal of all U.S. peacekeeping troops from the Balkans. As one can imagine, this announcement has set off alarms in capitals of our European allies who rightly believe that such a policy would weaken and divide NATO.

One of the things that alarmed me about Governor Bush's comments was he said our military is really there to fight wars and win wars, not to keep the peace; that is our role. That puts our people in a very difficult position because if, in fact, we have a situation where suddenly our military is no longer involved in peacekeeping but only in fighting, then I think our NATO allies will say: OK, you do the fighting, we will do the peacekeeping. And it means that our troops will be in harm's way and our pilots will be in harm's way. This is a great concern to me.

According to today's New York Times, Lord Robertson, the NATO Secretary General, has regularly told visiting American Congressmen that the Bush proposal could undermine the whole idea of risk sharing, which is precisely the glue that holds our alliance together.

The Washington Post quotes one European Ambassador saying:

> If the U.S. says it will not perform certain tasks, then the basic consensus of "all for one and one for all" begins to unravel. . . . The integrated military command could fall apart and so would [our] alliance.

Mr. ENZI. Mr. President, will the Senator yield for a unanimous consent request?

Mrs. BOXER. I will be happy to yield as long as I do not lose time and do not lose my right to the floor.

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

Mr. ENZI. I thank the Senator from California.

UNANIMOUS CONSENT AGREEMENT—THE CONTINUING RESOLUTION

Mr. ENZI. Mr. President, I ask unanimous consent that at 4:30 p.m. today, provided that the Senate has received the papers, the Senate proceed to the consideration of the 1-day continuing resolution, and no amendments or motions be in order, and that the Senate proceed to an immediate vote on final passage of the joint resolution.

The PRESIDING OFFICER. Is there objection?

Mrs. BOXER. Reserving the right to object, I just want to find out if this was cleared on our side.

Mr. ENZI. This was cleared on both sides.

Mrs. BOXER. Then I have no objection.

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

Mr. ENZI. In light of this agreement, the first vote today will occur at 4:30 p.m.

I thank the Senator.

Mrs. BOXER. I thank my friend.

POLITICS AND ELECTIONS

Mrs. BOXER. Let me take us back from before the unanimous consent request was made and kind of summarize where I was going.

We had a statement by Governor Bush. The statement was that he wanted to see all of those peacekeeping troops come home from the Balkans. He said we should not be involved in peacekeeping, only in fighting. As a member of the Foreign Relations Committee, I am concerned and clearly our NATO allies are concerned. Lord Robertson, the NATO Secretary General, again, has said this could undermine our relationship with our NATO alliance.

The Washington Post says one European Ambassador was quoted as saying: If the U.S. says it will not perform certain tasks, then the basic consensus of NATO begins to unravel.

Now, I remember being very surprised, because I was at the second debate, when Governor Bush made the point that we were carrying the load in the Balkans in terms of the peacekeeping troops. I knew that was incorrect. The fact is, American troops are no more than 20 percent of the total. American aid represents no more than 20 percent of what is being provided to Bosnia and Kosovo.

I would hate to see us walk away from peacekeeping and tell everyone we are the fighters; and then have our allies say: OK, you do the fighting; we do the peacekeeping. It is of great concern to me.

Mr. President, I ask unanimous consent to have printed in the RECORD some editorials that have been written on this subject by the New York Times, the Washington Post, and USA Today.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Washington Post, Oct. 24, 2000]

RISKING NATO

Gov. George W. Bush wants a new "division of labor" within NATO, the U.S.-European alliance that has helped keep the peace for the past half-century. His proposal would more likely lead to a division of NATO itself—to the end of the alliance.

Mr. Bush hinted at this view before, with his denunciation of U.S. ''nation-building'' in the Balkans, but it was his national security adviser, Condoleezza Rice, who spelled out exactly what he means in a New York Times interview published Saturday. Ms. Rice said that America's allies in Europe should furnish the ground troops for missions such as peacekeeping in Kosovo and Bosnia, while the United States should offer ''the kind of support we can provide, such as air power.'' In other words: You Europeans take all the risks while we hover safety above the fray. No allies would long accept such a deal, nor should they be expected to.

The proposal is particularly misguided given that European allies already are bearing the brunt of peacekeeping duties in the Balkans. They provide about four-fifths of needed troops. The United States has deployed some 11,000 troops in Kosovo and Bosnia, less than one percent of its active duty force. For the United States, this is a win-win situation: Its policy is implemented, but the burden of implementation is widely shared. Under Ms. Rice's proposal, which was officially endorsed by Bush campaign headquarters, the United States would lose its ability to steer policy, risk the world's most successful alliance—and very likely inherit a far larger burden once the Balkans erupted again.

The Clinton Administration has picked an unfortunate argument in response. Secretary of State Madeleine Albright, again to the Times, said that even raising the issue was dangerous to U.S. interests. This recalls the Gore-Lieberman campaign's contention that Mr. Bush's criticism of U.S. military readiness is dangerous because it comforts U.S. enemies. This effort to squelch debate is preposterous; these are precisely the kinds of issues that should be aired in a campaign.

The more sensible response would be to point out that the Clinton-Gore policies seems to be having an effect. The Balkans are at peace; democracy is sprouting almost everywhere; even the apparently invulnerable Slobodan Milosevic has been knocked from his perch. Of course many problems remain, the gains are fragile and, yes, U.S. troops will be needed for some time. But surely helping democracy take root throughout Europe is worth the modest price of that modest deployment.

[From the New York Times, Oct. 24, 2000]

NO TIME FOR A BALKAN EXIT

Sharp contrasts emerged over the weekend in the way the Bush and Gore campaigns view America's proper military role in Europe. The debate began when Condoleezza Rice, one of Gov. George W. Bush's leading foreign policy advisers, told The Times's Michael Gordon that a Bush administration would ask European members of NATO to gradually take over full responsibility for providing peacekeeping forces for Bosnia and Kosovo. Vice President Gore countered that carrying out such a policy could destabilize the Balkans and jeopardize the future of NATO, America's most important military alliance.

Debates over how and where United States military forces should be stationed are a healthy part of presidential contests. Ms. Rice's proposal is consistent with the Bush campaign's view that extended peacekeeping missions degrade the combat readiness of American military forces and that the Pentagon should concentrate its resources on preparing for crises where Washington alone has the might to deter, and, if necessary, combat aggression, whether in the Persian Gulf, the Korean Peninsula or a future military conflict in Europe.

But on the specifics of America's role in the Balkans, Ms. Rice's proposal is misguided for several reasons. The job of securing peace in Bosnia and Kosovo is far from complete. The American share of the peacekeeping has already been substantially reduced. Finally, the NATO alliance has been built on a concept of shared risk that is inconsistent with a total withdrawal of American ground forces from Balkan peacekeeping.

It is true that military conditions in Bosnia are now more stable than they were when NATO troops were first introduced five years ago and that the situation in Kosovo has also improved in the year since Serbian forces withdrew. But in neither place is there yet enough security for displaced refugees to return to their homes or for elections to take place without the risk of physical intimidation. The departure of Slobodan Milosevic from Yugoslavia's presidency creates new opportunities for easing tensions in both Bosnia and Kosovo, provided local troublemakers can be kept in check. That will require a continued strong NATO presence.

The Clinton administration, meanwhile, has done a good job of insisting that America's share of peacekeeping responsibilities be steadily reduced. There are now only 11,400 American troops in the Balkans, about one-fifth of the NATO total. When NATO first went into Bosnia, about a third of its 60,000 troops were Americans. Balkan peacekeeping costs account for just over 1 percent of the Pentagon's $280 billion budget, leaving more than enough for military needs elsewhere.

Asking Europe to accept a total withdrawal of American ground forces from the Balkans needlessly challenges some of the basic assumptions of the Western military alliance. NATO was formed not just to counter Soviet bloc military threats. It was also designed to eliminate some of the historic military rivalries in Europe that led to two world wars. NATO provides a framework for European and American forces to cooperate in joint operations under a single overall commander—traditionally an American. Europe cannot be expected to accept an alliance in which Washington exercises political and military leadership but does not subject its own forces to any of the risks of ground operations. The Bush campaign is right when it insists that the United States must be selective in where it stations ground forces. But the Balkans is not the place to cut back.

[From the USA Today, Oct. 24, 2000]

BUSH TAKES UNWISE STEP AWAY FROM PEACEKEEPING

TODAY'S DEBATE: U.S. AND EUROPE

OUR VIEW: FOR THE U.S. TO LEAD NATO, IT MUST PARTICIPATE

Most Americans want to see their country as a world leader, but they are unenthusiastic about the human and financial costs of doing what may be necessary to lead. So it's no surprise that both presidential candidates have treaded carefully on defining America's future role in peacekeeping.

But during the weekend, the Bush campaign refined its position in a way that's likely to win votes while weakening the United States' leadership role in Europe.

In a proposal that plays into the public's ambivalence, George W. Bush's senior national security aide, Condoleezza Rice, suggested that a Bush administration would tell NATO that Europeans should take over peacekeeping in the Balkans. The U.S. would focus instead on potential trouble spots where it alone can act, she said, such as the Persian Gulf and the Taiwan Straits.

Her remarks were an effort to flesh out Bush's repeated theme that U.S. forces should focus on the ability to fight wars, not what he derides as ''nation building.'' It's appealing logic to a country that has never been enthusiastic about long-term foreign commitments. But it is rooted in the dubious assumption that the United States can effectively lead NATO, the West's primary defense alliance, without being a full player.

Both the recent history of the Balkans and the longer-term history of Europe say that is shortsighted.

The tragedy of post-Cold War Europe in the '90s was that our allies were unable to deal with chaos, ''ethnic cleansing'' and the serious threat of an expanding war on their doorstep until the United States belatedly got involved. In both Bosnia and Kosovo, European governments squabbled among themselves until the United States finally agreed to share some of the risk on the ground. The ethnic cleansing was curtailed without a single U.S. casualty.

Today, Americans comprise less than 20% of the Bosnia-Kosovo peacekeeping force, a contribution former NATO commander Wesley Clark calls the bare minimum if the United States wants to have any influence on NATO actions there. If the United States were to pull out, the record suggest it would be naive to expect Europe to respond meaningfully to the next Bosnia or Kosovo.

The deeper risk extends beyond the Balkans to the overall U.S. role in NATO. Since NATO's formation in the wake of World War II, it has served to quiet the continent's longstanding rivalries. Weakening U.S. leadership would set off a counterproductive race to fill the gap, with unfavorable consequences for U.S. interests.

A core part of the Bush argument is that the armed forces are too stretched to manage peacekeeping and prepare for war effectively. But the U.S. deployment to the Balkans is less than 10% of our military in Europe, and the cost is scarcely 1% of the Pentagon budget. Whatever shortcomings there may be in defense readiness or troop morale, blaming them on Balkans peacekeeping defies logic.

Vice President Gore, who played a central role in the Clinton administration's policy in the Balkans, accused Bush of a ''lack of judgment and a complete misunderstanding of history.''

Expecting Europe to act decisively on its own or to accept U.S. leadership without at least token U.S. involvement in the field is sadly unrealistic.

Mrs. BOXER. I am going to read a little bit from those editorials when I can find my glasses, which is an important thing. Here they are. When I started out in politics, I did not need these reading glasses. So that shows you how long I have been around.

This is from the Washington Post:

The Balkans are at peace; democracy is sprouting almost everywhere; even the apparently invulnerable Slobodan Milosevic has been knocked from his perch. Of course, many problems remain, the gains are fragile and, yes, U.S. troops will be needed for some time. But surely helping democracy take root throughout Europe is worth the modest price of that modest deployment [of peacekeeping troops].

The New York Times says that George Bush's adviser's proposal is misguided. That is the proposal to say that we will no longer participate in peacekeeping.

The job of securing peace in Bosnia and Kosovo is far from complete. The American share of the peacekeeping has already been substantially reduced. Finally, the NATO alliance has been built on a concept of shared risk that is inconsistent with a total withdrawal of American ground forces from Balkan peacekeeping.

Now, we know that America's share, they say, of peacekeeping responsibilities is steadily reducing.

There are now only 11,400 American troops in the Balkans, about one-fifth of the NATO total. When NATO first went into Bosnia, about a third of its 60,000 troops were Americans. Balkan peacekeeping costs [are only] 1 percent of the Pentagon's . . . budget. . . .

Asking Europe to accept a total withdrawal of American ground forces from the Balkans needlessly challenges some of the basic assumptions of [our] western military alliance.

Our Western military alliance has served us well. Why would we now—when we see the tinderbox over in the Middle East—come up with a plan that would shake up our allies, that would worry our friends? This is the time not to make those kinds of proposals. And those proposals themselves are dangerous for the world.

I will also quote from USA Today. So you are seeing a whole number of newspapers coming out against this Bush plan.

They say:

The deeper risk extends beyond the Balkans to the overall U.S. role in NATO. Since NATO's formation in the wake of World War II, it has served to quiet the continent's longstanding rivalries. Weakening U.S. leadership would set off a counterproductive race to fill the gap, with unfavorable consequences for U.S. interests.

I have to believe this kind of a policy—either it was not thought out or it is a radical departure from what has worked for us not only through the cold war but after the cold war. Governor Bush says we can't do all this alone. And I agree with him; we can't do all this alone. But the bizarre thing is, he is pulling us out of a situation—or would want to, if he were President—where we are only about 20 percent of the force. This is an example of the way we ought to integrate all of the responsibilities of the various allies. I find it amazing that this policy would come up at this time when we have the world in such a precarious position as we look at what is happening in the Middle East.

So in any event, in closing, I will make these points in two areas: education and foreign policy.

I think there are some interesting new developments the American people ought to look at. One, we have a candidate for President, who is the Governor of Texas, who is using Texas as the model. We just learned that Texas is almost dead last as a place people would want to raise their children. That is an unbiased report that came out. We have a Rand study, which is a study that Bush himself has cited, which says these kids in Texas are simply not making it.

We now have this foreign policy fiasco. While the Republicans want to look at what went on in 1995 between Russia and America, we now realize that what we ought to be looking at is this latest proposal by Governor Bush, and to try to debunk it, that would say we ought to pull our peacekeeping troops out, that America should not even have a role in peacekeeping. It is rattling our NATO allies.

Again, NATO has served us well. Why? Because we all cooperate and we work together and we come up with plans together. And to have this, if you will, ''Molotov cocktail'' from George Bush just thrown out—unprovoked—to shake up our NATO allies, and say, ''We are not going to do peacekeeping; we are going to do fighting,'' I say to this Senate that I do not like that division of responsibilities, where America does all the fighting and our NATO allies do the peacekeeping.

I do not like shaking up our allies at this time. I think it shows a certain recklessness, a certain lack of experience, a certain misunderstanding of history of what it has been like for us to build these alliances. As a member of the Foreign Relations Committee, I am very concerned by this proposal. I believe it will have a very negative impact.

I am someone who has fought long and hard for burdensharing. I have offered a number of amendments in the House and the Senate asserting that it is important our allies carry their fair share. I will go on record as saying 80 percent of the troops in the Balkans is a fair share; 80 percent of our commitment in the Balkans is being paid by the Europeans, 20 percent by the Americans. That is good. That is a fair share. That is working.

To throw this kind of a proposal out there at this time when the Middle East is in crisis, when we need our allies at the table, when we need good relationships with our friends, shows a certain irresponsibility and riskiness upon which the American people are not going to look very kindly. And certainly, while the Foreign Relations Committee is beating up on the Vice President 2 weeks before an election about Russia-United States relations; our problem today isn't Russia-United States relations; our problem today is trying to do the best we can with our allies in the world to end some of these tragedies going on in the Middle East, to work for a new Yugoslavia that is democratic, to make sure we build on Madeleine Albright's seeming success in North Korea where, by the way, we have 37,000 troops. Maybe my friend from Illinois knows this. I did not hear any comments about pulling out troops from the Koreas, but maybe that is his next proposal, where we have kept the peace and stability.

Mr. DURBIN. If the Senator from California will yield.

Mrs. BOXER. I am happy to yield.

Mr. DURBIN. She has raised an important point. Most people would agree that the Governor of Texas has limited personal exposure and experience when it comes to foreign policy issues. That does not mean he is disqualified. There have been Presidents who have been Governors. But we have to judge him on what he has said.

His suggestion of the withdrawal of troops in some parts of the world raises serious questions as to whether or not he has considered the consequences. The United States made a commitment, for example, in Europe after World War II to stop the spread of communism. It cost the American people trillions of dollars. It paid off: 250 years later, communism is virtually wiped off the map and these countries, the Balkans and eastern European countries, now enjoy democracy and freedom.

There was only one country in the world that could do that, and that was the United States. We have military skill, the great men and women in uniform, and we have a reputation of involving ourselves in foreign policy—not to come away with any property or treasure; we are there to try to promote the ideals and values of our country.

So when Governor Bush suggests withdrawing troops in some parts of the world, you have to wonder, has he really reflected on this? Has he taken the time to try to measure why he would change policies that even his father supported, perhaps President Reagan supported, and now he wants to change these policies and approaches?

This is an important element. Thank goodness we live in a world that is generally at peace, but it is a dangerous world that at any moment can flare up. We need leadership in the White House that understands the consequences of its actions.

I salute the Senator from California. What we are seeing happen today in North Korea—where they are finally talking to us; they are finally agreeing to perhaps end the missile testing—is a very positive development. It is only because the United States made a commitment in South Korea with the lives of our service men and women and then kept troops there to protect it that we have reached that point today.

Mrs. BOXER. I thank my friend.

I ask unanimous consent that Senator DURBIN be given 5 minutes following the completion of my time.

Mr. KYL. Mr. President, I did not hear the request.

Mrs. BOXER. I ask that Senator DURBIN be given 5 minutes when I conclude my time.

Mr. KYL. I object, Mr. President, on the ground that I was going to speak at a quarter till.

Mr. DURBIN. May I make an inquiry of the Chair?

The PRESIDING OFFICER (Mr. ENZI). The Senator from Illinois.

Mr. DURBIN. I want to be fair to my colleagues. It was my understanding that the Democratic side would have the first 25 minutes in morning business and then the Republican side. But in the interest of my colleagues who have given up their own time, I am happy to work out an arrangement with them.

The PRESIDING OFFICER. Is the objection over adding 5 minutes or taking the 5 minutes?

Mr. KYL. Let me withdraw the objection.

Mrs. BOXER. I was just making sure that Senator DURBIN would be recognized for the next 5 minutes.

Mr. KYL. Mr. President, might I withdraw my objection. I did not understand the Senator's request. My understanding was that the minority time would have expired about now. I understand that is not the case. Therefore, I do not object to the request of the Senator from California to have Senator DURBIN speak next. I was hoping to be able to speak before noon, but that may not be possible.

Mr. DURBIN. May I ask for clarification? How much time does the Democratic side have remaining in morning business?

The PRESIDING OFFICER. The Democratic side has a little over 24 minutes. The Republican side has 20 minutes.

Mr. DURBIN. Would the Chair make an inquiry of my two Republican colleagues as to how long they would like to speak.

Mr. THOMAS. Mr. President, if I could clarify, it is no big deal. What we had was the morning business time divided between Republicans and Democrats. The leader's time took some of that, so we didn't have enough. We ought to share equally what remains. Whatever that division is, it ought to be divided between the two of us.

Mrs. BOXER. If I may restate my unanimous consent request, understanding that we have 24 minutes remaining, I would appreciate it if Senator DURBIN could follow my remarks so we have some train of thought. Then we can take the next 10 minutes from the Republican time, if they would like to use it. I don't think Senator DURBIN has a problem; I don't have a problem.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. KYL. If we would determine exactly the time that is remaining and then maybe add to that my opportunity to speak after Senator DURBIN.

Mrs. BOXER. I am happy to.

Mr. KYL. If we could suspend one moment.

Mrs. BOXER. I am happy to do that.

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

Mr. KYL. Mr. President, might I ask if we could suspend the request for one moment. Senator THOMAS is technically in control of the time on our side. He should be the one who understands this request.

The PRESIDING OFFICER. When the Senator from California finishes, the Senator from Illinois will speak for 5 minutes, followed by the Senator from Arizona.

Mr. KYL. I thank the Chair.

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

Mrs. BOXER. Out of the 10 minutes I originally had, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has used her time.

Mrs. BOXER. I ask unanimous consent for 60 seconds to recap what I said before the time goes to Senator DURBIN.

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

Mrs. BOXER. We have taken longer deciding who is going to talk than we have on what we really want to say. I will sum up my points today.

I think two issues are coming to the floor in this election. Education is one of them. We have the Governor of Texas saying his kids in Texas are doing great. We learned today that was based on a State test, not a national test. So that is something we have to look at. We have a new study showing that Texas is one of the worst places to raise a child. That is from another objective, nonpartisan study.

Now we have a hearing going on in Foreign Relations beating up on Vice President GORE for something that happened in 1995, when not one Republican ever complained about it until 2 weeks before the election, when Governor Bush has now made a proposal that in essence threw a bomb into NATO—figuratively, not literally—and our NATO allies are worried and concerned that suddenly we have on the table a proposal—not very well thought out, in my view—that would drastically change NATO and would say, in essence, that the United States will be the fighters, someone else will be the peacekeepers.

I think it is more dangerous for our people to take that on alone. It is a big worry I have. It shows in this sensitive time why we need proven, effective, experienced leadership in the White House. We don't want to have someone coming in and throwing this kind of proposal into NATO. We need our NATO allies now more than ever. We have great opportunities for peace in the world. We are not going to make them come true if we dissect NATO and destroy it.

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

The Senator from Illinois.

Mr. DURBIN. Mr. President, for the sake of my colleagues on the floor, Senator THOMAS and others, it is my understanding that I am to speak for 10 minutes, and then the Republican side will be recognized.

The PRESIDING OFFICER. The request was made for 5 minutes.

Mr. DURBIN. Five minutes, fine. I will confine my remarks to 5 minutes in the interest of my patient colleagues. After Senator THOMAS and Senator KYL, I would like to reclaim the Democratic time under morning business.

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

MAKING TOUGH CHOICES

Mr. DURBIN. Mr. President, in 2 weeks the American people are going to face one of the toughest choices they have had perhaps in modern memory.

This Presidential race is not just a choice between two individuals and whether, frankly, one has a better image on television, or more experience, or a better speaking voice. It comes down to basic questions of values envisioned for this country. There are two contrasting views to be chosen. I can recall 4 years ago coming to the Senate when the Republicans all lined up and said that our economy was in such terrible shape, and the Federal budget was in such bad shape, we would have to amend the Constitution with a balanced budget amendment because of our deficits. They were so desperate they wanted to give the power to the Federal courts to stop Congress from spending.

Four years later, look at the difference. We are not talking about deficits; we are talking about how to spend the surplus, and we are talking about an economy which, for 8 years, has been cooking, creating 22 million new jobs. There is more home ownership than at any time in our history. Welfare rolls are coming down and crime rates are coming down. Opportunities for businesses, for minorities, for women are unparalleled in our history. When you look at advanced placement courses in schools, we have more Hispanics and African Americans enrolling in them than ever before in our history.

America is moving forward, and I am glad to say we have been part of it in Congress. We can't take credit for it anymore than the President can or Alan Greenspan can. It is a joint effort of families and businesses across America. But make no mistake, the right policy in Washington set the stage for this to happen. When President Clinton said, ''I am going to make a meaningful effort to reduce the national deficits,'' frankly, we didn't get a single Republican vote to support us. Not one.

Vice President GORE came to the floor of the Senate and cast the tie-breaking vote, and we started on a path in 1993 that led to where we are today. There are some people who think this is automatic in America, that prosperity is a matter of standing aside and watching it happen.

I know better. I have been in the Congress long enough to know that the wrong policies in the White House can jeopardize economic prosperity. Do you remember the early days of the Reagan years when they came up with an idea called ''supply side economics'' and the appropriately named ''Laffer curve''? We followed that crazy notion long enough to find ourselves deep in red ink, with the biggest deficits in history, the largest national debt and America on the ropes. Thank goodness we have broken away from that.

Should we experiment again? George W. Bush suggests he wants a $1.6 trillion tax cut going primarily to wealthy people in America. Can we run that risk? The highest 1 percent of wage earners who will see over 40 percent of the George W. Bush tax cut are people who are making more than $300,000 a year. I can't understand why a person who has an income of $25,000 a month needs a $2,000 a month tax cut. But that is what Governor Bush has proposed. He says it is only fair and right; these are taxpayers, too. Think of Bill Gates. He has been very successful with Microsoft. He is worth billions of dollars. According to George W. Bush, he needs a tax cut. I don't think so.

George W. Bush should take into consideration that the net worth of Bill Gates is greater than the combined net worth of 106 million Americans. He doesn't need our help. The people who need our help, frankly, are families struggling to pay for college expenses. We on the Democratic side believe that we need tax cuts targeted to help families in a real way so they can deduct college tuition and fees up to $12,000 a year to help kids get through college and have a better life.

We also believe we ought to help families who are going to work trying to find something to do with their children. Day care is an important issue for so many families. We want to increase the tax credit for day care and also give a tax credit for stay-at-home moms who are willing to make the economic sacrifice for their children.

Finally, when it comes to long-term care, so many of us have seen aging parents and grandparents who need a helping hand. I have seen families making extra sacrifices for those parents. Our tax program would give a targeted tax cut to help those families.

The PRESIDING OFFICER. The Senator from Arizona is recognized.

CAMPAIGNING ON THE SENATE FLOOR

Mr. KYL. Mr. President, I think it is somewhat unseemly to use the Senate floor for campaign purposes with respect to attacking the qualifications of one of the two candidates for President of the United States. I would like to do some business here and suggest that my colleagues on the other side of the aisle who use their time to engage in campaign tactics really ought to be helping us take care of a bit of business that I think ought to move to the top of the agenda, such as fighting terrorism in the aftermath of the attack on the U.S.S. *Cole*.

ENHANCING THE FIGHT AGAINST TERRORISM

Mr. KYL. Mr. President, we now have more reports of specific credible evidence of planned attacks against the United States—terrorism that must be prevented. We have not done everything we can do to prevent terrorism. According to a Commission that has reported to the Congress, there is more to be done. I have incorporated that Commission's recommendations into a bill. We are trying to get the bill passed. It runs into objections from the other side. Today, I am going to lay it out because there isn't much time left.

Earlier this month, I introduced the Counterterrorism Act of 2000, cosponsored by my friend and colleague, Senator DIANNE FEINSTEIN. This should have bipartisan support. As the chairman and ranking member of the Judiciary Subcommittee on Technology, Terrorism, and Government Information, I have held hearings, along with Senator FEINSTEIN, on steps that would better prepare this country to thwart and defend against and prevent and respond to terrorist attacks. Our legislation will do that by capturing many of the recommendations of the National Commission on Terrorism.

The Commission was mandated by the Congress, and it released its report earlier this year. It is bipartisan, led by Ambassador Paul Bremer and Maurice Sonnenberg. They have a long record—both of them—of experience and expertise in this matter. The Commission, with 10 members in all, came to unanimous conclusions on the gaps in America's counterterrorism efforts and made extensive recommendations in their report.

In addition to Ambassador Bremer, who formerly served as Ambassador-at-Large for Counterterrorism and Mr. Sonnenberg, who serves on the President's Foreign Intelligence Advisory Board, the Commission included eight other outstanding experts in the field: former CIA Director, James Woolsey; former Assistant Director-in-Charge of the FBI's National Security Division, John Lewis; former Congresswoman Jane Harman, who served on the House Armed Services and Intelligence Committees; former Under Secretary of Defense, Fred Ikle; former Commander-in-Chief of U.S. Special Operations Command, Gen. Wayne Downing; Director of National Security Studies at the Council on Foreign Relations, Richard Betts; former foreign policy adviser to the Speaker of the House of Representatives, Gardner Peckham; Harvard professor Juliette Kayyem, who formerly served as legal advisor to the U.S. Attorney General.

In June, the members of this Commission testified before the Intelligence Committee, of which I am a member, with their findings and recommendations. A week later, the Commission's report was the subject of a Foreign Relations Committee hearing. At the end of June, Senator FEINSTEIN and I invited the Commissioners to testify at a hearing of the Judiciary subcommittee which I chair. The purpose of our hearing was to explore the findings of the Commission and clarify some recommendations that have been mischaracterized. So the Senate thought that this Commission report was important enough to hold three specific hearings on its findings and recommendations.

Senator FEINSTEIN and I then decided to take action on the recommendations by drafting the Counterterrorism Act of 2000. We believe this is an important first step in addressing shortfalls in America's fight against the growing threat of terrorism.

In summary, this is what the bill would do:

First, it expresses the sense of Congress that the United States Government should take immediate actions to investigate the unprovoked attack on the U.S.S. *Cole*, should ensure that the perpetrators of this cowardly act are brought to justice.

It directs the President to establish a joint task force to develop a broad approach toward discouraging the fundraising of international terrorists.

It directs the Director of the CIA to report to Congress with a response to the Commission's findings regarding guidelines for recruitment of terrorist informants and whether those guidelines inhibit the recruitment of such informants.

In effect, what the Commission said is if you are going to try to infiltrate terrorist organizations, you are probably dealing with nefarious characters. They are not Boy Scouts. And you can't demand of them the same clean standards that we would in trying to recruit informants against other governments. When you are dealing with terrorist organizations, you are dealing with terrorists.

The bill also directs the Attorney General to conduct a review of the

legal authority of various agencies, including the Defense Department, to respond to catastrophic terrorist attacks, and it requires that a report be provided to the Congress.

It directs the President to establish a long-term research and development program relating to technology to prevent, preempt, interdict, and respond to catastrophic terrorist attack.

It directs the FBI Director to report to Congress on the feasibility of creating an intelligence reporting function within the Bureau to assist in disseminating information collected by the Bureau on international terrorism and other national security matters.

It directs the President to report to Congress on legal authorities that govern the sharing of criminal wiretap information between law enforcement agencies and the intelligence community. The Commission noted there is currently a great deal of confusion in this area. We have to get that squared away so the agencies know how they can share information with each other.

The bill would direct the Attorney General to report to Congress the recommendations on how to improve controls on biological pathogens and the equipment necessary to produce biological weapons. It directs the Secretary of Health and Human Services to report to Congress with recommendations for improving security and physical protection of biological pathogens at research laboratories and other facilities.

It authorizes the full reimbursement for professional liability insurance for law enforcement or intelligence officers performing counterterrorism duties.

And finally, the bill expresses the sense of Congress that Syria should remain on the list of states that sponsor terrorism, as should Iran, until they meet certain conditions.

I recently received a letter from Ambassador Bremer and Mr. Sonnenberg, expressing very strong support for the Kyl-Feinstein legislation. I also received letters from the American Israeli Public Affairs Committee, the Zionist Organization of America, and the Anti-Defamation League applauding the bill. In addition, the American Jewish Congress released a statement in support of the legislation.

I ask unanimous consent at the conclusion of my remarks these documents be printed in the RECORD.

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

(See Exhibit 1.)

Mr. KYL. The text of the Counterterrorism Act 2000 should be familiar to Members because we tried to move it as an amendment to the intelligence authorization bill. We were open to comments by Senators and we made several modifications to the language in order to suit Senators and the Department of Justice. We agreed in the end to withdraw the bill at that point so the intelligence bill could move forward but indicated our desire then to move the bill as a separate bill, which is now what we are doing.

Among the Senators who have talked to us is Senator LEAHY. We have tried to address his concerns with respect to the bill. Originally his staff advised that if the Justice Department didn't object to the bill, Senator LEAHY would consent to its passage. The Justice Department has cleared the bill. After that, Senator LEAHY's office advised us they desired to have 10 other changes considered and sent another list of 4 other changes. Senator FEINSTEIN and I agreed to make changes to the bill to accommodate 12 of those 14 requests of Senator LEAHY. Yet he still remains in opposition. Under the rules of the Senate prevailing at this time, any Senator can object to the consideration of the legislation and thus block it, which Senator LEAHY, I understand, has done.

This morning my office received some additional concerns purportedly coming from Senator LEAHY. I find them, frankly, not to rise to the level that should take the Senate's time. For example, he objects to a provision, or his staff objects to a provision, that requires the President to report to Congress on the Commission's recommendations about sharing law enforcement information with intelligence agencies on the grounds that this would help set ''a dangerous precedent for blurring the line between law enforcement and intelligence activities.'' A report to Congress on legal authorities on the state of the law sets no dangerous precedent. There are similar types of concerns expressed.

We have to get serious about this. At the very moment that our forces are on a heightened state of alert, at the very moment our embassies are telling people not to travel to certain countries because of terrorist threats against Americans, the Congress has before it a bill embodying the recommendations of the Terrorism Commission, and we are not acting on it because, as far as I know, one Member of this body is not willing to allow it to move forward.

I plead with him, I plead with other Members, if there are concerns, let's talk about them. But the time is short. Perfection cannot be the enemy of the good considering the nature of the challenge that we face with terrorists around the world and the need to do more about it. This isn't simply something that has been pulled out of thin air to try to deal with this problem. We have embodied most of the recommendations of the Terrorism Commission specifically mandated by Congress to give us recommendations about what else we need to be doing in this legislation.

I say to Senator LEAHY and any others, time is short. We need to visit. We need to talk about these things. We need to clear them away so we can pass this legislation. After the Senate acts, the House will need to act. They are expected to act with alacrity. For example, Representative GILMAN, chairman of the Foreign Relations Committee, and Representative GOSS, chairman of the Intelligence Committee, and I understand the leadership is prepared, if we can pass this bill, to take it up very quickly. However, I don't know how many days or hours are left in this session.

I think it would be a travesty, given the events of the past month, given the threats that currently have been made against the United States, for the Congress to ignore the recommendations of the very Commission that we asked to give us advice, to ignore the recommendations of that Commission and conclude this Congress without acting to pass those recommendations to take additional steps to deal with the terrorist threat.

Let's leave politics aside. This is a bipartisan effort of Senator FEINSTEIN and myself. It has broad support on both sides of the aisle. I encourage my colleagues to please come forth if they have additional concerns so we can get this done.

EXHIBIT 1

SEPTEMBER 22, 2000.

Senator JON KYL,
Hart Senate Office Building,
Washington, DC.

DEAR SENATOR KYL: In our capacities as former Chairman and Vice Chairman of the National Commission on Terrorism, we have been asked to comment on the proposed legislation which we understand you intend to introduce to the 106th Congress (called the ''Counterterrorism Act of 2000'').

As you know, our bipartisan Commission concluded that the threat to Americans from terrorism is changing and becoming more serious. To meet this threat, the Commission made a number of important recommendations to the President and Congress in its final report of June 5, 2000.

We have reviewed the draft bill and wish to commend you and your colleagues for the job of translating into law a number of the Commission's most important recommendations. We are particularly pleased to see the bill address issues such as state sponsorship of terrorism, better collection and dissemination of terrorist intelligence, a broader strategy for disrupting terrorist fund-raising, and efforts to prevent or deal with catastrophic terrorism in the United States.

We hope that this important bill will become law and that Congress and the Executive branch will do everything possible to implement it expeditiously.

Respectfully,

L. PAUL BROMER, III,
Former Chairman, National Commission on Terrorism.

MAURICE SONNENBERG,
Former Vice Chairman, National Commission on Terrorism.

AIPAC,
Washington, DC, October 16, 2000.

Hon. JON L. KYL,
U.S. Senate, Hart Building,
Washington, DC.

DEAR SENATOR KYL: On behalf of AIPAC, we are writing to express our appreciation for your introduction of the Counterterrorism Act of 2000. This legislation takes a number of important steps to address the growing problem of terrorism in our country and abroad.

This bipartisan measure adopts many of the key recommendations of the National Commission on Terrorism, particularly with respect to long-term research and development efforts and methods of improving controls over biological pathogens. We believe this legislation will encourage cooperation among states like the United States and Israel that have worked so closely in fighting the scourge of terrorism. Of course, we also endorse the legislation's intent that Iran and Syria should remain on the list of states that sponsor terrorism until they cease their support for terrorist actions.

Thank you again for your leadership, and please let us know if we can be of assistance.

Sincerely,

HOWARD KOHR,
Executive Director.
MARVIN FEUER,
Director of Defense & Strategic Issues.

ZIONIST ORGANIZATION OF AMERICA,
New York, NY, October 11, 2000.

Senator JON KYL,
U.S. Senate,
Washington, DC.

DEAR SENATOR KYL: On behalf of the Zionist Organization of America (ZOA), which is the oldest and one of the largest Zionist organizations in the United States, I am writing to express the ZOA's enthusiastic support for S. 2507, the Counterterrorism Act of 2000.

This vital legislation will ensure that our country takes swift and effective action to impede the ability of terrorist groups to receive funding, acquire technology for use as weapons, and recruit new members. We have all seen, in recent years, the kind of devastation that terrorist groups can wreak. Our government must do everything possible to combat terrorist groups—and S. 2507 will mandate specific and important steps that will play a crucial role in the fight against terrorism.

We are also pleased to note that the S. 2507 urges that Syria be kept on the U.S. list of terror-sponsoring states until it takes concrete anti-terror steps, such as shutting down terrorist training camps and prohibiting the transfer of weapons to terrorists through Syrian-controlled territory. The legislation also appropriately urges that Iran be kept on the list of terror-sponsors until there is concrete, indisputable evidence that Iran has changed its ways and forsaken terrorism. In the absence of such actions, governments such as those in Syria and Iran must be treated as the rogue regimes which they are.

With gratitude for your leadership role in this effort,

Sincerely,

MORTON A. KLEIN,
National President,
Zionist Organization of America.

ADL,
New York, NY, October 12, 2000.

Hon. DIANNE FEINSTEIN,
U.S. Senate,
Washington, DC.

DEAR SENATOR FEINSTEIN: We welcome your leadership in introducing legislation to codify several important proposals of the bipartisan National Commission on Terrorism. As an organization committed to monitoring hate groups while safeguarding civil liberties, we support the bill's tough, constitutional approach to investigating and prosecuting terrorist crimes.

The bill's mechanism for allowing classified evidence to be used within a sound due process a framework represents the kind of balanced approach which would prevent the improper treatment of individuals, while allowing the government to protect sources. The legislation would also implement useful steps to prevent the US from being used as a fundraising base for terrorism.

It is well established that the government has the constitutional right—and the duty—to keep our nation from being used as a base for terrorist activity. The legislation you have crafted makes vital improvements in our nation's capability to investigate, deter, and prevent terrorism.

Sincerely,

HOWARD P. BERKOWITZ,
National Chairman.
ABRAHAM H. FOXMAN,
National Director.

AJCONGRESS WELCOMES LEGISLATION RESPONDING TO THREAT OF BIOLOGICAL AND CHEMICAL ATTACKS BY TERRORISTS; CALLS MEASURE 'A BEGINNING PLAN' TO DEAL WITH THE DANGER

American Jewish Congress Executive Director Phil Baum issued the following statement today following the decision by Senators Jon Kyl and Dianne Feinstein to introduce legislation responding to the recent report of the National Commission on Terrorism:

The danger not only to this country but to all of civil society from the threat of biological and chemical weapons is becoming ever more real and apparent. For some time now, commentators have been warning of the growing risk of terrorist attacks with these weapons unless effective counter measures are quickly put in place.

Those most expert and familiar with these matters warn that the question is not whether there will be an attack, but when.

A sobering report released recently by the National Commission on Terrorism has documented these concerns and has begun the process of alerting Americans to the danger we face and the steps that can be taken to meet that threat.

Until now, little has been done concretely to implement the Commission's report. Fortunately, there are now plans in the Senate to attach as an amendment to the fiscal 2001 Intelligence Authorization Act a measure which is attempting to respond to this challenge. Introduced by Senators Jon Kyl (R–Ariz) and Dianne Feinstein (D–Calif), the legislation lays out at least a beginning plan for dealing with these problems.

The bill for the first time would impose rigorous restrictions on procedures used in research labs handling pathogens; calls for presidential leadership in the development of new technologies to counter terrorist attacks; limits the capacity of terrorist groups to raise funds in this country—which is often done under the guise of raising funds for social programs; and mandates the CIA and the FBI to report on the continuing effectiveness of anti-terrorist measures currently in place.

One provision of the bill—authorizing the FBI to share foreign intelligence information obtained from domestic wiretaps with the CIA and other intelligence agencies—has quite properly met with criticism has consequently has been dropped by Senator Kyl. We are convinced that an effective fight against the new terrorist threat can be waged without violating Constitutionally guaranteed civil liberties—protections which must remain our first priority.

As the American people begin to focus on the dangers of chemical and biological terrorism, two equally unacceptable dangers present themselves: that we remain indifferent to the threat, or that we overreact, at the expense of our civil liberties. Neither is acceptable. A measured response is necessary, and the Kyl-Feinstein bill begins that process.

The legislation presents the Senate with the opportunity to move the American people off dead center and to address the danger in a composed and rational manner, without endangering American freedoms or our country's sense of confidence in its future. The new legislation rests on the premise that the future can be best assured by a realistic address to the dangers we confront.

New technologies have been a blessing for this generation. In the hands of terrorists, they become a curse for all generations.

The PRESIDING OFFICER. The Senator from Wyoming.

SENATE BUSINESS

Mr. ENZI. Mr. President, I join my colleague from Arizona in requesting the business of the Senate be allowed to go forward. We have seen many filibusters all year. That is what has gotten us into this situation where we are past October 1 and still working on the budget.

I think we ought to be doing the business of the Senate. My predecessor, Alan Simpson, who had this seat in the Senate, said several times, an accusation that isn't answered is an accusation accepted. There are a couple of things I have to clear up from this morning.

First, we did all this work on a balanced budget without the balanced budget constitutional amendment. Yes, we did. But the debate on the balanced budget constitutional amendment is what made the people of America rise up and tell every single one of their representatives that they wanted the budget of this country balanced. And it was the heat the people of this country put on the Congress that led Members to balance the budget. That wouldn't have happened without the debate on the balanced budget.

That is the reason we have what is being referred to as a ''surplus'' today. It isn't a surplus. It is tax overcharge. We have collected more from the people than we had planned to spend. We ought to refer to it as that.

I could not begin to cover all of the accusations that were misaccusations. Another real important one I have to

cover is the Reaganomics attack. Yes, giving the money back to the people, as Reagan suggested, resulted in a 30-percent increase in revenue to this country. So why do we have such a big deficit? Because people spent it. We cannot spend more than we take in. It is a pretty basic principle of economics. Reaganomics increased revenue.

The other side, who was in control of the Congress at that time, outspent what he was able to bring in by increasing business in this country. The balanced budget amendment increased the economy of this Nation. Everybody agrees balancing the budget has done that. If we get back to a position where it isn't balanced, people will lose confidence in the economy, and we will be back where we started, with ever-increasing deficits, particularly if we dramatically increase spending each year.

I notice the Secretary of the Treasury took an unusual approach yesterday and got into the debate on Social Security.

The Social Security issue does come down to: Whom do you trust? Every year that I have been here, there has been a promise that there will be Social Security reform. I went to a White House conference. I have to say it was one of the best planned, best organized, and best done conferences I have ever seen. One of the reasons was that Republicans and Democrats, House and Senate, were invited to be a part of it. When it finished, there was a special part for everybody from the House and Senate to participate in—again, Republicans and Democrats. We sat down with the President and we agreed there needed to be Social Security reform and that reform had to have the fingerprint of everybody on it, that it could not be used as a Social Security scare.

We have saved bill No. 1 for the President's Social Security reform. Every year that I have been here, the President in his State of the Union speech has said: The most important thing for this country is to solve the Social Security problem. We saved bill No. 1 for him. We never got a solution.

The President of the Senate, who is the Vice President of the United States, has been a part of these efforts. He says he has delivered on all his promises. That is a promise that was made. That is a promise that has not been kept. Social Security has not been reformed.

There has been another effort involved in this, too, and that has been a bipartisan commission—again, Republicans and Democrats sitting down to talk about how to save Social Security. They came up with a plan. They had to have a supermajority to have that plan actually presented to us, and the President's nominees to that committee were the ones who objected and made it one vote short of being a request that could be presented to us. Again, a bipartisan solution. That bipartisan solution is what you are hearing Governor Bush talk about. It is something that has been presented in a number of plans here in the Senate, but it needs the endorsement of both Republicans and Democrats, and the elimination of a veto threat at the Presidential level, to be able to solve that problem.

Why do we need to solve it? You have heard how far we extended it and how we are getting extra money into the Social Security trust fund. The money in the Social Security trust fund is IOUs, T-bills. Now we are using the Social Security surplus to pay down the private debt for the United States. Do you know what that does? That lets us spend more money. When we have private debt out there, we pay the interest on a regular basis. When we spend Social Security surplus to pay down the national debt, the private part of the national debt, we increase the Social Security debt and we just put in IOUs to pay the interest.

Why is that important? Sometime the debt will come due. You hear a lot of different numbers about when the debt comes due: 2013 is the magic time when the baby boomers move into the group of recipients of Social Security and start jerking out enormous amounts of money from Social Security—2013. They say Social Security is secure until 2037. That is until the last dime is drawn. It will not work that way. Here is why it will not. In 2025, the ones of us who are here—with the exception of maybe one or two—will not be here. There will be a different generation that will be in the Senate and in the Congress. These will be people who have paid into Social Security their whole life and will realize they will not get a dime out of it.

Here is another little problem. When it comes appropriations time, all they are going to do is decide how big the check for interest is going to be, because the national debt will be so huge at that time that we will not build a road, we will not do anything for the military, we will not do anything for education—we will pay interest. How excited do you think the people of this country are going to be to just be paying interest on a debt from the last century and to have no benefit coming their way? I suggest there could be a revolution in this country, an end to Social Security. Future generations may not feel the same need to take care of their parents and other elderly in the country because they themselves are not going to get any benefit. It is not going to be there to take care of them. So it needs to be solved now.

We are also talking about prescription drugs. This is a very complicated issue. There are at least six plans out there, any one of which could provide prescription drug coverage for seniors. It is something in which we are all interested. It is something that needs to be done. We need to be sure that every person in this country can get the prescription drugs they need, and we need to be sure every person in this country doesn't have to make a choice between food or their prescription drugs. There have been two plans proposed. They are quite different.

One of the things I like to use is this chart. I think it lends a little validity to the decisions between the two principal plans. One is provided by Governor Bush, one is provided by Vice President GORE. Those are the two main ones. I have to tell you, the biggest difference between the two is that Governor Bush's plan provides for choice, your choice. Vice President GORE's plan calls for a national plan. The decisions will be made in Washington. You will not have the flexibility.

Since we are talking about how some of Mr. GORE's drug proposals work, I suggest they lack a little sincerity and are going to make life much harder for working Americans. Here are some thoughts on the Medicare prescription drug plan. This is the biggest secret out there. Mr. GORE's plan would cover 2.6 million fewer low-income Americans than the plan offered by Governor Bush and introduced in the Senate by Republicans. That is because Mr. GORE's plan offers low-income subsidies only up to 150 percent of poverty, while Mr. Bush's plan would help seniors up to 175 percent of poverty.

Mr. GORE's plan would not even become effective until 2002. On top of that, Mr. GORE's plan would also displace the coverage that 70 percent of the current Medicare recipients already have. For those seniors whose employer offered a retirement benefit, there is now no incentive for the company to continue that coverage, leaving the senior with no option but the HCFA-run program. For all the stock Mr. GORE puts into the agenda, and the advice of the AMA, he apparently has not been concerned by their assertion that the HCFA—that is, this national organization that will run his prescription drug plan—is the IRS of the new millennium. I, for one, do not see the sincerity in putting more people on the *Titanic*. As my friend from Texas often says about putting people on programs under the care of HCFA, it would be a disaster.

If Mr. GORE had sincere concerns about the health and welfare of seniors, he would focus on real solutions that stabilize the Medicare program, offer seniors comprehensive health care, and enable seniors to select coverage, including prescriptions, that meets their needs and budgets. That is a commitment Governor Bush has already made. Governor Bush would provide immediate drug coverage for those seniors who right now cannot afford it. He doesn't cross his fingers and take his chances with HCFA. Instead, he builds

on the existing drug assistance programs in the States.

Here are a few statistics about the immediate impact of the proposal. Half of women beneficiaries who are currently without coverage would gain immediate coverage. Almost three-fourths of the minority seniors currently without coverage would gain immediate coverage. And the most frail of our seniors, those over 80 years old, would improve their access under the Bush plan.

Another important part of the Bush proposal is that States will not be restricted from offering low-income subsidies above 175 percent of poverty. Under the Gore plan, there is no option for States to pool funds and ease the expense of drug coverage for even more seniors.

Why is this chart important? This chart was done by the Washington Post. People who understand newspapers in this country understand what the Washington Post does will not be favorable to Governor Bush. They have a tendency to be favorable to the other side. So when they do a chart, a person ought to pay a little bit of attention to it. This is from the article that came with the chart:

Bush details Medicare plan, September 5: Texas Governor George Bush today proposed spending $198 billion to enhance Medicare over the next 10 years, including covering the full cost of prescription drugs for seniors with low incomes.

Bush's plan was modeled on a bipartisan proposal by Senator John Breaux, Democrat from Louisiana, and Senator Bill Frist, Republican from Tennessee.

This is the commission I was talking about.

Bush's plan proposes ''fully subsidizing people with incomes less than 135 percent of the poverty level and creating a sliding scale for people with slightly more money. But Gore would stop the sliding scale at 150 percent of the poverty level, while Bush would extend it to 175 percent.

As I mentioned, a lot of States like that flexibility. A newspaper that normally would not give good reviews, gives a good review. One problem is the cost over the next 10 years would be $198 billion. The chart they did comparing the two shows $158 billion. They were charging him with $40 billion more in costs than what their chart actually shows.

I hope people will pay some attention to the comparisons. I ask unanimous consent that the chart be printed in the RECORD.

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

[From the Washington Post, Sept. 6, 2000]

Bush	Gore
PREMIUMS	
25 percent of health plans' monthly charge.	$25 per month starting in 2002, increasing to $44 by 2008.
COPAYMENT FOR EACH PRESCRIPTION	
Not spelled out. Would be determined by individual plan.	Government would pay 50 percent up to maximum of $2,000 when the program starts, increasing to $5,000 by 2008.
COVERAGE FOR CATASTROPHIC EXPENSES	
Government pays all costs above $6,000 per year.	Government pays all costs above $4,000 per year.
DEDUCTIBLE	
Not spelled out. Would be determined by individual health plan.	None.
HELP FOR LOW-INCOME ELDERLY	
Pays premiums and all other costs for individuals with incomes less than 135 percent of the poverty line—that is, $11,300 or couples with incomes less than $15,200. Partial subsidies for people with incomes up to 175 percent of the poverty level.	Same, but partial subsidies available for people with incomes up to 150 percent of the poverty level.
WHEN BENEFITS WOULD START	
Help for low-income people and catastrophic coverage would be administered by states, starting next year. Premium subsidies for other people and broader Medicare reforms to make the program rely more heavily on private HMOs would start in 2004.	2002.
COST	
$158 billion by 2010	$253 billion by 2010.

Mr. ENZI. Mr. President, the comparison shows pretty conclusively that you get more benefits under the $158 billion plan than you do under the $253 billion plan. The $158 billion plan goes into effect right away. The other one does not go into effect until 2002, and people have to pay, under the Democrat plan, $600 whether they get any benefits or not. It is my understanding the $600 has been subtracted from the $253 billion to make that cost a little bit lower. So it is a another tax for a proposal that provides for Federal control as opposed to your control.

HCFA versus your decisions: Talk to your doctors about HCFA and how it participates and interacts with them. Talk to them about the crisis that HCFA has already caused in this Nation in medical care and ask yourself: Do I want to give them the added burden of a prescription drug plan and only give myself one option? That is what we are looking at here.

I hope you will do some comparisons and see the difference and concentrate on this bipartisan solution to providing prescription drugs. The one thing about the Governor from Texas with which I have really been impressed has been his ability and effort to work with both sides in the Texas Legislature. I used to be in the Wyoming Legislature. I know how important it is for people to work together. It is a little different atmosphere than we have in Washington.

How did Governor Bush do that when he moved in and had a Democrat legislature? He sat down with them one on one, face to face, and talked to them about his priorities and their priorities, and they worked together. What excites me is following the history of Presidents, they tend to repeat what they have done successfully before, and I am really excited about that because I see a Governor coming to Washington and sitting down with both sides, one on one, face to face—a long process; there are 535 of us, but it is doable. That is what is needed in Washington: more effort across the aisle, effort like the Medicare Commission that has provided a solution for prescription drugs that can be done. I thank the Chair and yield my time.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. DURBIN. Mr. President, how much time is remaining under morning business on the Democratic side?

The PRESIDING OFFICER. Six minutes.

Mr. DURBIN. I want to use those 6 minutes to sum up.

UNFINISHED BUSINESS

Mr. DURBIN. Mr. President, when I finished speaking, the Senator from Arizona came to the floor and said it is unseemly that we would be discussing the Presidential race. The race has been discussed by Senators on both sides of the aisle, as it should be. There is no more important decision to be made by the American people than the choice of the President of the United States, and that choice will determine what this body considers for the next 4 years.

Frankly, we ought to reflect on what has happened with this Republican-led Congress. If you take a look at the fact that we are approaching the Halloween holiday, in that spirit we might consider the fact that Congress has become ''Sleepy Hollow,'' the final resting place for priorities of American families.

Take a look at the list of things that have been offered by the Democratic side but have not been acted upon by the Republican side: A real Patients' Bill of Rights. When you go to a doctor, who should make the decision; a doctor or insurance company clerk? That is an easy choice for me. I want the doctor to make the call. When we tried to pass that bill in the Senate, the Republicans defeated us.

Prescription drug coverage under Medicare: Not one of these convoluted schemes we just heard described that would somehow give prescription drugs to the States for 4 years, take it back, give it to the insurance companies—we know how it should work. Medicare has been on the books for 35 years. It is proven. It is universal.

Frankly, we think all seniors and disabled in that category should be able to make the choice themselves, voluntarily, whether or not they want the benefit under Medicare. The Republicans do not care for Medicare. They called it socialized medicine when the Democrats proposed it and, frankly, they are still criticizing it, doing little to help that system.

Most Americans know how valuable Medicare has been to their families. We think a prescription drug benefit under Medicare should be the law. The Republicans and pharmaceutical interests have stopped us.

We also believe in an increase in the minimum wage. Ten million Americans went to work this morning for $5.15 an hour, and they are not just kids in their first jobs. Over half of them are women and many of them are raising children and trying to eke out a living at $5.15 an hour. We used to give them a periodic increase in the minimum wage without even debate, but the Republicans now think this is unacceptable; that we cannot give a minimum wage increase without lording billions of dollars in tax breaks on businesses. For goodness' sake, give these people—400,000 of them in Illinois—an increase in the minimum wage of at least 50 cents an hour for the next 2 years. That bill has not passed, and the Republican Congress has had ample opportunity to address it.

We believe on the Democratic side we need tax cuts; use the surplus for tax cuts for families for the deductibility of college education expenses. That is a concern I hear from families as soon as the baby is born. How are we going to pay for this kid's education? When you see the cost of education going up over a 20-year period of time, from the time that child was born until they will be in school—it goes up 200 percent, 400 percent—people ask: How can we possibly do this?

On the Democratic side, we want to give the families deductibility of tuition and fees to help them pay for college. The Republicans oppose it. We support it. That is the difference. When we offered it, they stopped us.

Also, we are talking about education funds to improve our Nation's schools, to reduce class size. This does not take a Ph.D. in education to understand. If you were a teacher, would you rather walk in on the first day and see a classroom with 30 kids or 15 kids? Are you more likely able to help a struggling student if there are 15 children in the classroom or 30? It is not rocket science. It does not take a Ph.D.

We on the Democratic side believe reducing class size is the first step to helping kids from falling behind and helping those better students get a little more attention.

We also believe we ought to be supporting afterschool programs for students. Letting kids go now at 3 o'clock is just a gamble because very few of them have parents at home. They do not have Ozzie and Harriet waiting with cookies and milk anymore. They are by themselves.

Some do pretty well, but a lot of them do not. We think afterschool programs, supervised, so kids have a chance to maybe catch up on their school subjects, maybe appreciate the arts a little more, maybe become better on a computer, or even just play some basketball, makes some sense as long as there is supervision. We support afterschool programs and fought the Republicans every step of the way trying to put this valuable money back into education.

We also believe in commonsense gun safety legislation. The No. 1 story in 1999 in the news was the Columbine tragedy. What has America done to keep guns out of the hands of children and criminals? Congress has done nothing. Nothing.

The National Rifle Association and its leader, ''Mr. Moses,'' have decided we are not going to do anything to keep guns out of the hands of children and criminals, and that is criminal. The Republican-led Congress should be held accountable for that.

If you have an aging parent or grandparent, the Democrats believe you should have a tax break to help pay for their care.

How many folks and families do you know worried about that aging parent and how their last years are going to be? They need a helping hand. We support it, as we support increased targeted tax cuts to help people pay for day care, so kids can be left in a healthy, safe environment and families can afford to pay for it. Stay-at-home moms, who sacrifice for their kids, should get a tax break, too. They are making a sacrifice that will enhance that child's future. We should invest in them as well.

When it comes to these myriad issues I have just given you, these are the issues with which working families, middle-income families, and single people as well can identify. Yet we have had no help whatsoever on the Republican side of the aisle. The Republican Congress has failed to address the basic issues of education and health care, taxes that are reduced and targeted tax cuts and credits for families who really need them, prescription drug coverage under Medicare, and a Patients' Bill of Rights.

We came to this Congress with all kinds of lofty goals. We are leaving now, unfortunately, with appropriations bills as large as the Washington, DC, telephone book, scarcely read, that serve too many special interests and too few families across this country.

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

Mr. DURBIN. I yield the floor.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

RECESS

The PRESIDING OFFICER. Under the previous order, the hour of 12:30 p.m. having arrived, the Senate will stand in recess until 2:15 p.m.

Thereupon, at 12:33 p.m., the Senate recessed until 2:13 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. ALLARD).

The PRESIDING OFFICER. The Senator from Washington is recognized.

Mr. GORTON. Mr. President, I ask unanimous consent to speak for not more than 10 minutes as in morning business.

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

PRIVACY LEGISLATION

Mr. GORTON. Mr. President, we live in a period of unprecedented prosperity and opportunity.

We can go more places than ever before. We are living longer and healthier lives than ever before. We are employed in jobs today that were unthinkable just a few years ago.

Our lives have changed dramatically because of computers, the Internet and technology.

But with all the good that comes with technology, there are elements that cause us concern. One such concern that has captured our attention is the issue of privacy.

As more of us use the Internet to shop and conduct business, more of our personal information is being spread throughout the web. That information, in many instances, is used properly and in a way that is good for consumers. But as in any field, there are those who abuse the public trust by using this personal information in unethical ways.

Because of concerns about consumer privacy, the Senate has considered how we might do better at protecting consumers while not unwittingly turning off the Internet engine that is such a key part of the economic prosperity we currently enjoy.

The Senate Commerce Committee recently held its third hearing this year on the privacy of information gathered from consumers who use the Internet. Since the Federal Trade Commission recommended legislation in this area earlier this session, I, and I believe a substantial number of my colleagues, have come to agree that we must act on this issue in the not-too-distant-future.

I have come to believe that Federal legislation is needed to protect consumers. I don't think that the current voluntary privacy policies are sufficient. Consumers who use the Internet should be given more information about what data is being gathered about them, and they should be given greater control over how this data is used.

I have also come to believe that Federal legislation is needed to protect and improve Internet commerce which, of course, benefits consumers and businesses alike. Not only will the assurance of adequate, enforceable privacy standards increase consumers' comfort with on-line transactions, but the possibility of States acting to protect consumers in the absence of a Federal law

threatens to create a patchwork of conflicting privacy mandates that could be hard to apply to a medium that does not recognize State borders.

Though I know that I support Federal legislation regarding the on-line collection and use of consumer information, I confess to not knowing at this time exactly what should be legislated. At the last hearing in the Senate Commerce Committee we considered three different bills, and additional, and more varied, bills have been introduced in the House of Representatives. I don't know which of these approaches or combination of approaches will best protect consumers without making on-line transactions overly burdensome. On-line merchants, providers of both goods and services, have touted the benefits to consumers of using the Internet to gather information that facilitates targeted marketing. This could very well be the case but I want to know that consumers are informed of and agree with these marketing practices.

Determining more specifically what consumers want from privacy legislation is something that I hope we can do in the next session of Congress.

While much, through certainly not all, of the discussion in Congress about privacy is focused on the issue of the on-line collection and use of consumer information, I think it is also important that Congress remain cognizant of the fact that ''privacy'' as it relates to the Internet is a far broader and more complex issue. For all of its salutary effects, the ease with which the Internet allows for the compilation and sharing of private information gathered in the physical world, information about financial transactions, medical histories, reading habits, eating habits, sleeping habits, information about almost every aspect of one's life raises legitimate concerns that Congress should and will continue to address.

The privacy of medical information, which can be intensely personal, is one such issue about which Congress must remain vigilant. Improved technology along with changes in health care delivery, billing systems, information gathering and genetic testing all increase the number of people who have access to health records. Americans should know that personally identifiable health information is private and they should have control over who has access to it. At the same time our challenge is to find a way to balance legitimate needs for health care information—for example, medical research—and individual privacy rights.

Future Congresses will adopt additional health care reforms. We clearly need to improve our Nation's health care system. Although most Americans are satisfied with their health care, most Americans are also concerned about those in our country who have inadequate health care and no hope of improving their situation. I support reforms that improve access to quality health care for those who have none, that keep intact our wonderful system of hospitals and clinics in all areas of our country and that provide people with meaningful choices.

When future Congresses address this area, one issue I will watch most carefully is the amount of health care information that is provided to the Government, and how this information is used. We must be careful not to adopt measures that give Government regulators the ability to peek into people's private medical records. A few years ago, my home State of Washington embarked on several health care reforms. Most of these reforms were in the wrong direction. Our legislature adopted reforms that put the government in charge of health care decisions for people and gave a government commission the ability to cancel private health insurance coverage in our state.

I found both of those moves bothersome, but our legislature didn't stop at just controlling health care decisions for our citizens. No, our legislature took one additional chilling step. It decided that if the government was providing health care, as well as dictating which private health plans could remain in business, the government should have access to personal, private medical records.

That is going way too far, and fortunately, the good people of Washington made sure that radical change was not placed into the law.

Over the next year, I am convinced that Congress will adopt meaningful health care reforms that help people, but as we do that, I must constantly advise my colleagues to follow the ''do no harm'' rules of medicine and not fall prey to those who believe that government-run health care, along with all that it brings, is the right solution to this challenge.

No matter the type of information in question—consumer or medical—Americans have the right to a reasonable expectation of privacy. Thoughtful legislative action is needed at the federal level to address the legitimate concerns many Americans currently have in this regard.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

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

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

THE UNITED STATES AND NATO

Mr. VOINOVICH. Mr. President, there has been an effort in recent days to score partisan political points by misrepresenting Governor Bush's commitment to NATO and southeast Europe. Unfortunately, some of my Senate colleagues have been involved in this effort.

No one in the Senate has been more involved in our policy toward southeast Europe, and no one cares more than I do about that part of the world. I have traveled to the region three times this year—on a factfinding mission, to participate in the NATO Parliamentary Assembly, and to participate in the OSCE Parliamentary Assembly. I have been to Kosovo twice and visited with troops.

I have been involved in efforts to bring about alternative leadership in Serbia—something that has finally happened. I have been a leader on the Stability Pact with the belief that its successful implementation is crucial to the long-term stability, prosperity, and peace in the region. I have also constantly watched the situation in Kosovo, outraged at the ongoing ethnic cleansing going on there today.

With this background and involvement, I can say definitely that Governor Bush understands the importance of the region to our national security interests.

I think it is important that we set the record straight. Governor Bush has said that he would systematically review our military commitments internationally upon his inauguration. He will look at them across the world. This will include a review of our deployments in the Balkans. He has said that he will work with our allies to develop a strategy to remove our troops from the region when it is possible to do so without threatening peace and stability in the region or our relationship with our European allies. He understands the important relationship we have with our NATO allies.

There never was and never will be any statement by Governor Bush or, if he is elected, President Bush, regarding a reduced commitment to NATO. He understands how important NATO is.

Vice President GORE has joined Governor Bush in saying that we should pull out of the Balkans when we are no longer needed.

Governor Bush is committed to political stability and security in the Balkans. He emphasized this point repeatedly—that stability in southeast Europe is vital to Europe and hence to the U.S. In other words, we have strategic interests in southeast Europe, which are important to Europe and to the security of the U.S. and, for that matter, peace in the world. So Governor Bush is committed to political stability.

Without the Governor's involvement in the Byrd-Warner debate on our troop commitment to Kosovo, the next President would be facing a July 1 deadline to decide whether to stay or go. Governor Bush stood up and was counted at the time of the Byrd-Warner discussion in the Senate. He demonstrated leadership at a time when leaders from both parties were considering having the U.S. unilaterally withdraw from a NATO commitment. That was a very

important thing that he did at that time, because if he had not stood up and said he thought it was overreach, we would have lost that on the floor of the Senate and would have done irreparable damage to our relationship with NATO.

We must remember that the Clinton-Gore administration promised the American people in 1995 that our troops would not be in Bosnia for longer than a year. That promise was never kept. Rather than set a misguided deadline, Governor Bush is simply saying we should not, and will not, be in the Balkans forever. Nothing more.

Governor Bush has said time and again that he would actively consult our European allies in the formation and implementation of our policies in NATO and in southeast Europe. I hope Lord Robertson, who heads up NATO, understands that. I made that very clear when I was at the NATO Assembly in Budapest. We understand how important our leadership and our commitment is to NATO.

Governor Bush is an internationalist who is committed to NATO and our European allies.

These attacks are just partisan politics designed, in my opinion, to turn attention from a growing scandal involving Vice President GORE.

Just this morning, the Senate Foreign Relations Committee held a hearing to examine Vice President GORE's dealings with former Russian Prime Minister Viktor Chernomyrdin regarding weapons sales to Iran. It has been widely reported that the Vice President failed to fully and properly inform relevant congressional oversight committees regarding agreements reached with Russian officials. He has to be more forthcoming about what went on there.

The hearing was in response to new and critical information on this matter which surfaced in the New York Times report dated October 13. Governor Bush remains fully committed to NATO and American leadership in Europe. Repeating, he remains fully committed to NATO and American leadership in Europe.

He understands our unique role and is committed to maintaining that leadership. We know how important our leadership is to NATO. We certainly found that out during the Kosovo-Serbian war that we had. To suggest that he doesn't understand is just plain hogwash.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

THE FAILURES OF THIS CONGRESS

Mr. KENNEDY. Mr. President, over the period of the past weeks and months, as the ranking member of our Health, Education, Labor, and Pensions Committee, I have tried to point out the failing of this Congress and the fact that we have not addressed reauthorization of the elementary and secondary education bill, which we are charged to do—we had 22 days of hearings and we had a markup and legislation was reported out of our committee.

It has been several months since that legislation was on the floor and then withdrawn by the majority leader. In spite of the efforts of many of us to bring that measure back on the floor of the Senate, we have been unable to do so. We think it is enormously important that we have an opportunity to do so.

We are now some 3 weeks after the date that was suggested that we move into the adjournment for this Congress, and we have seen days go by, quorum calls held, and still no action. Now pending before the committee, we have the bankruptcy legislation, which is going to benefit in a substantial way the credit card industry. But we are not having the opportunity to address the Elementary and Secondary Education Act, which can benefit families all across this country, with support for State and local communities.

This issue, I think, is back before the Senate because, during the period of our national debate between the Vice President and Governor Bush, great attention has been given to the issues of education. Assurances were given to the American people representing the different positions of the candidates. We have pointed out—I did last week—some of the realities and some of the facts about what is happening in our public schools across this country. And also I pointed out the fact that Texas has not been keeping up with the rest of the country on objective tests. That was challenged by some colleagues on the other side of the aisle. Now we have the Rand Corporation—virtually a nonpartisan organization—which has done a very careful review of the Texas experience, and they agree with us and, in effect, agree with Vice President GORE on the issues of education.

I am glad we are getting some clarification. We only have 2 weeks left in this campaign, but I am glad we are beginning to get some clarification on this issue. First of all, I remind our colleagues about what assurances were given to the American people about the commitment of our majority leader on the issues of elementary and secondary education. We only provide some 7 cents out of every dollar that goes into the local communities. States have the primary responsibility. Nonetheless, we can give some focus and attention to programs that have demonstrated positive results in terms of academic achievement and accomplishment. That really is the purpose for which these resources are out there, and also to give special emphasis to the most economically disadvantaged children in this country so they are not going to be left out or left behind.

We come to this debate and discussion looking over the period of recent years. We wonder whether the positions that have been accepted by the Republican leadership are very much in conflict with the age-old positions of the Republican Party with regard to education, where they believe there should not be a role for any Federal aid to education. We had that debate in the early sixties. We have had it many times since then.

Nonetheless, we have seen in the early 1990s when the Republican leadership assumed control of the Senate the first order of business for them was a massive rescission of moneys that had been appropriated and were going to be allocated to school districts that would have provided help and assistance to needy schools across the country.

That money had been appropriated by the House and Senate and agreed to by the conference, signed by the President of the United States. One of the first orders of business by the Republican leadership was to rescind that money. We saw a rescission of about $2 billion. The initial request was considerably higher. It was reduced, but we had the rescission.

Then in the 1990s we faced the onslaught of our Republican leadership who wanted to abolish the Department of Education. I think most Members and most parents across the country believe that when the President of the United States sits down with the Members at the White House, we want someone sitting at the President's elbow when there is a discussion and debate about domestic priorities in the United States, someone who is always going to say: What about education? What about education, Mr. President?

Those voices are there, appropriately so, in terms of the security interests of the United States and defense, for the foreign policy of the United States, the Secretary of State. We have them there with regard to housing. We have them there in terms of the environment. We have them there in terms of commerce and transportation. Many Members believe we should have them there with regard to the issues of education.

That was not the position of the Republican leadership. They said: No, we don't want to have that there. They tried unsuccessfully to eliminate the Department of Education. Nonetheless, we find the Department is there. It is considerably downsized. It has had an extraordinary record, with great improvement over the previous Republican Secretaries of Education in collecting the debts that are owed to the Department. They have reduced the student loan default rate from 22.4% in 1992 to 6.9% in 2000. Both the guaranteed and student loan collections have been much more efficient.

Now there is a different attitude by the new Republican leadership. It is expressed by the Republican leader himself, going back to January of 1999:

Education is going to be a central issue this year. . . . For starters, we must reauthorize the Elementary and Secondary Education Act.

January 29, 1999:

But education is going to have a lot of attention, and it's not going to be just words. . . .

June 22, 1999:

Education is number one on the agenda for the Republicans in Congress this year. . . .

Chamber of Commerce, February 1, 2000:

We're going to work very hard on education. I have emphasized that every year I've been majority leader . . . and Republicans are committed to doing that.

February 3, 2000:

We must reauthorize the Elementary and Secondary Education Act. . . . Education will be a high priority in this Congress.

May 1, 2000:

This is very important legislation. I hope we can debate it seriously and have amendments in the education area. Let's talk education.

May 2, 2000:

Question: . . . have you scheduled a cloture vote on that?

Senator LOTT: No, I haven't scheduled a cloture vote. . . . But education is number one in the minds of the American people all across this country and every State, including my own State.

July 10:

I, too, would very much like to see us complete the Elementary and Secondary Education Act.

July 25, 2000:

We will keep trying to find a way to go back to this legislation this year and get it completed.

The fact is, for the first time in 35 years we do not have a reauthorization of the Elementary and Secondary Education Act. That is against the background, Mr. President, of what is happening out there across this country and what young children are doing.

We have challenges in our education system. Here is a chart: ''More Students are Taking the SAT.'' That test, by and large, is necessary to gain entrance into the colleges; not virtually unanimous, but by and large it is required. Look at what has happened since 1980, when 33 percent of the children took it: 36 percent in 1985; 40 percent in 1990; 42 percent in 1995; and now in 2000, it is 44 percent.

This is a reflection of the attitude of children in our high schools. The percentage of children taking the SATs is going up significantly. The children want to take those tests. They understand the significance of the SAT and the importance of a college education. The SAT test is demanding. It is hard. It is difficult. Children have to work extremely long hours to prepare for these SATs. The increasing numbers of students taking the SAT is a clear indication from the children of this country that they are serious about education and they want to be able to try to improve their academic achievement.

Not only do we see their willingness to take the most strenuous of tests, which are the SATs, but they are also willing to take the advanced courses in math and science, probably the most difficult courses in our high school.

We see what has been happening in precalculus: In 1990, 31 percent of students enrolled in precalculus; in 2000, 44 percent did. In calculus, the rate increased from 19 percent to 24 percent. In physics, 44 percent to 49 percent. These are the percentage increases of students who are taking the advanced courses in these subject matters—all on the rise. The number of children who are taking the SAT tests is on the rise.

Let's take a look at the results. We have now more children taking the SAT tests. They are taking more demanding courses. What have been the results? We see across the board, going back from 1972 and 1975, 1980, the constant downward movement in terms of results. What we have been seeing since 1990 is the gradual, slow—and I admit it has been slow, but it is going in one direction, and that is up. There has been an improvement in SAT math scores and they are now the highest in 30 years. More kids are taking them, more kids are doing better. That is true across the board in terms of males as well as females.

We have challenges in our education system. This is a reflection on what is happening generally across the country. These are the matters the Vice President has talked about, how he wants to strengthen those.

Now we see what has been happening in the State of Texas. We saw what is happening generally across the country, that all the indicators are going up. Here we have Texas, falling far below the national average on the SAT scores from 1997 to the year 2000.

I brought this up to the Senate floor last week, and a lot of my colleagues were dismissive. But let's look at this. This is the national test, the SAT. These are not homegrown tests in Texas and homegrown tests in Massachusetts, homegrown in other States. The SAT is a national standardized test. I will come back to that in a minute.

These are the national averages for the SAT test. Notice the national average total scores since 1997 has gone up. That, I think, is a clear indication that the children, working harder, taking more challenging courses, have a greater desire, more of them, to go on to the schools and colleges. It is a very definite upward swing, although not great in terms of the total numbers. All of us want these higher. However, the fact remains that progress has been made and the national average is going up.

But not, Mr. President, in the State of Texas. From 1999 to the year 2000, we have seen it flatten out. Going back to 1997, scores have declined; Texas scores have gone down. It is also interesting that Texas scores are well below the national average in the SATs.

I think this is a pretty fair indication about the facts in the State of Texas. With all respect, I am not getting into criticizing the Governor or commenting on his desire to try to do better. But I do think that when he talks about it and he claims how well Texas is doing, it is fair enough to look at the facts and examine whether this is so. We have this as a result of these Scholastic Aptitude Tests that show Texas is well below the national average, and under Governor Bush it hasn't improved on the national average in the last several years, at least while he has been Governor.

These are the earlier facts. Then we have the blockbuster report, the Rand Commission report, which basically sustains that argument that the schools may not have been making as large of improvements as claimed. It has been an important indictment of what has been happening on education in the State of Texas.

Mr. REID. Could I ask the Senator from Massachusetts to yield while we do a unanimous-consent request, and the Senator as part of the request would retain the floor?

Mr. KENNEDY. I am glad to.

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

The Senator from Alaska.

UNANIMOUS-CONSENT AGREEMENT—H.R. 4811

Mr. STEVENS. Mr. President, I ask consent that following statements by Senator KENNEDY and Senator BAUCUS ongoing now, the Senate proceed to the conference report to accompany the foreign operations appropriations bill, that it be considered as having been read, and time be limited to the following: 1 hour equally divided between Senators MCCONNELL and LEAHY or their designees, 10 minutes equally divided between myself and Senator BYRD or our designees, and 30 minutes under the control of Senator GRAHAM of Florida. I further ask unanimous consent that following the use or yielding back of time, the Senate proceed to vote on the adoption of the conference report without any intervening action.

Mr. REID. Mr. President, reserving the right to object, it is my understanding there is already scheduled a 4:30 vote.

The PRESIDING OFFICER. That is correct.

Mr. REID. If this debate is not completed prior to that time, we will have to complete it after that vote is taken?

The PRESIDING OFFICER. That is correct.

Mr. STEVENS. That is my understanding, too.

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

Mr. STEVENS. I thank Senator KENNEDY.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

EDUCATION TEST SCORES

Mr. KENNEDY. Mr. President, I was just pointing out that we have this extraordinary report. I have it in my hand. It is the October 24, 2000 Rand Commission report: What do test scores in Texas tell us? It is an excellent report. I will have excerpts of it printed in the RECORD. But I hope those who are interested in this issue, trying to make up your minds over the period of these last 10 days, will have a good opportunity to examine that report.

Let me just mention a few of the highlights of the report. First of all, the study was released, as I mentioned, on October 24. It raises serious questions about the validity of gains in Texas math and reading stores. The study compares the results of the Texas Assessment of Academic Skills, the test taken by Texas students, with the results achieved by those same students on the National Assessment of Education Progress tests. There were large discrepancies between the results of the Texas TAAS test and the national NAEP test. The student gains on the TAAS, the Texas test, are far greater than what has been found with the same group of students on the NAEP or other standardized national tests.

Do we understand what we are saying? Significant improvement on the test just given to Texas students; but for the Texas students who took both the Texas and national test, we found a very dramatic disparity. In Texas, many teachers say they are spending especially—these are the conclusions of the Rand report—large amounts of class time on TAAS test preparation activities. Teachers in low-performing schools reported greater frequency of test preparation than did teachers in higher-performing schools. While this preparation may improve the TAAS scores, it may not help students develop necessary reading and math skills. Also, this could lead to a superficial appearance that the gap between minority and majority students is narrowing when no change has actually occurred.

The exclusion of students with disabilities increased in Texas while decreasing in the Nation. Texas also showed an increase over time in the percentage of students dropping out of school and being held back. These factors produce a gain in average test scores that overestimates actual improvement in student performance.

We understand now what is happening. Regarding those individuals with disabilities, students we have worked long and hard to make sure they are going to be a part of the student body and have the opportunities for educational advancement, if you can exclude some of them from test taking, as in Texas, plus most likely some of the poorer performing students have dropped out and won't be able to take any of those assessment tests, this is going to have an artificial inflator on test scores.

That is the Rand Corporation that is making that conclusion.

Also, Rand researchers hypothesize that a small but significant percentage of students may have topped out on the TAAS. In other words, some students may have scored as high as the TAAS would allow them to. If that happened, it would artificially narrow the gap on TAAS between white students and students of color because white students tend to earn higher scores than minority students. Thus, the reduced gap on the TAAS relative to NAEP may be a result of TAAS being too easy for some students.

As with other tests, there have been documented cases of cheating on the Texas TAAS test.

The NAEP is a national test, which students from around the country can take so States and communities—and parents, most importantly—are able to evaluate the differences between how their children are doing in school compared with how those in other parts of the State and other parts of the country are doing. According to the NAEP, Texas fourth graders were slightly more proficient in reading in 1998 than in 1994. However, the country as a whole also improved to the same degree. Thus, there was nothing remarkable about the reading score gains in Texas. Small improvements in Texas eighth grade math scores were also consistent with those observed nationally.

There is nothing remarkable about the NAEP scores in Texas, and students of color did not gain more than whites. Score increases in Texas are identical to those nationwide when using the NAEP data. However, the gains on TAAS were several times larger than they were on NAEP.

That is what we are hearing the good Governor talking about. That is what he is talking about. This puts it all in the light that that is not a true reflection of what is happening among the young people. The gains on TAAS were greater for students of color than they were for whites. The large discrepancy between the TAAS and the NAEP results raises concern about the validity of the TAAS scores and validity of claims regarding student achievement.

According to the NAEP results, the gap between white students and students of color in Texas is very large and also increasing slightly.

In 1998, the average fourth grade reading score for black students was at the 38th percentile compared to the average white student at the 67th percentile. This gap was slightly larger than the gap between these groups in 1994. In other words, the black-white reading gap increased during this 4-year period. The gap between the blacks and whites had actually increased during this period.

In fourth grade math, the white-Hispanic NAEP gap grew in Texas but not nationally, and the white-black gap remained constant in Texas but actually shrank nationally. In short, the gap sizes between the whites and minorities on the NAEP were improving nationally but getting worse in Texas.

That is not a satisfactory prescription for improving education. It suggests the Texas system is more an education mirage than an education miracle. I think it is important for parents—as they are looking now, trying to get beyond the cliches, beyond the slogans, beyond the set statements, beyond the give and take, even in those debates—to look at the record, and the record is very clear. That is that we have not seen the kind of advancement that has taken place in many other States that are doing a number of things that have been recommended, as we were going to have a chance to hear about in the debate on the ESEA.

We find out the States that made the greatest advancement are States that had smaller class sizes, where they had continuing enhancement and proficiency for teacher education, mentoring with teachers, afterschool programs, accountability. They had a number of those programs and even benefited from early education help and assistance as well.

What we wanted to try to do is to have a debate on those particular matters that have made a difference in States around the country, where we had seen advancements in education. But we have been denied that opportunity. What basically the leadership, the Republican leadership, has denied us is the opportunity to have that debate, denied us the opportunity to raise these issues. What the American people are being asked is, let's just look back on what has happened in Texas.

When we examine Texas, not out of partisanship, but using the objective standards for the SATs—they do not benefit a Democrat or Republican; they are focused on children—and if we take the Rand study which has been available and can be reviewed by anyone—we are finding out that this has been a mirage in terms of education.

I want to spend a few moments going into another area which I think the American people ought to give some focus and attention to in these final few days, and that is on the critical issue of the credibility gap in health care. Few, if any, issues are of greater concern to American families than quality, affordable health care. Americans want an end to the HMO abuses.

They want good health insurance coverage, they want a prescription drug benefit for senior citizens under Medicare, and they want to preserve and strengthen Medicare so it will be there for today's and tomorrow's senior citizens. And they want these priorities not only for themselves and their loved ones but for every American, because they know that good health care should be a basic right for all.

The choice in this election year is clear. It is not just a choice between different programs. It is a choice based on who can be trusted to do the right thing for the American people. AL GORE's record is clear. He has been deeply involved in health care throughout his career. The current administration has made significant progress in improving health care in a variety of ways—from expanding health insurance to protecting Medicare. He has consistently stood for patients and against powerful special interests.

AL GORE lays out a constructive and solid program that is consistent with his solid record. He is for expanding insurance coverage to all Americans, starting with children and their parents. He is for a strong Patients' Bill of Rights. I daresay, when AL GORE is elected President, a Patients' Bill of Rights will be the first major piece of legislation that passes this Congress. I am absolutely convinced that will be the case, Mr. President.

He has a sensible plan for adding prescription drug coverage to Medicare. He will fight to preserve Medicare without unacceptable changes designed to undermine Medicare and force senior citizens into HMOs and private insurance plans.

George W. Bush's approach is very different. His proposals are deeply flawed. But even worse than the specifics of his proposals is his failure to come clean with the American people about his record in Texas or about his own proposals.

On health care, George W. Bush does not just have a credibility gap. He has a credibility chasm. He has consistently stood with the powerful against the people. He refuses to take on the drug companies, the insurance companies, or the HMOs. His budget plan puts tax cuts for the wealthy ahead of every other priority, and leaves no room for needed investments in American families. His health care values are not the values of the American people.

On the issue of the Patients' Bill of Rights, George Bush said in the third debate that he did support a Patients' Bill of Rights. He said he wanted all people covered. He said he was in favor of a patient's right to sue, as provided under the Texas law. And he said he brought Republicans and Democrats together in the State of Texas to pass a Patients' Bill of Rights. That is what he said. But the reality is very different, as was pointed out in the New York Times after the debate on October 18. ''Texas record: Taking credit for patients' rights where it is not necessarily due.''

That is the understatement of the year. The reality is George W. Bush vetoed the first Patients' Bill of Rights passed in Texas. He fought to make the second bill as narrow and limited as possible. He was so opposed to the provision allowing patients to sue their HMOs that he refused to sign the final bill, allowing it to become law without his signature.

Mrs. HUTCHISON. Will the Senator yield?

The PRESIDING OFFICER. Will the Senator yield?

Mr. KENNEDY. Briefly for a question, and then I would like to make a presentation, and then I will be glad to yield.

Mrs. HUTCHISON. Mr. President, I am very concerned about what I see as attacks on my State of Texas on the Senate floor. I certainly think it is legitimate to have a Presidential campaign out in the light of day where people can see it. I just ask the question: Is the Patients' Bill of Rights the Senator is referring to the law today in Texas?

Mr. KENNEDY. Yes, it is law.

Mrs. HUTCHISON. Does the Senator think it would be law in Texas today if the Governor had not allowed it to become law?

Mr. KENNEDY. I think another Governor would have gotten the bill faster. If the Senator——

Mrs. HUTCHISON. The question is, Is it law today?

Mr. KENNEDY. Mr. President, I am going to reclaim my time.

The PRESIDING OFFICER. The Senator from Massachusetts reclaims his time.

Mrs. HUTCHISON. I ask if the Senator will give me some time to rebut what I consider to be an attack on my State.

Mr. KENNEDY. I will be glad to yield to the Senator after I spell out exactly what happened in Texas.

Mrs. HUTCHISON. Mr. President, then I ask unanimous consent that I have some time before we go to the foreign ops bill. I ask unanimous consent that I get up to 15 minutes.

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

Mr. KENNEDY. Mr. President, I will lay out the facts—and if I can have the attention of the Senator from Texas now—I will lay these facts out, and if the Senator from Texas finds a problem with these facts, then I will be glad to yield for that purpose to listen to what the facts are.

These are what the facts are: George Bush said in the third debate that he did support a national Patients' Bill of Rights.

He said he wanted all people covered.

He said that he was in favor of a patient's right to sue as provided under Texas law.

He said he brought Republicans and Democrats together in the State of Texas to pass a Patients' Bill of Rights. That is what he said.

The reality is different. The Governor vetoed the first Patients' Bill of Rights passed in Texas. He fought to make the second bill as narrow and limited as possible. He was so opposed to the provision allowing patients to sue their HMOs that he refused to sign the final bill and allowed it to become law without his signature. That is not the record of a person who is candid about where he stands and what he has done. Those are the facts.

It is not a record that recommends him for national office for any citizen concerned about a strong, effective Patients' Bill of Rights. It is the record of a candidate who stands with powerful insurance companies and HMOs, not with American families. He was forced effectively to take a Patients' Bill of Rights. So when the Senator says, isn't it law today? yes, but it was required because of what happened in the legislature, not the leadership that was provided by the Governor on that issue.

On health insurance, the record is equally clear—and equally bleak. Governor Bush claims he wants insurance for all Americans. He blames Vice President GORE for the growth in the number of the uninsured. But Governor Bush's record in Texas is one of the worst in the country. Texas has the second highest proportion of uninsured Americans in the country. It has the second highest proportion of uninsured children in the country. Yet Governor Bush has not only done nothing to address this problem, he has actually fought against the solutions.

In Texas, he placed a higher priority on large new tax breaks for the oil industry, instead of good health care for children and their families. When Congress passed the Children's Health Insurance Program in 1997, we put affordable health insurance for children within the reach of every moderate and low-income working family. But George Bush's Texas was one of the last in the country to fully implement the law.

Do we understand that? Texas was one of the last States in the country to fully implement the law. Despite the serious health problems faced by children in Texas, Governor Bush actually fought to keep eligibility as narrow as possible.

This is what happened in 1994: The Governor takes office; Texas ranks 49th. The year 2000: Bush runs for President; Texas ranks 49th.

These are the facts. People might not like those facts. People might not want to talk about those facts, but these are the facts. If you have different facts, let's have them.

Texas: One of the last States to implement CHIP. October 1997, CHIP funds were available. November 1999, Texas implements the full CHIP program. We had a program where the funds were there. We did not have to appropriate the additional funds. Still it took 2 years. Children cannot wait 2 years when they are sick. They cannot wait when they have a sore throat, or cannot see the blackboard, or cannot see the teacher. They need help and assistance, and the fact it took 2 years, I think, is inexcusable.

Bush places a low priority on children. Bush fights to restrict CHIP eligibility to children below 150 percent of poverty. Most of the other States, a great majority of the other States, went to 200 percent of poverty. Maybe the Senator from Texas has an explanation for that.

Texas has been one of the only States that has been cited, not by the Senator from Massachusetts and not by Democrats, but by a Federal judge for failure to enroll children in Medicaid. That is the record, Mr. President. You might not want to hear about it, but that is the record.

Now, perhaps the most ominous revelation about the Governor's attitude towards this issue came in the third debate when he said:

> It's one thing about insurance, that's a Washington term.

Insurance a Washington term? Governor Bush should try telling that to hard-working families across the country who don't take their children to the doctor when they have a sore throat or a fever because they can't afford the medical bill. He should try telling that to the young family whose hopes for the future are wrecked when a breadwinner dies or is disabled because an illness was not diagnosed and treated in time. He should try telling that to the elderly couple whose hopes for a dignified retirement are swept away in a tidal wave of medical debt.

Insurance is far more than a Washington term. It is a Main Street term in every community in America, and its lack of availability is a crisis for millions of families across the country.

Prescription drug coverage under Medicare is another major aspect of the health care challenge facing America. Few issues are more important to senior citizens and their families. They deserve a prescription drug benefit under Medicare. And we should try to provide it in a way that strengthens the promise of Medicare, not in a way that breaks that promise and breaks faith with the elderly.

The differences between Vice President GORE and Governor Bush on this issue are fundamental. Governor Bush stands with the big drug companies. The Vice President stands with the senior citizens. Governor Bush has sought at every turn to blur the differences between their two plans in a way that is so misleading as to make a mockery of his own attacks on the Vice President's credibility.

Vice President GORE has clearly pointed out the many flaws in Governor Bush's prescription drug plan for senior citizens. But Governor Bush has no response on the merits. Instead, he hides behind phrases like ''fuzzy numbers'' and ''scare tactics.''

But the numbers are not fuzzy, and senior citizens should be concerned. Let's look at the facts.

Prescription drug coverage under the Bush plan is not immediate and most senior citizens would be left out.

As the Vice President has pointed out, for the first 4 years, the Bush plan would cover low-income seniors only. AL GORE cited the example of a senior citizen named George McKinney. He said:

> George McKinney is 70 years old, has high blood pressure. His wife has heart trouble. They have an income of $25,000 a year. They cannot pay for their prescription drugs. And so they're some of the ones that go to Canada regularly in order to get their prescription drugs.

Governor Bush responded:

> Under my plan, the man gets immediate help with prescription drugs. It's called immediate helping hand. Instead of squabbling and finger-pointing, he gets immediate help.

He kept accusing Vice President GORE of using ''fuzzy math'' and ''scare tactics.''

But Governor Bush's own announcement of his Medicare plan proves AL GORE's point. This is what Governor Bush said:

> For four years, during the transition to better Medicare coverage, we will provide $12 billion a year in direct aid to low income seniors . . . Every senior with an income less than $11,300–$15,200 for a couple—will have the entire cost of their prescription drugs covered. For seniors with incomes less than $14,600–$19,700 for couples—there will be a partial subsidy.

George McKinney has an income of $25,000. He would clearly be ineligible for help under Governor Bush's plan. If Governor Bush thinks that is fuzzy math, then education reform is even more urgent than any of us realized.

In the third debate, Governor Bush finally admitted that the first phase of his program is only for ''poor seniors.''

George McKinney is not alone. The vast majority of senior citizens would not qualify for Governor Bush's prescription drug plan, and many of those who did qualify would not participate.

Even this limited program for low-income seniors would not be immediate, because every State in the country would have to pass new laws and put the program in place, a process that would take years in many States.

George Bush's prescription for middle-income seniors is clear—take an aspirin and call your HMO in 4 years.

Governor Bush's prescription drug plan would also require senior citizens to go to an HMO or an insurance company to obtain their coverage. In the first debate, Vice President GORE pointed out that most senior citizens ''would not get one penny for four to five years, and then they would be forced to go into an HMO or an insurance company and ask them for coverage. But there would be no limit on the premiums or deductibles or any of the terms or conditions.

Again, Governor Bush did not respond to the Vice President's specific points. Instead, he claimed that the Vice President was trying to ''scare'' voters.

The facts are clear. George W. Bush's policy paper states that:

> Each health insurer, including HCFA-sponsored plans that wish to participate . . . will have to offer an ''expanded'' benefit package, including out-patient prescription drugs. . . . This will give seniors the opportunity to select the plan that best fits their health needs.

In other words, to get prescription drug coverage under the Bush plan, you have to get it through a private insurance plan. How high will the copayments be? How high will the premiums be? How high will the deductible be? Governor Bush has no answer. Those important points are all left up to the private insurance companies.

Governor Bush says senior citizens will have the opportunity to select the plan that best meets their health needs. But what they will really have is the opportunity to select whatever plan private insurers choose to offer. If it costs too much, senior citizens are out of luck. If it does not cover the drugs their doctors prescribe, they are out of luck. The Bush plan is an insurance industry's dream, and a senior citizen's nightmare.

On prescription drugs, and every other aspect of Medicare, the choice between the two Presidential candidates is very clear, and it is clear on every other aspect of health care. The Bush record in Texas is one of indifference and ineptitude—of putting powerful interests ahead of ordinary families.

The Bush record in the campaign is one of distortion. The Bush proposals are at best inadequate and at worst harmful. Tax cuts for the wealthy are not as important as health care for children and prescription drugs for seniors. The American people understand that, but evidently Governor Bush does not.

AL GORE has a career-long record of fighting for good health care for families, for children, and for senior citizens. The current administration has a solid record of bipartisan accomplishment, ranging from protecting the solvency of Medicare to improving health insurance coverage through the enactment of the Kassebaum-Kennedy bill and the Child Health Insurance Program. AL GORE's program responds to the real needs of the American people

with real resources and a detailed action plan.

I am hopeful that every American will examine the records of the two candidates carefully. On health care, there should be no question as to which candidate stands with the powerful special interests and which candidate stands with the American people. The choice is clear. Governor Bush stands with the powerful, and AL GORE stands with the people.

Mr. President, I yield the floor.

Mrs. HUTCHISON addressed the Chair.

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

SETTING THE RECORD STRAIGHT

Mrs. HUTCHISON. Mr. President, I rise today to refute everything the Senator from Massachusetts has said about my State and my Governor.

Mr. President, I think it is legitimate to talk about a person's record when you are running for President of the United States. But, Mr. President, I object to the use of the Senate floor to trash my State of Texas. And I object to a misrepresentation of the record of my State.

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

Mrs. HUTCHISON. I will yield on your time—on the time of the Senator from Massachusetts, not on my 15 minutes.

The PRESIDING OFFICER. The Senator from Massachusetts has no time.

Mr. KENNEDY. But there is not a time limitation, is there?

The PRESIDING OFFICER. The Senator from Texas is under a time limitation.

Mr. KENNEDY. I ask my response not be charged to the Senator.

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

Mr. KENNEDY. Mr. President, does the Senator from Texas deny that Texas is 48th out of 50 States in terms of the total number of uninsured children? Does she deny that?

Mrs. HUTCHISON. Mr. President, I deny that that is the relevant point. Because, in fact, 41 States are behind in the CHIP program sign-up because when Congress passed the Children's Health Care Program, they gave the States 3 years to spend the money. It just happened that our State meets every other year in the legislature. By the time they were able to meet and start the CHIP program, the State had had a very steady influx of children. We are on the way, and 40 other States are in the same situation.

So I am going to reclaim my time. I would like for the rest of my 15 minutes to start now because I thought the Senator from Massachusetts was going to ask a question. But I am not going to yield further.

The Senator from Massachusetts has been speaking for quite awhile about my home State of Texas. If there is more than 15 minutes before we start the foreign operations bill, I ask unanimous consent to be able to continue speaking until Senator MCCONNELL comes and have the full time to refute what I think are misrepresentations of the Texas record.

The PRESIDING OFFICER. The Senator should be advised, there is an agreement to recognize Senator BAUCUS. But subject to that agreement, without objection, the Senator may proceed.

Mrs. HUTCHISON. I ask unanimous consent that I have up until the time that the foreign operations bill starts. What is the agreement with Senator BAUCUS?

The PRESIDING OFFICER. There is an agreement that Senator BAUCUS be recognized with no time limit before the foreign operations bill. However, the Senator is not here at this point.

Mrs. HUTCHISON. Mr. President, I ask unanimous consent to speak until I finish.

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

Mrs. HUTCHISON. Mr. President, the State of Texas has just surpassed New York as the second largest State in America. That didn't happen because our State wasn't well run. It didn't happen because we have a sorry education system. It didn't happen because we don't take care of our children. It happened because we have a great quality of life. We have a Governor, George W. Bush, who is doing a great job, and we have a legislature led by our Lieutenant Governor, Rick Perry, and our House Speaker, Pete Laney. One is a Democrat; one is a Republican. They work together. That is the way we do things in Texas.

There has been a gross misrepresentation about Texas throughout the campaign for President and on the Senate floor today. I will tell the Senate why the State of Texas is in great shape and why it is absolutely unconscionable to trash Texas in order to get an advantage in the Presidential race.

Let's take education. Everyone would acknowledge that we have a problem in the public education system of our country. Our Congress, the Republicans, and our Governor in Texas have tried to open up our public education system. Governor Bush has tried to take the problems we have and put creativity and more State resources into those problems so that every child will have a chance to reach his or her full potential in our State of Texas. That is what we have tried to do in Congress for the entire United States. We have tried to put creativity into the schools. We have tried to give parents more choices.

Every time we do, however, it is the people on the other side of the aisle who throw up the roadblocks, who want to have the Federal Government, from the top down, dictate what the local governments and the school boards would do all over our country.

If you think that Governor Bush disagrees with that, you are right. And so do I. He believes in local control. He is very pleased that Congress is going to put more money into public education, but he wants the decisions made by the people who know the children and who know what the children's needs are.

Let me tell you what he has done in Texas. We were very concerned about the high school dropout rate in Texas. It was especially high in our Hispanic community. Governor Bush believes, as do I, that if our young people are dropping out of high school, that is trouble—T-R-O-U-B-L-E—for all of us. It means those children will not have a chance to succeed, and it means our society is losing the benefit of a productive citizen.

Governor Bush said: Let's find out what the problem is. Well, we found out what the problem is. Many of those young people who are dropping out of high school can't read very well. So he said: We are going to attack this so that every child will be able to read at grade level, so that every child will be able to participate in public education all the way through the system. So we start testing our children in Texas in preschool, kindergarten, in the first grade, in the second grade. And in the third grade, the child must read at grade level. The child is tested. And if the child cannot pass the test, the child will not progress to the fourth grade.

That child will be given extra help to learn how to read until that child can read at grade level. Then that child will go to the fourth grade. Governor Bush believes that a child is not going to be able to learn multiplication tables if a child can't read in the third grade. Governor Bush wants to go back to basics in education. He wants reading, writing, arithmetic, and history to be the core subjects that are taught in our schools. That is what he has done in Texas. The test scores are going up, and especially they are going up among our minority students. In fact, we have phenomenal increases in the test scores of our minority students, which is the emphasis we have put in the program, because we are so hopeful that by starting at that third grade level, every child will be able to reach his or her full potential.

Texas is one of two States that has made the greatest recent progress in education according to the congressionally mandated National Education Goals Panel. African American fourth graders in Texas ranked first in the Nation in math. Since 1992, African American fourth graders in Texas have made the greatest gains in math, and Hispanic fourth graders have made the second greatest gains.

African American and Hispanic eighth graders in Texas ranked first

and second in the Nation in writing. Texas eighth graders, as a whole, ranked fourth in the Nation. Under Governor Bush, the number of students passing all parts of the State skills test has increased by 51 percent. The number of both minority students and economically disadvantaged students passing all parts of this test increased by 89 percent.

I think that is a record of which our Governor should be very proud.

We have had problems in our public education system. We have had children who don't speak English in great numbers in our education system. We are a border State. We value education. Our Governor was the first to step up to the line and say we would educate every child in Texas regardless of whether or not that child was a legal resident of Texas. The children of illegal immigrants are educated in Texas, and that is under the leadership of our Governor.

So I think it is very important that we set the record straight because it is a good record. We take care of our children, and we believe a strong system of public education is the ticket to success in our country. We believe Texas is leading the way.

Now the Senator from Massachusetts pointed out that a Federal judge had said we are not doing enough for the children in the insurance program that has been a part of Medicaid. I think that is very interesting because that lawsuit was filed when we had another Governor in Texas, not Governor Bush. That lawsuit was filed when Ann Richards was the Governor of Texas. Governor Bush has been in office for 7 years, so that lawsuit has been pending for over 7 years. I wonder what it was that made Federal Judge William Wayne Justice decide to rule in the last 6 weeks in that case. I wonder why he waited for over 7 years to declare that Texas was not meeting its responsibilities. Furthermore, I wonder why he waited until October 30 to ask for the report from the State—October 30 of an election year in which our Governor is running for President. I just ask that question about the timing.

As a matter of fact, it happens that our State is going to report that they are doing everything they can to cover every child with Medicaid and under the CHIP program because 41 States were not able to meet the 3-year mandate of the CHIP program, for a combination of reasons. Partly, it was regulations put out by the Federal Government that our States had to digest before they would be able to go forward and put the program in place. Our State legislature meets every other year, as do many other State legislatures. So once they met, they put the program in place. Texas has been going full steam ahead ever since that point. Mr. President, 100,000 children are now covered under our CHIP program; 400,000 are expected to be covered by the end of next year.

Under Governor Bush, the percentage of Medicaid-eligible children who get prevention care has doubled from 30 percent to 60 percent. Congress is going to pass legislation that is going to help all 41 States that haven't been able to get their programs up completely and running, so that all of them will be covered and they will have the money they need, including Texas. So 41 States had to get the program up and going with legislatures that meet every other year. So the States and the Federal Government are working together to make sure children are covered, and our Governor is leading the way.

I want to discuss the Patients' Bill of Rights, which was mentioned by the Senator from Massachusetts. He acted as if we didn't have a Patients' Bill of Rights in Texas. We do have a Patients' Bill of Rights in Texas, and the Governor worked very hard to get that bill passed. The disagreement between the Governor and some of the people in the legislature, which was the subject of the negotiation, was how much the caps on pain and suffering lawsuits would be. The Governor thought they were too high. He didn't veto the bill; he let it go into law. In fact, because he did that, it is the basis of the law that eventually Congress will pass, because it has very clear internal reviews and very clear external reviews and because those reviews are so comprehensive and independent, there have been virtually no lawsuits filed, which is exactly what you want. You want patients to be covered; you want them to get the care they need. You don't want a bunch of lawsuits in which the patient is a person forgotten in the process. You want a Patients' Bill of Rights so that you can get the care and because the internal and external reviews have been so good, the system is working.

It is law in Texas today because Governor Bush was the leader who worked to get those internal and external reviews, who worked to have reasonable caps, who let the bill become law, and who now, I hope, will lead our country to a Patients' Bill of Rights that will not be a lawsuit machine but will give patients and their doctors the ability to make their decisions.

The Senator from Massachusetts said our Governor, in running for the Presidency, has a prescription drug benefit for our elderly, but he said it was ''fuzzy.'' It is not fuzzy. He wants a prescription drug benefit for our elderly people who need it. He wants to do it immediately. He does not want one person to have to decide between a necessity in life and a prescription drug. So he is advocating exactly what we have been trying to do in Congress, which is to get money to the States immediately to help in a transition until we can have a real addressing of the issue of prescription drug benefits. He is advocating an option in Medicare so that every person will have the ability to have coverage, if that is the option the person in Medicare chooses to have—prescription drug benefits—something that would operate like Medicare Part B or Medicare Part C.

I think we should not have to criticize a State in order to make a point in a Presidential race. I don't think the people of America are very persuaded, and if Vice President GORE doesn't have anything else to talk about but the State of Texas, he should not be the leader of our country because I think most people would like to know what Vice President GORE and what Governor Bush are planning to do in the future for our country. I think their platforms are pretty clear. I don't think you have to say that the State of Texas is backward when we have one of the best qualities of life of any State in our Nation, and people are voting with their feet because they are moving to Texas by choice. Texas is a great place to live. We have wonderful people, and we have a legislature that operates in a bipartisan way. I don't think you would hear one of our legislators stand on the floor of the House or Senate and trash another State in order to make a point, because it is just not necessary.

We have a system of public education that is improving every day in Texas. It is under the leadership of Governor Bush that that is happening. We are covering our children in the CHIP program, and our outreach is comprehensive. We are trying to do the education efforts today so that every child who is eligible will know through that child's parents that they are eligible.

We have a Patients' Bill of Rights that is the leader in the Nation for patients in our State, with their doctors having control of their health care. We did it under the leadership of Governor Bush.

Mr. GRAMM. Will the Senator yield?

Mrs. HUTCHISON. I am happy to yield to the Senator.

Mr. GRAMM. Mr. President, let me say I have been busy all morning trying to work out our Medicare and Medicaid Improvement Act and work on finalizing actions so we can, hopefully, finish the business of the Senate tomorrow or Friday. I have not had an opportunity to come over, though I understand Senator KENNEDY has gone on at great length talking about Texas.

Let me respond in the following way. There are a lot of States in the Union I wouldn't want to live in. But I know there are people who love those States. I am proud when people ask: What State do you represent in the Senate? I am proud I can say I am a Senator from the greatest State in the Union. I am a Senator from Texas.

Now, Texas does not need defense against TED KENNEDY. The fact that TED KENNEDY is not for George Bush for President is a very good reason to

vote for George Bush for President. The fact that TED KENNEDY does not like our Patients' Bill of Rights in Texas is a pretty good indication we have a good Patients' Bill of Rights in Texas. After all, it was TED KENNEDY who joined the Clintons in proposing that the Government take over and run the health care system in America.

I don't have to defend Texas because people vote with their feet. We have had 321,666 people move from other States to Texas since George Bush has been Governor. They must think things are pretty good in Texas. We have created 1.6 million permanent, productive tax-paying jobs for the future in Texas while George Bush has been Governor. While America has lost manufacturing jobs, we have gained 100,000 manufacturing jobs in Texas. Come to think of it, wouldn't it be great if America were a little bit more like Texas?

I quote from the rules of the Senate, rule XIX, clause 3: No Senator in debate shall refer offensively to any State of the Union.

Now I don't intend to come over and say bad things about Massachusetts. Some great Americans have come from Massachusetts. Massachusetts is a great and wonderful State. I don't choose to live there, but I know the people who live there love it.

It is interesting that we are gaining two congressional seats because so many people are moving to Texas; Massachusetts keeps losing congressional seats. But I am not going to come out here and criticize Massachusetts.

I say to Senator KENNEDY and to others: if you want to run for President, you want to campaign, go out and do it. But I don't think we ought to turn the floor of the Senate into the fulcrum of that campaign.

I thank my colleague for coming over. She does a great job in defending Texas and defending its interests. I am always proud to be associated with her. Texas doesn't need any defending. But obviously the rules of the Senate do. I call on my colleagues to abide by the rules. I don't think we help each other if we try to tear down other people's States. I think it behooves us to try to build up our own States—to try to build up our own country. I think when we do that, the country benefits.

I thank my colleague for yielding.

Mrs. HUTCHISON. Mr. President, I wish to discuss for a moment this Rand report that has been quoted so many times by Senator KENNEDY and others. It seems there are some people in the Rand organization who have put something out showing Texas in a bad light in the education system.

That was not a full study. Rand actually did a full and comprehensive study. It was released July 25 of this year. I will read a few highlights of the comprehensive study. The study examined and compared the results from the National Assessment of Educational Progress Tests taken between 1990 and 1996 among 44 States. They judged the States according to State score improvements, raw achievement scores, and scores comparing students from similar demographic groups.

Results from the Rand study show that math scores in Texas had improved at twice the rate of the national average. Texas was second among all States in improved math scores. Texas leads all States in a comparison of students from similar socioeconomic and family backgrounds. Texas African Americans and non-Hispanic white fourth graders ranked first on this test in math in 1996. Texas Hispanic fourth graders ranked fifth. The study confirms earlier reports that Texas is one of two States that has made the greatest overall academic gains in recent years.

The report went on to say one reason why Texas has been so successful, according to the Rand study, has been the higher percentage of teachers who are satisfied with their teaching resources. Governor Bush provided those resources. He wants to do the same thing through initiatives such as Reading First, at the Federal level, which would offer training and a curriculum for teaching reading to K-through-12 teachers.

Governor Bush thinks reading is fundamental. I think his mother is the one who started that when she started the Reading First Program for America. He believes if a child can read, that child is going to be able to take the next steps in public education. That is why Governor Bush put the resources there in Texas. That is why the real Rand study that was comprehensive showed the great improvement in Texas. That is why his education plans for America will work because we want no child to be left behind in Texas or any other State.

I hope the campaign rhetoric doesn't hit the Senate floor again. I am not going to stand here and I am not going to sit in my office and listen to anyone else use Texas as a whipping boy, A, because Texas is a great State; B, we have a great Governor; C, the things that are being said are misrepresentations; and D, in Texas, where we have been behind in the past, Governor Bush has said we are going to get ahead.

We are tackling our problems. Every State has problems. I am proud of the leadership in Texas of our Speaker, Pete Laney and our Lieutenant Governor, Rick Perry, and our Governor, George Bush, who have worked together in a bipartisan way to make sure the resources are going into public education and into our children's health insurance program. It was our legislative leaders working with Governor Bush who said our entire State tobacco settlement would go to fund the children's health insurance program, and they took a huge part of our State tobacco settlement and put it in a trust fund in which every county in Texas will participate in perpetuity for the treatment of our indigent health care patients all over Texas. That was the leadership of our State legislature, and our Governor. Because they do want quality health care for all our Texas residents.

Maybe I am a little biased, but I think I come from a very great State. I think the statistics prove it. I do not want to hear anyone else say that Texas is not meeting its responsibilities in education, in health insurance, in patients' rights—because we are a leader. We are a leader and we want everyone in America to have the quality of public education that we are building to get in Texas. We want every child in America to reach his or her full potential. We want every child to have health insurance coverage. We want every person in Texas to have quality health care. That is why all of our tobacco settlement is going for health care or education programs to educate young people on the hazards of smoking. That is it, that is the entire use of our tobacco money: to educate young people on the hazards of smoking and health care for every citizen of Texas who needs it.

I am very proud of our record. I am proud of our Governor and I think he is the person who can bring these qualities to the United States.

I yield the floor.

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 2001—CONFERENCE REPORT

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Committee of Conference on the disagreeing votes of the two Houses on the amendment of the Senate on the bill H.R. 4811, ''Making appropriations for foreign operations, export financing, and related programs for the fiscal year 2001, and for other purposes,'' having met, have agreed that the House recede from its disagreement to the amendment of the Senate, and agree to the same with an amendment, and the Senate agree to the same, signed by a majority of the conferees on the part of both Houses.

The PRESIDING OFFICER. The Senate will proceed to the consideration of the conference report.

(The report was printed in the House proceedings of the RECORD of October 24, 2000.)

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. MCCONNELL. Mr. President, what is the pending business?

The PRESIDING OFFICER. The pending business is the conference report on the foreign operations bill.

The Senator from Kentucky.

Mr. MCCONNELL. Mr. Speaker, the bill before the Senate is a half billion

dollars below last year's appropriation—the fiscal year 2000 bill was $15.4 billion—this year we are presenting a $14.9 billion bill. This includes $14.5 billion in fiscal year 2000 funds plus an additional $466 million in supplemental funding for debt relief, Southern Africa, and the Balkans.

Although we are below last year's level, we have managed to substantially increase key priorities, including providing $865 million for Ex-Im, a nearly $100 million increase over last year, $1.3 billion for development assistance, again a $100 million increase, within child survival we surpassed the request for AIDS funding and provided $315 million. Overall child survival funding was also increased to $963 million. In addition to over $1 billion in supplemental funds for Colombia, the Narcotics and Law enforcement account was increased by $20 million over the request to $325 million. For the first time in years, we managed to increase security assistance. This account is of real concern to our friends and allies in Central and Eastern Europe. We exceeded the request and provided $3.545 billion. To respond to crises from Chechnya to Sierra Leone, we substantially increased funding both over last year's level and this year's request for refugees to $700 million. In this account we were able to work out a compromise that will improve management and oversight of UNHCR while affording the administration flexibility to respond rapidly to any real emergency.

Finally, we provided funds for the fiscal year 2001 and the supplemental request for debt relief. In addition to language on IMF reforms recommended by Senator GRAMM, we have included a number of HIPC conditions worked out between Senator HELMS and Congressman LEACH, representing the authorizing committees. There are a number of policy provisions which are also important to mention. Within the $675 million account for Eastern Europe, we have provided up to $100 million for Serbia. Senator LEAHY and I agree that we will never be able to withdraw troops and help stabilize the Balkans as long as Milosevic and other criminals responsible for outrageous atrocities across the Balkans are allowed to go free. No government in the region will have confidence in Belgrade if the rule of law is not upheld.

The administration lobbied heavily against our arguments that U.S. support for the new government should come with specific conditions attached. We thought aid should flow only if the Serb government met three specific conditions: First, they need to cooperate with the War Crimes Tribunal. Second, they must take steps to end support for organizations in the Republic of Srpska which prevent effective integration of Bosnia Hercegovina. Finally, given Belgrade's vicious track record, we thought it was important to seek assurances that the new government will implement policies which respect the rights and aspirations of minorities and the rule of law. Each of these conditions was designed to serve our interests in stabilizing the region so that an exit strategy for U.S. troops can be safely and effectively executed. The bill modifies this approach and includes an agreement which will give this administration and the new government in Belgrade a 5-month window in which assistance can move forward. After that period, only humanitarian aid and support to local mayors will be allowed if Belgrade refuses to meet the conditions which I have outlined.

I must confess my reservations about this approach. I listened to the arguments for flexibility, but I have little confidence in the administration's past record of support for the Tribunal and standing up to Belgrade. I believe that there is no problem in Serbia that will be made easier by Milosevic's predatory presence. No regional government will have confidence in Belgrade as long as he is allowed to go free. It is in their interest and ours to see him turned over for trial. In the end I agreed to this compromise because funds for Serbia are made available subject to the committee's notification. If there is no sign of cooperation or progress on our conditions during the next five months, the administration should understand that I will put a hold on funding. This compromise is not a free pass to spend for five months—Senator LEAHY and I will be expecting concrete progress. The second area of tremendous concern addressed in the bill is Russia's action in Chechnya. Since launching this war, Moscow has blocked all humanitarian relief operations or international human rights investigations from proceeding in Chechnya. While we cannot always change the views in Moscow, I was extremely disappointed by the administration refusal to support the U.N. High Commissioner for Human Rights call for an international investigation. Instead Secretary Albright testified the administration preferred to allow Moscow to conduct its own internal investigation. The State Department has also rejected support for non-government groups providing relief and preferred instead to work through the Russian government.

To address these problems, we have earmarked $10 million for the more than 400,000 displaced families in Chechnya and Ingushetia which can only be provided through NGOs. Aid to the Russian government is also made contingent upon cooperation with international investigations in Chechnya. We have also made aid to the Russian Government contingent upon a certification that Moscow has terminated support for the nuclear program in Iran. In the past we have withheld 50 percent of the Russian government funds until this certification is made—this year we have increased the withholding to 60 percent. Putin has said Russia must build a dictatorship of law—what remains unclear is whether his personal emphasis will be on dictatorship or law. I think our aid should be leverage to secure a result which serves American interests and nuclear armed Iran certainly is not in U.S. interests.

Finally, let me mention debt relief. Senator HELMS and Congressman LEACH reported out bills which conditioned U.S. support to the Heavily Indebted Poor Countries Initiative managed by the IMF and the World Bank. The Foreign Relations Committee bill requires the Secretary of Treasury to certify that it is World Bank policy to—(1) suspend funding if loans are diverted or misused, (2) not displace private sector funding, and (3) disburse funds based on the implementation of reforms by the recipient country including the promotion of open markets and liberalization of trade practices, the promotion of projects which enhance economic growth and the establishment of benchmarks to measure progress toward graduation from assistance. Similar conditions are required of the IMF. In addition to including language supported by Senator HELMS and Congressman LEACH, we have included House language limiting resources to countries engaged in a pattern of human rights abuses. I supported stronger language which would have required that the Secretary of Treasury certify that the IMF and Bank actually were implementing new policy conditions before Treasury was allowed to disburse funds—this approach was recommended by Senator GRAMM, the chairman of the Banking Committee. That was my view of how it should have been handled. Instead, my colleagues on the conference supported Helms-Leach language which releases the funds and then requires reporting on performance over the course of the next year.

While I completely agreed with Senator GRAMM, I also shared the problem he has with his committee—there simply were not the votes to sustain this position. I think we have made progress on conditioning debt relief, but the Treasury Department should understand that I will continue to consult with Senator GRAMM when we receive notifications on intended debt relief recipients. Performance benchmarks are essential if we are to avoid seeing the same groups of countries and banks back in 5 years seeking the same relief all over again. Separate from the HIPC relief, we did include binding requirements that the Treasury Department withhold 10 percent of our contribution to any multilateral bank until specific conditions are met on procurement and management reforms. Not only will the banks have to

improve internal management practices through audits, they will have to improve recipient country procurement management and financial practices. This is an important step in our battle against fraud and corruption. Once again, I think we have produced a balanced bill which funds U.S. priorities within sound budget principles and I urge its favorable consideration.

Finally, I repeat, this bill is below the amount spent for foreign operations last year. That makes it somewhat unique among the appropriations bills we have been in the process of passing, and I am proud to say we were able to bring this bill in under last year's total.

Mr. President, are we under some time agreement?

The PRESIDING OFFICER. The Senate is under a 1-hour time limit.

Mr. MCCONNELL. I suggest the absence of a quorum and further suggest the time during the quorum call be equally charged 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.

Mr. MCCONNELL. 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. MCCONNELL. Senator BENNETT is here and wishes to speak in morning business. It seems to me he ought to speak on the bill time so we do not have to move the vote any later in the day.

The PRESIDING OFFICER. Is there objection?

Mr. MCCONNELL. The ranking member is here. Maybe Senator BENNETT can comment after the ranking member addresses the bill.

Mr. BENNETT. Absolutely.

Mr. MCCONNELL. I yield the floor.

The PRESIDING OFFICER (Mr. SESSIONS). The Senator from Vermont.

Mr. LEAHY. Mr. President, I am glad we are here. I commend Senator MCCONNELL and also our counterparts in the House, Chairman CALLAHAN and Mrs. PELOSI. The chairman, Senator MCCONNELL, and I have worked closely together on this bill. In the same way I tried to accommodate those concerns of his side of the aisle, he has tried to do the same on our side. As a result, we have a good bipartisan bill.

We tried to meet everyone's concerns without putting in unnecessary earmarks or taking away the appropriate flexibility the President should have. We funded the President's important priorities, and I note that both sides of the aisle supported those.

I am disappointed, of course, as I am sure the Senator from Kentucky is, with the amount of time it took to get here. Finally, we are here. Had it been left to the two of us, we could have finished this bill before the August recess, but while we were told to make sure the cars in the train would follow, we were not allowed in the engineer's seat to get it down the track. It is here now, and it is a good result.

I am glad that we found an acceptable compromise on family planning that does not restrict what private organizations can do with their own private funds. That is only wise. After all, we have heard speeches forever from people here about how the government should get off the backs of individuals. We have finally agreed to do that. It was not easy. I give very high praise to Congresswoman PELOSI for her work on this.

I am also pleased that we include $425 million, the Senate funding level for family planning. This is not money for abortions. No funds in this bill can be used for abortions. This is money for family planning. So many countries I have visited are among the poorest of the poor, and they tell me that reducing the rate of population growth is one of their highest priorities but they lack the money to do so. They also say that when they have money for family planning, the number of abortions in their country goes down.

We provide adequate authority and funding for debt forgiveness. That had overwhelming support at the meeting the President had with Republicans and Democrats, members of the clergy across the ideological spectrum, representing all faiths and persuasions. I felt honored to be in that meeting.

One of our Senate guest Chaplains that week, Father Claude Pomerleau of the University of Portland, accompanied me there. I thank him for his advice and help on this. I should also say that Father Pomerleau is my wife's brother, my brother-in-law. Even the President said that it was probably Father Pomerleau's recommendation that got me into the White House, rather than my position that got him in.

In seriousness, on the issue of debt forgiveness, we want to help the world's poorest countries get out of debt. We also want to be sure they make the necessary economic reforms so they can stay out of debt in the future. It is not enough to say, look, we are going to pay your bills so you can get out of debt. It does nothing if then within a few years they are back in debt.

We provided aid to Serbia, subject to important conditions relating to Serbia's cooperation with the War Crimes Tribunal. Chairman MCCONNELL, myself, as well as Senator BIDEN and others, strongly support these conditions.

The conditions do not take effect until March 31, 2001, and we do not intend the aid spigot to be opened wide before then. We expect the administration—this administration and the next one—to proceed cautiously. We will be watching, as appropriators, just how cautious they are. After all, administrations come and go, but the Appropriations Committee stays here, and we will be here to watch what is done next year.

We want to support the new Serbian Government, but only if it is truly democratic and respects the rights of its neighbors and also the rights of minorities. We expect the administration to treat the apprehension and prosecution of war criminals as a priority.

I am pleased with the amount of funds for HIV/AIDS. It is a $100 million increase above last year's level. We provided up to $50 million for child immunization, and substantial increases for programs to combat TB, malaria, and other infectious diseases.

There are a lot of other provisions I could mention, from restrictions on assistance for Peru—we did that because of the recent efforts to subvert democracy there. We hear the President of Peru make promises, but then take actions that belie what he has said. We put in additional funding for refugees. Unfortunately, we know that the reality throughout the world today is that there are more and more refugees. However, I strongly object to one House provision that was included. And I told the conferees that I objected. It is a $5.2 million earmark for AmeriCares. This is a private organization that does work in Latin America and other places. I cannot recall a single instance—certainly not since 1989, when I became chairman of the Foreign Operations Subcommittee; nor in the 5 years I have been ranking member, and the Senator from Kentucky has been chairman—when we have earmarked funds for a private organization such as this.

It was done here, as I understand it, because a 6-year, $5.2 million proposal of AmeriCares was rejected by AID. According to AID, the proposal was too high-tech to be sustainable in the country in question, and because some of the work was already being done by others. I suspect it was a proposal which would buy a lot of expensive equipment from some manufacturer somewhere but might not be something appropriate for that country.

Although AID suggested to AmeriCares that they submit a revised proposal, AmeriCares opted instead to seek a congressional earmark, ignoring the usual practice, and basically saying: Just give us the money. We will decide what to do with it.

I have no opinion on the merits of their proposal. But if you are going to be applying for Federal funds, you ought to follow the same rules everybody else does.

There are literally hundreds of PVOs that submit requests to AID, and many are rejected—some because they do not make sense, and others because there is not the money to fund them. Are we now going to give those other dissatisfied PVOs their own earmarks? It is a

terrible precedent. It does not belong in this bill.

I will give you an example. I have fought to ban landmines all over the world. We have the Leahy War Victims Fund that spends millions of dollars every year for landmine victims. I wrote the legislation that was the first piece of legislation ever in any country to ban the export of landmines.

There are many NGOs and PVOs—that is, nongovernmental organizations and private voluntary organizations—that have come in and worked to get rid of landmines and care for landmine victims. Some are funded through the foreign aid bill or the defense appropriations bill. Some are funded through private donations that they raise. Many contact me because of my identification with this and say: Could I get Federal funding?

One of the nice things is that a lot of these—they are screened just before the money goes out. But can you imagine how it would be if we simply gave them the money just because it was requested by a Senator who wants to eradicate landmines?

It has always been my view we should let the experts judge the merits of these proposals, rather than just hand over the money to whichever organizations have the most political clout.

Some have complained—and I heard this morning—that this is a Republican bill. Others have said it is a Democratic bill. They are both wrong. Neither side got everything they wanted. There were significant compromises on funding and on policy by both sides. That is as it should be, especially for a bill that deals with foreign policy. And that is why I am proud to be here with the Senator from Kentucky, because we should not have a Republican foreign policy or a Democratic foreign policy. We should have a foreign policy that represents the interests of the United States.

We have had somewhat of an uneven record since the time when Senator Vandenberg spoke about ''politics ending at the water's edge.'' But on this bill, at least, Republicans and Democrats have come together.

It is interesting, too, because the Subcommittee on Foreign Operations of the Appropriations Committee has probably the smallest staff of any committee around here—on the Republican side, with Robin Cleveland, and Tim Rieser on our side, aided by just a couple of people whom I will mention later—to put this together. We don't have huge armies of people to help us, but maybe that is just as well because as a result, in the end, Senators talk to Senators. That is the best way to do things around here.

I see the Senator from Utah is on the floor.

I yield the floor and retain the remainder of my time.

The PRESIDING OFFICER. The Senator from Utah.

THE RAND STUDY

Mr. BENNETT. Mr. President, I thank the Senator from Vermont for his courtesy. I was more than happy to give him whatever leeway he wanted, but I appreciate the opportunity to make a comment. Given the nature of the session in which we find ourselves, we have to take every opportunity as it comes along. As the chairman of the subcommittee, the Senator from Kentucky, indicated, the time will be taken off the bill.

I rise to take the opportunity to respond to the comments that were made earlier by the Senator from Massachusetts in his scathing attack on the education system in Texas. The Senator from Massachusetts, as well as Senator HARKIN yesterday, referred to a Rand Corporation study on the State of Texas schools. They would have us believe that based on that study, the Texas schools are terrible and, further, that those of us who are saying nice things about Texas schools are deliberately misleading the public.

I want to make it clear that the people who are missing this story are the people who sit in the gallery above the Chair. The press has missed the story here because they have bought the line laid down by the Senator from Massachusetts and others in his party that somehow the Rand Corporation has denounced Texas schools as being terribly inferior. The Rand Corporation has done no such thing. Democrats have used the recent Rand study to try to tell everybody that the Rand Corporation has done that. If I may, too many journalists have taken the press release as it has come out of the Democratic headquarters and not read the record for themselves.

I took a class in journalism. The first thing they said was, check the facts yourself. I didn't follow that career, but I have tried to remember that advice. So I have checked the facts myself. The place I went to begin with, with the help of my staff, was the Rand Corporation. Let us go back to the Rand Corporation and see what they have to say about Texas schools. I will leave aside the argument as to whether or not they are right. There is always the possibility that even these so-called experts could be wrong in their analysis. Let us set that aside for just a minute and ask ourselves, what does the Rand Corporation have to say about Texas schools?

This is what the Rand Corporation has to say about Texas schools. I am reading from a news release issued by the Rand Corporation itself. I ask unanimous consent that this be printed in the RECORD at the conclusion of my remarks.

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

(See Exhibit 1.)

Mr. BENNETT. The Rand Corporation says:

> The education reforms of the 1980s and 1990s seem to be working, according to a new RAND report, but some states are doing far better than others in making achievement gains and in elevating their students' performance compared with students of similar racial and socioeconomic background in other states. Texas and Indiana are high performers on both these counts.

I will repeat that last sentence:

> Texas and Indiana are high performers on both these counts.

This is not a Republican speaking. This is not the Bush campaign speaking. This is the Rand Corporation speaking. Texas, a high performer.

It goes on:

> Math scores are rising across the country at a national average rate of about one percentile point per year, a pace outstripping that of the previous two decades and suggesting that public education reforms are taking hold. Progress is far from uniform, however. One group of states—led by North Carolina and Texas and including Michigan, Indiana and Maryland—boasts gains about twice as great as the national average.

This is the Rand Corporation, Mr. President, saying Texas is boasting rates of improvement twice the national average.

Back to the report:

> Even more dramatic contrasts emerge in the study's pathbreaking, cross-state comparison of achievement by students from similar families. Texas heads the class in this ranking with California dead last.

Interesting. They go on to say:

> Although the two states are close demographic cousins, Texas students, on average, scored 11 percentile points higher on NAEP math and reading tests than their California counterparts. In fact, Texans performed well with respect to most states. On the 4th-grade NAEP math tests in 1996, Texas non-Hispanic white students and black students ranked first compared to their counterparts in other states, while Hispanic students ranked fifth. On the same test, California non-Hispanic white students ranked third from the bottom, black students last, and Hispanic students fourth from the bottom among states.

How can this be, for the Rand Corporation to be saying such wonderful things about Texas and then having Democratic Senators come to the floor and quote the Rand Corporation as saying terrible things about Texas? If I were a conspiracy theorist, I would think the release of the latest Rand study might have something to do with the fact that there is an election in less than a week. But the president of the Rand Corporation has insisted that is not the case. He has insisted that the timing of the release of this second study, which is being used to trash Texas, was entirely coincidental and had nothing whatever to do with the election.

All right. Let's take him at his word and read his words to see how he reconciles the earlier Rand statement with the later one. I didn't tell you, but that first study I quoted from was

released in July, before either of the conventions took place, before the question of Texas performance in education became a national priority or a national issue.

How does the president of Rand reconcile these two apparently irreconcilable positions, one where Rand says, in July, Texas is No. 1, Texas comes in first with California last, and the two States are demographically very similar—how do they reconcile that statement with the statements we are hearing on the floor today?

Read what he has to say, I say again to my journalist friends, who take the press release from the Democratic headquarters, put it in the headlines—top story in today's television—that the Rand Corporation has trashed the Texas record. I don't think any of them read what the president of Rand had to say because if they had, the story would have been different on this morning's news.

This is what he has to say:

> The July study ''Improving Student Achievement'' touched on the Texas schools and received widespread press play. Both efforts—

Talking about the July study and this last one—

> draw on NAEP scores. The new paper suggests a less positive picture of Texas education than the earlier effort, but I do not believe these efforts are in sharp conflict. Together, in fact, they provide a more comprehensive picture of key education issues.

So Rand is not backing away from their earlier statement that Texas is No. 1 in the areas that they quoted and covered in their first statement. They are not repudiating that.

They are not contradicting it. They are not backing away from it. Again, the president of Rand says:

> I do not believe that these efforts are in sharp conflict.

It is the politicians who have put them in sharp conflict, not the researchers. Let's examine the research and see what it says. Quoting again from the president of Rand:

> The July report differed in scope.

Then in parentheses he says:

> (It covered almost all States, not just Texas.)

Therein lies the answer to this dilemma. The July report that says Texas ranks No. 1 was a comparative study of Texas against other States. In that study, they said: In these areas we are checking, Texas is the best. The Rand Corporation said ''Texas is the best.''

Now, they came back to Texas to do a different study on an entirely different issue, and the issue they studied the second time was whether or not the Texas test system was a good one. They came to their own conclusion that the Texas system of testing needs to be improved. Their judgment, their opinion. Never at any time did they say that Texas was not getting better results than any other States, even with a system they claim needs to be improved.

I see the chairman of the subcommittee has returned. I will be happy to yield the floor now and get back to the foreign operations bill, which is before us. I could not pass the opportunity to straighten out the record.

The Senator from Massachusetts and the Senator from Iowa have misled us because they have not read the fine print of the report they are quoting from, and they have not consulted the opinion of the president of the organization they are citing. At no time, in no place, in spite of what the political headline said, has the Rand Corporation backed away from its conviction that Texas is first in many, if not all, of the categories they examined on education. The Governor of Texas and the two Senators from Texas who spoke earlier are rightly entitled to be very proud of the progress that has taken place in education in their State.

EXHIBIT 1

RISING MATH SCORES SUGGEST EDUCATION REFORMS ARE WORKING

STATE ACHIEVEMENT DIFFERENCES TIED TO SPENDING, POLICIES TEXAS FIRST, CALIFORNIA LAST IN TEST SCORES OF SIMILAR STUDENTS

WASHINGTON, D.C., July 25—The education reforms of the 1980s and 1990s seem to be working, according to a new RAND report, but some states are doing far better than others in making achievement gains and in elevating their students' performance compared with students of similar racial and socioeconomic background in other states. Texas and Indiana are high performers on both these counts.

The study is based on an analysis of National Assessment of Educational Progress (NAEP) tests given between 1990 and 1996. The authors rank the 44 participating states by raw achievement scores, by scores that compare students from similar families, and by score improvements. They also analyze which policies and programs account for the substantial differences in achievement across states that can't be explained by demographics. Here are the key findings:

Math scores are rising across the country at a national average rate of about one percentile point per year, a pace outstripping that of the previous two decades and suggesting that public education reforms are taking hold. Progress is far from uniform, however. One group of states—led by North Carolina and Texas and including Michigan, Indiana and Maryland—boasts gains about twice as great as the national average. Another group—including Wyoming, Georgia, Delaware, and Utah—shows minuscule gains or none at all. Most states fall in between.

Even more dramatic contrasts emerge in the study's pathbreaking, cross-state comparison of achievement by students from similar families. Texas heads the class in this ranking with California dead last. Wisconsin, Montana, Iowa, Maine, North Dakota, Indiana and New Jersey cluster closely behind Texas. Louisiana, Mississippi, West Virginia, Alabama and Rhode Island perform almost as dismally as California.

Although the two states are close demographic cousins, Texas students, on average, scored 11 percentile points higher on NAEP math and reading tests that their California counterparts. In fact, the Texans performed well with respect to most states. On the 4th-grade NAEP math tests in 1996, Texas non-Hispanic white students and black students ranked first compared to their counterparts in other states, while Hispanic students ranked fifth. On the same test, California non-Hispanic white students ranked third from the bottom, black students last, and Hispanic students fourth from the bottom among states.

Differences in state scores for students with similar families can be explained, in part, by per pupil expenditures and how these funds are allocated. States at the top of the heap generally have lower pupil-teacher ratios in lower grades, higher participation in public prekindergarten programs and a higher percentage of teachers who are satisfied with the resources they are provided for teaching. These three factors account for about two-thirds of the Texas-California differential. Teacher turnover also has a statistically significant effect on achievement. (California is now implementing class-size reduction and other reforms but these steps began after the 1996 NAEP tests.)

Having a higher percentage of teachers with masters degrees and extensive teaching experience appears to have comparatively little effect on student achievement across states. Higher salaries also showed little effect, possibly reflecting the inefficiency of the current compensation system in which pay raises reward both high- and low-quality teachers. However, the report points out that salary differences may have more important achievements effects within states than between states. Also, they may have greater impact during periods when teachers are in shorter supply than during the 1990–1996 measurement period.

To raise achievement scores, the most efficient and effective use of education dollars is to target states with higher proportions of minority and disadvantaged students with funding for lower pupil-teacher ratios, more widespread prekindergarten efforts, and more adequate teaching resources. As for teacher salaries and education, the report adds, ''efforts to increase the quality of teachers in the long run are important, but . . . significant productivity gains can be obtained with the current teaching force if their working conditions are improved.''

The most plausible explanation for the remarkable rate of math gains by North Carolina and Texas is the integrated sets of policies involving standards, assessment and accountability that both states implemented in the late 1980s and early 1990s.

The RAND study, led by David Grissmer, is based on NAEP tests given in 1990, 1992, 1994 and 1996 to representative samples of 2,500 students from the 44 voluntarily participating states. Five tests were given in mathematics and two in reading at either the 4th- or 8th-grade level. Not all of the states took all of the tests. And there were too few reading tests to permit a separate analysis of those results. Taken together, however, the tests provided the first set of data permitting statistically valid achievement comparisons across states. The researchers used data from the census and from the National Educational Longitudinal Survey to establish the student samples' family characteristics.

The 1998 NAEP reading and math scores became available too late to be incorporated in this analysis. ''We're examining those data now, however, and we find that the

state rankings change little and our findings about which policies make the most difference aren't affected at all,'' Grissmer declares.

''Our results certainly challenge the traditional view of public education as 'unreformable','' he concludes. ''But the achievement of disadvantaged students is still substantially affected by inadequate resources. Stronger federal compensatory programs are required to address this inequity.''

Grissmer's coauthors include Ann Flanagan, Jennifer Kawata and Stephanie Williamson. Improving Student Achievement: What NAEP Test Scores Tell Us was supported by the ExxonMobil Foundation, the Danforth Foundation, the NAEP Secondary Analysis Program, the Center for Research on Education Diversity and Excellence and by RAND.

The PRESIDING OFFICER. The Senator from Kentucky is recognized.

Mr. McCONNELL. Mr. President, I think the Senator from Utah has made an extraordinarily good point. If he would like to speak further, I can wait. I am going to propose a unanimous consent request.

Mr. BENNETT. I have probably exhausted my indignation on that subject, I say to the Senator from Kentucky. I will be available again if someone comes along to try to misinterpret and misquote these studies.

Mr. McCONNELL. I thank my friend for his very important contribution to what has become an issue across America.

Mr. President, with relation to the foreign operations bill, I ask unanimous consent that the vote regarding the foreign operations conference report occur beginning at 4:30 p.m., and that there be 4 minutes for debate immediately following the vote for closing remarks with respect to the pending Feingold amendment and S. 2508, and that that vote immediately occur.

The PRESIDING OFFICER. Is there objection?

Mr. GRAHAM. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. McCONNELL. Mr. President, I was told this had been cleared on both sides. We will propound the unanimous consent request later when it is cleared.

I yield the floor.

The PRESIDING OFFICER. The Senator from Vermont is recognized.

Mr. LEAHY. Mr. President, I had to leave the floor for a moment. Am I correct that the continuing resolution will not be here for a 4:30 vote?

The PRESIDING OFFICER. That is correct.

Mr. LEAHY. I ask the distinguished Senator from Kentucky, would it be his intention, once all time is finished or yielded back, to go to a rollcall vote on this bill?

Mr. McCONNELL. I am told that is fine with our side. We will be happy to finish up the debate and vote.

Mr. LEAHY. Mr. President, I ask for the yeas and nays on final passage of the conference report.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The Senator from Louisiana is recognized.

Ms. LANDRIEU. I know we are discussing the underlying bill. I ask unanimous consent to be yielded 7 minutes.

Mr. REID. Parliamentary inquiry, Mr. President: It is my understanding that we have a vote scheduled at 4:30.

The PRESIDING OFFICER. That is not correct; that has been changed.

Mr. REID. I don't understand how we are not having a vote at 4:30. How could it have been changed?

Mr. McCONNELL. Mr. President, I propounded a unanimous consent agreement to which the Senator from Florida objected and that is how we found ourselves where we are.

Mr. REID. So what I stated earlier on the floor—that we had a vote at 4:30—was really not accurate, is that true?

The PRESIDING OFFICER. The vote was to occur at that time, but the measure on which the vote was to occur has not yet arrived from the House.

Who yields time?

Ms. LANDRIEU. I have requested time. I understand under a previous unanimous consent request, Senator GRAHAM of Florida was granted 30 minutes. He is yielding me a part of his time.

The PRESIDING OFFICER. Does the Senator from Florida yield the time to the Senator from Louisiana?

Mr. GRAHAM. Mr. President, I yield 10 minutes to the Senator from Louisiana.

The PRESIDING OFFICER. The Senator from Louisiana.

Ms. LANDRIEU. Mr. President, I know we have been discussing a variety of subjects in the last few hours. The matter before the Senate is the Foreign Operations Appropriations bill.

One of the difficulties all Members are having, is trying to get some accurate information about what is actually in these bills, as they come to us rather quickly. That is one of the things we have been talking about today. I think Senator LEAHY raised an excellent point. There are provisions in foreign ops about which I also have some serious concerns. But right now, I just wanted to take a few minutes to discuss the Adoption Tax Credit.

ADOPTION TAX CREDIT

Mr. President, the adoption tax credit is broadly supported in this Chamber by Democrats and Republicans. It is one of the issues we seem to be able to come together on to say, yes, we believe in adoption. Adoption affirms life. It affirms families. It helps us to build families in very special ways. It provides an opportunity for children who don't have parents, and for parents who desperately want children, to get together.

Over the last couple of years, together, Democrats and Republicans, the White House, President Clinton and the First Lady, have been aggressive advocates of adoption. We have made great progress.

Just last week, under the tremendous leadership of Chairman HELMS, we passed the first ever International Treaty on Adoption. This treaty is going to reduce corruption, minimize the costs of international adoptions, and expedite this process so the children all around the world can find homes. We believe there are no unwanted children, just unfound families. We passed historic legislation a few years ago to help break down racial barriers to allow people of all different races to adopt children in need, in order to build families. We all know that love knows no color lines.

We are doing a wonderful job. I am on the floor today to encourage my colleagues to just try to do a little bit better. I am concerned that we are not going to expand this adoption tax credit and increase it in ways that are meaningful, in ways that will make a difference.

Just two months ago, many members of this body gathered in Philadelphia and vowed that under their leadership, no child would be left behind. This is a laudable goal, and one I think that every member of this body embraced. Here is our opportunity to prove it.

Let me briefly explain what I mean. Right now, as many people know—particularly those who have adopted children, or who have been touched in a positive way in their life through adoption, either as an adoptee, as a birth mother who is happy with the choice she made, or an adoptive couple—there is in place a $5,000 tax credit for adoption. We adopted this tax credit in 1996, in an effort to provide assistance to families wishing to adopt. It allows parents who adopt a child to receive a maximum of $5,000 in credit on their taxes. If that child is what we call a special needs child, the amount of the credit is raised by $1,000. In addition, reimbursements for adoption expenses from a private employer are also excluded from an adoptive parent's gross annual income.

The National Adoption Clearinghouse estimates that a private adoption costs anywhere from $4,000 to $30,000. International adoptions are reported at between $10,000 and $30,000. About six months ago, I was at a citizenship ceremony for newly adopted children. One mother came up to me and told me that, without the tax credit, she could not have even thought about adopting a second child.

So this is an important tax credit. It helps waiting children find homes. It helps working couples who want to be parents experience the sheer joy parenting brings. But it is not working for everyone. Unfortunately, the way the

credit is currently structured, it is not helping all adoptive families, just some. Let me show you why.

As you can see, I have pictures of three children here, all of whom were adopted. The first Elena, a child from Guatemala, who was adopted when she was one year old. She has no known health conditions. This second child is Jack, a little boy from the United States, who was given up for adoption when he was born. Jack was immediately placed through a private adoption agency. Jack also has no known health conditions.

And this is Serina, a little girl, also from the United States who was also recently adopted. Serina was taken into foster care immediately upon her birth. She was born with prenatal cocaine addiction. She is small, in a wheelchair, and has difficulty seeing and hearing. She suffers from Cerebral Palsy, as well as multiple other problems.

As I mentioned, these two children, Elena and Jack, are relatively healthy. The third child, Serina, has multiple challenges. Under our current system, one would think all of these children and their families would deserve some help with adoption. But right now under our system, Elena and Jack have received help. Elena's parents received $9,786, while Jack's family claimed $5,890. Serina's parents, on the other hand, received nothing.

Under the current tax code, only expenses which are incurred in the act of adoption are eligible. Although adopting Serina meant that her adoptive parents had to renovate their car and make their home wheelchair accessible, such costs are not ''qualified adoption expenses.''

As I mentioned, the difficulty lies in the tax code. One can be reimbursed for expenses related to the adoption. But, as is widely known in the adoption community, when you adopt a special needs child, perhaps one who is not physically handicapped, or one who has emotional or mental difficulties or has been in foster care, there are little or no expenses related to the active adoption.

Serina is a special needs child, just like the 100,000 special needs children who are freed for adoption in the United States and yet are still waiting for a home. These are all children like Serina, waiting for a family to love and care for them. We want that adoption tax credit to work for these children, as well. The Department of Treasury estimates that, not including step parents, there were 77,000 adoptions in 1998, 31,000 of which were special needs. That is almost half.

Therefore, under our current system, the very children and families we are trying to help, encourage, and reward for opening up their homes and hearts to these children are actually being left out.

Here is a report to Congress from our own Department of Treasury, a report we received just in the last week. I brought this to the attention of our ranking member on the Finance Committee, Senator MOYNIHAN. This has also been transmitted to Chairman ROTH from Delaware, to help my colleagues understand that, according to this report, special needs children are being left out. I know that in the final days of the session, negotiators have been trying to reach a final agreement on a tax package. However, I am told that, while this package does include a provision to extend the non-special needs tax credit for two additional years, it does not include any relief for special needs children.

I know some people might say: Senator LANDRIEU is not right. She couldn't possibly be right. This can not be happening. We are not giving a tax credit for healthy kids and no tax credit for special needs kids.

That wasn't our intention. At least I believe it wasn't our intention.

Let me conclude by saying, when people stand up on this floor, or in Philadelphia, or in California, giving speeches all over America, and say they don't want to leave children behind, that ''no child will be left behind'', we are about to leave 100,000 children behind, because we will not take the time and the energy to fix this adoption tax credit. Children such as Serina, children in my State and a number of others, all of these beautiful children from different States—these are the kids who are about to be left behind.

If I have to come to this floor every day until we are finished—and Lord only knows how long we will be here—I will continue to do so, to speak for the children who are being left behind. We can fix the tax credit; it costs very little to fix it. If we are truly a body which vows to leave no child behind, then we must do something to help both special needs and non special needs children.

Mr. President, I will come to the floor every day if necessary to ensure that these children are not left behind.

I thank the Chair. I yield back my remaining time.

The PRESIDING OFFICER. The Senator from Florida.

Mr. GRAHAM. Mr. President, how much time remains under my 30 minutes?

The PRESIDING OFFICER. Twenty-one minutes 10 seconds.

FISCAL POLICY

Mr. GRAHAM. Mr. President, I yield myself such time as is necessary.

For the last several weeks, I have been raising concerns about the direction of our fiscal policy. Today, we reach a historic moment. Many were here in the 1980's and 1990's when the Federal Government, through annual deficits, acquired a record national debt of almost $5.5 trillion. In 1992, we reached the peak of this when we had a 1-year deficit of in excess of $290 billion.

In the 1990s, we took a number of steps to try to rectify this situation and to mitigate this constant increase in the national debt.

A key part of that process occurred in 1997. In 1997, we set spending limits for ourselves, including spending limits on the discretionary accounts of the Federal Government such as the account that we are dealing with today. We promised ourselves and the public that for every tax dollar cut there would be $1 less spent, and vice versa. That is the way in which a family would approach having to restrain its budget in order to come into line with its income. It would buy the holiday gifts that it could afford but not necessarily the ones that everyone in the family wants because for those family budgets there are some very real caps.

But, for Congress, the commitment to realistic budget and fiscal responsibility was a novel, even a radical idea. We had not even thought about it that much in the preceding 20 or 30 years. Apparently, it was so radical that it was too much to ask. It is almost as if this Halloween season we have all turned into Dr. Jekyll and Mr. Hyde. On the campaign trail we put on one costume; that is, the costume of our better selves where we boast about the courage and foresight it took to balance the budget. We talk about all the good things we are going to do, whether it is saving Social Security, providing a prescription drug benefit for Medicare, cutting taxes, or adding spending in other favorable programs. Then we return to Congress and we take off our mask. We begin grabbing for what we can get, a few billion here, a few billion there, regardless of the long-term consequences.

We have doled out treats to line our political pockets while we are playing a trick on the American public. That trick is that we are sleepwalking through the surplus. We are about to deny ourselves and future generations one of the greatest opportunities that we have had in American political and economic history: to use this enormous period of prosperity to deal with some of those long-term issues that will affect, not just ourselves, but future generations.

But as we vote to set the deficit monster free, we make the promise that this is only for this year. We are not really going to let him out of the cage; we are just going to open the door a bit and let him sniff some of the desirable consequences of profligate spending. This year we tell the American public this is our chance to celebrate this American prosperity. Next year we will cut the monster down to size, put him back in his cage, and no long-term harm will have been done. But the

truth is for our children and our grandchildren this could be a very scary Halloween.

My friends, are we really so humble as to believe that what we do today will not resonate through future years? I personally find it hard to believe that this will be just a 1-year exception to a constancy of fiscal discipline.

In 1997, we planned for the future because we knew that what we did with the taxpayers' dollars would have real consequences. They are having real consequences.

I ask unanimous consent that a copy of the Washington Post article aptly entitled ''Binges Becoming Regular Budget Fare'' be printed in the RECORD immediately after my remarks.

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

(See Exhibit 1.)

Mr. GRAHAM. Mr. President, this story chronicles the crumbling of our wall of fiscal resolve in the face of a behemoth of appropriations bills. The bill we have before us, the foreign operations bill, carries a $14.9 billion price tag.

It has been stated that this bill is actually lower than the bill that we passed last year. If I am in error—and it is very difficult to respond since we have only in the last few hours gotten a copy of a multipage bill, but as I read through the bill, it is my analysis that in calculating last year's $15.5 billion expenditure, we have included an almost $2 billion item, the Wye Plantation commitments for the Middle Eastern peace, which are nonrecurring. So if you are comparing apples to apples, those things that we spent money on last year and those things we are going to spend money on this year, actually last year's comparable appropriation for foreign operations was closer to $13.5 billion. So instead of the $14.9 billion being a reduction, it actually represents approximately a 10-percent increase over the spending that we had on this same account last year, a 10-percent increase, while we are operating under the rule that we are only supposed to spend the rate of inflation, which is 3.5 percent, as an increase from 1 year's budget to the next.

But that is not what is the true monster in this bill. The true monster in this bill is stuck into the appropriations language, which for us on the floor is printed in the CONGRESSIONAL RECORD, since we do not have a copy of the actual bill and conference report. It is specifically stuck on page H10776, nestled in between a provision that relates to gifts to the United States for reduction of the public debt—and I am glad to know that we get some gifts to reduce the public debt—and a provision that provides debt relief for heavily indebted poor countries. It may be appropriate that this language I am about to quote is inserted in between those two provisions.

In section 701(a), this language appears:

> Section 251 (c)(5) of the Balanced Budget and Emergency Deficit Control Act of 1985 . . . is amended by striking subparagraph (A) and inserting the following:
>
> ''(A) for discretionary category: $637,000,000,000 in new budget authority and $612,695,000,000 in outlays;''.

That might seem fairly unexciting, but let me tell you what we are preparing to do. In that Balanced Budget Act of 1997, we provided a spending limit for discretionary accounts for each of the future years. For the fiscal year 2001, the year for which we are now appropriating, the spending limit was established at $542 billion. The legislation we are about to vote upon will increase that figure from $542 billion to $637 billion, a 17.5-percent increase in the allowable expenditure in this 1 year alone. That is the scale of the monster that we are about to let out of the cage by adopting this legislation.

This figure will put far more than a dent in the surplus that we promised. It will put a massive hole in our budget projections. The fact is, by the time we are done, Social Security is more likely to be floundering midstream without a life vest than to be in a secure lockbox on dry land. Instead of fiscal responsibility, we are now practicing fiscal myopia. We are honing in on the magic number, a $4.6 trillion surplus over the next 10 years. However, what we are forgetting to completely level with the American people about is that that $4.6 trillion is predicated on the assumption we are only going to spend $542 billion this year. We are about to authorize a number that is almost $100 billion larger.

The forecasters of the Congressional Budget Office do not have a crystal ball. They can only see the future the way we look at it and the degree of confidence they place in our actions. The CBO numbers, upon which the $4.6 trillion surplus is predicated, are based on those commitments made in 1997.

This appropriations bill demonstrates that we are not committed to those commitments of 1997. The surplus projections assume that discretionary spending increases each year would be restrained to the rate of inflation. We are about to completely abandon that facade.

What are we about to do as we go into this new reckless era? The best case scenario—and we can assume under that that we will, indeed, be able to increase discretionary spending for the future only by the rate of inflation, that this is just a 1-year aberration through which we are living; that Halloween is going to be repealed for future years—if we have that best case scenario, we can anticipate that our surplus will sink by about $100 billion over the next 10 years—$100 billion less than the projections.

I do not think that is a credible scenario. I do not believe there is any reason to believe that what we are doing today is exceptional. Rather, what we are doing today is going to be precedential for the future. And assume that it is precedential. The discretionary spending each year increases by the same rate that we are increasing it this year; that is, approximately 9 percent, or 5.5 percent more than the rate of inflation.

If we act in each of the next 10 years with the same abandon that we do this year, we will spend the entire 10-year projected surplus on this increased spending. There will be no money to strengthen Social Security. There will be no money to finance a tax cut. There will be no money to provide for prescription drugs through Medicare. In fact, spending at this rate will not only eliminate all of those potentials, but Congress will be forced to dip into the Social Security surplus, that thing which it has committed it would never ever do, by $400 billion over 10 years.

So we are making some very serious decisions as we pass this appropriations bill with its enormous increase in the limitation on discretionary spending.

Save Social Security, indeed. Could it be that when we talked about saving Social Security, we really meant preserving it as a museum piece so we could talk to our grandchildren about what it used to be like? We will tell them that back when we were young, the Government actually sent you money when you grew older and deserved a rest. But if discretionary spending will dent the surplus, the direction we are taking on mandatory spending will virtually hollow it out.

Our lack of fiscal discipline is not only to be found in the appropriations bill but also in the creation of new entitlements. We have already passed the Defense Department authorization bill that changes the health benefits as a new entitlement and will reduce the surplus by $60 billion over the next 10 years.

We are poised to approve give-backs to Medicare providers that will cost another estimated $75 to $80 billion of our surplus over the next 10 years.

Another $260 billion disappears if we pass a tax bill, which it is rumored that it is about to be presented to us by our colleagues from across the hall in the House of Representatives.

So when you add up all of this laundry list, you will find that we have reduced our surplus to another return to deficits.

It is very easy to add up these numbers and simply say it is too much, but I am well aware that much of the spending is for worthy causes, many of which I myself support. But what these individual pieces of legislation do not add up to is a solid plan for the future. What they do not add up to is the requirement that we make choices, that we set priorities, that we decide which

of all of these good things is most important, and that we have the discipline to stick to those priorities.

I ask again, whatever happened to ''Save Social Security first''?

Can we really say we have done anything to shore up the Medicare system which is desperately in need of an infusion if it is to remain viable for today's seniors, their children, and grandchildren?

Are we ever going to be able to pay down the debt?

Our colleagues in the House have suggested that 90 percent of the surplus for this year go to debt reduction. That proposal was for this year only, for fiscal year 2001, however, because they cannot do it over the next 10 years. Ten percent of the surplus would be $456 billion. Congress may very well enact legislation in the next few years that will exceed that amount by in excess of $100 billion.

We have already committed ourselves to more spending than the House of Representatives pledge would require using 90 percent of the surplus to pay down the national debt.

Mr. President, $100 billion is more money than most Americans can ever conceive of.

In a few short months, history will move forward again and we will gather together in the Chamber of the House of Representatives to greet a newly elected President to hear his first State of the Union Address.

By almost any measure, the state of our Union is strong. Our economy is the envy of the world. Incomes are up. Unemployment is down. Home ownership is up. Inflation is low. Mortgage rates remain modest.

As we await a new President, and the first State of the Union Address from that new President—the first new President elected in the 21st century—I am reminded of the historic State of the Union speech delivered by President Clinton at the beginning of 1998.

To provide context from that time, we, as a nation, were on the verge of shifting from annual deficits to a hope for a promised projected surplus. We were looking at a prospect we had not faced in years: What do we do with a possible surplus?

In his 1998 State of the Union Address, President Clinton answered that question. If I could quote from his eloquent words of that evening:

> For three decades, six Presidents have come before you to warn of the damage deficits pose to our nation. Tonight, I come before you to announce that the federal deficit—once so incomprehensibly large that it had eleven zeros—will be, simply, zero.
>
> If we balance the budget for the next year, it is projected that we'll then have a sizable surplus in the years that immediately follow. What should we do with this projected surplus?
>
> I have a simple, four-word answer: Save Social Security first.

Mr. President, that simple four-word answer, ''Save Social Security first,'' brought all of us to our feet in January of 1998. And, Mr. President at 1600 Pennsylvania Avenue, your greatest legacy will be the restoration of fiscal discipline here in Washington.

Mr. President, you are being challenged as to the fidelity and sustainability of that commitment to fiscal discipline. We should now resist the temptation to allow the deficit monster to escape from the cage again.

We should give to President Clinton the rightful recognition for reversing decades of rampant borrowing and, as a result of that courage, producing sustained national prosperity and the potential for even more prosperity.

But, Mr. President, at the end of your administration, we need you to remain true to the principles that have produced this legacy. If we in the Congress are unable to exercise fiscal discipline, we will have to turn to you to provide us with the necessary restraints.

We are talking here about our children and our grandchildren. Are we again going to return to the days when we expect them to pay our bills or are we going to accept the responsibility that virtually every generation of Americans—but for those who have lived in the last 30 years—were prepared to accept? And that is that we would—each generation, each year—pay our bills and not ask future generations to do so. That is the fundamental issue we face with this appropriations bill. Because I believe it fails to meet that test, I will vote no.

Thank you, Mr. President.

EXHIBIT 1

[From the Washington Post, Oct. 25, 2000]

BINGES BECOMING REGULAR BUDGET FARE

(By Eric Pianin)

Rules created more than two decades ago to impose fiscal restraint on Congress have broken down, helping fuel a year-end spending spree that is resulting in billions of extra dollars for highways and bridges, water projects, emergency farm aid, school construction and scores of other projects.

Many budget hawks have derided the binge as a typical election year ''porkfest.'' But key lawmakers and experts on federal budgeting say another less visible problem is that the law aimed at reining in such spending has been effectively gutted by the congressional leadership.

In particular, lawmakers are increasingly ignoring the annual congressional budge resolution, the document that is supposed to guide spending and tax decisions in the House and Senate every year. In years past, lawmakers might miss their budget targets by a few billion dollars, but now they are busting the budget by as much as $50 billion a year.

This year's budget resolution, for instance, called for about $600 billion in spending this fiscal year on defense, health, education and other non-entitlement programs. When Congress and the White House finally complete their negotiations, probably this week, the total will be $640 billion or more.

One reason, lawmakers say, is that the GOP congressional leadership has adopted—largely for political reasons—unrealistic budgets that understate the amount of spending members want. Another is that the emergence of big surpluses has made Congress much less vigilant bout living within its means—and more prone to make up the rules as it goes along.

''I think the budget process has been destroyed and I think, unfortunately, Republicans have been heavily numbered among the assassins,'' said Sen. PHIL GRAMM (R–Tex.), a veteran of budget skirmishes. ''I think we've made a mockery of the process and it will be very difficult to revive it.''

Stanley Collender, a prominent expert on federal spending, added: ''What we're seeing is budget decision-making by the seat of their pants.''

Collender and other experts say the increased spending being approved by Congress could begin to cut into projected surpluses, leaving less for the spending and tax cut initiatives proposed by Vice President Gore and Texas Gov. George W. Bush. Outside of the Social Security program, analysts have projected the federal government will run a $2.2 trillion surplus over the next decade. But the Concord Coalition, a bipartisan budget watchdog group, estimates that the forecast surpluses are likely to shrink by two-thirds, to about $172 billion, if congressional spending patterns persist.

Congress is on track to boost non-defense discretionary spending by 5.2 percent above the rate of inflation during fiscal 2001—the sharpest spending increase of its type in 25 years—according to a new analysis by Democrats on the House Budget Committee.

The decision to ignore the budget resolution is only one sign of a general brreakdown of fiscal discipline on Capitol Hill, according to fiscal experts. Congress and the Clinton administration are also ignoring spending caps both agreed to as part of the 1997 legislation to balance the federal budget.

Congress's enthusiasm for real budget constraints began to wane almost as soon as deficits gave way to surpluses beginning three years ago. Until then, the specter of towering annual deficits of as much as $290 billion had fostered a series of hardnosed policies, including a 1990 budget deal that for the first time imposed caps on spending and required Congress to offset tax cuts by reducing spending or raising other revenue.

The emergence of surpluses has left it to lawmakers to produce budget plans that would impose spending discipline with an eye to the time when Medicare and Social Security will begin to run short of money. But that has not happened.

In the politically charged environment of Capitol Hill, the House and Senate budget committees in recent years produced plans that budget experts say were more GOP political manifestors than practical blueprints. The problem came to a head in 1998, when House Budget Committee Chairman John R. Kasich (Ohio), then a Republican presidential aspirant, produced a House budget resolution so top-heavy with tax cuts and tough on domestic spending that he could not sell it to Senate Republicans or the White House.

For the first time in nearly 25 years, Congress completed that year without a budget. The following year Republicans managed to agree among themselves on a budget, but the document was largely ignored by GOP leaders when they negotiated a final spending agreement with the White House.

This year's plan was somewhat more pragmatic, but even so it called for $150 billion of tax cuts—about twice what Congress will finally settle for—and spending cuts in many areas that GOP members of the appropriations committees refused to accept.

Some of the additional funding this year will go for emergencies, such as restoration of western forest lands hit by fires last summer and security problems at the national nuclear laboratory at Los Alamos, NM. But much of the additional money will go to satisfy the election year demands of Clinton and special projects sought by GOP and Democratic lawmakers—ranging from $2 billion for extra highway and bridge projects to $5 million for an insect-rearing facility in Stoneville, Miss.

''The budget process can only do what the political will can support,'' said G. William Hoagland, the Republican staff director of the Senate Budget Committee. ''I would argue that, if anything, what this year shows is that you need a [tough] budget process even more in times of surpluses than in times of deficits.''

Another phenomenon in recent years has been a growing propensity on the part of congressional leaders to overrule key committees—even in promoting big policy changes. Last year, for example, Republican leaders waited until late in the year to unveil details of a plan to wall off the Social Security surplus from the rest of the budget. They returned from this year's August recess with a new idea for using nine-tenths of next year's surplus for debt reduction.

While both proposals, arguably, will help to impose some limitations on spending, they were presented without any meaningful debate or review by the committees with jurisdiction. House Majority Leader Richard K. Armey (R–Tex.) defended the practice, noting that ''the leadership can't have any idea that holds water unless the [GOP] conference holds it with them.''

BUSTING THE BUDGET

[Dollars in billions]

Fiscal year	Budget resolution	Actual spending	Excess spending
1997	$528	$538	$10
1998	531	533	2
1999	533	583	50
2000	540	587	47
2001	600	[1] 640	40

[1] Estimate.

Source: Senate Budget Committee.

THE CUBAN TRANSITION PROJECT

Mr. MACK. Mr. President, I would like to engage Senator MCCONNELL, Chairman of the Foreign Operations Appropriations Subcommittee in a colloquy regarding an important project addressed in both the Senate and House Committee Reports. This project is the Cuban Transition Project located in Miami, FL.

Mr. MCCONNELL. I would be pleased to engage in such a colloquy.

Mr. MACK. Mr. President, my purpose for entering into this colloquy is to seek clarification from the Chairman regarding the Conferees' intent to support the Cuban Transition Project. The House Committee Report states that it supports $3.5 million be provided through USAID for this important initiative to provide policy makers, analysts and others with accurate information and practical policy recommendations that will be needed over a multi-year basis to assist this country in preparation for our next stage of interaction with the Cuban community and nation. The Senate Committee Report similarly supported this project, and it is my understanding that you support this project and intend that it receive support from USAID.

Mr. MCCONNELL. That is correct. Support for the Cuban Transition Project was clearly stated in both the House and Senate Reports, and it is the Committee's intention that the project be supported by USAID as indicated. This project is envisioned as a critical component as we prepare ourselves for dealing with Cuban issues in the future. It is our intent that the Cuban Transition Project receive funding this year.

Mr. MACK. I thank the Chairman for reiterating his support and clarifying the intent of the subcommittee. This project has the strong support of the Chairman of the House International Relations Committee, and I know that this committee will also be expressing support to the agency. I would like to ask if you will be willing to further advise the Agency formally of your position on this matter.

Mr. MCCONNELL. Mr. President, the subcommittee will further clarify this matter with USAID and I would be happy to work further on any concerns that my colleague from Florida may have.

Mr. MACK. I thank the Chairman for his comments.

POLIO ERADICATION

Mr. HARKIN. Mr. President, I would like to engage in a colloquy with Senator LEAHY, ranking member of the Foreign Operations Appropriations Subcommittee. It is my understanding that the Senate Appropriations Committee report recommended $30 million for the global polio eradication campaign at USAID and the House recommended $25 million. It is also my understanding that the Child Survival and Disease Programs Fund received a $248 million increase for Fiscal 2001 and that there are sufficient funds for the USAID to provide the $30 million for global polio eradication, am I correct?

Mr. LEAHY. Yes, we have provided sufficient funds to fund polio eradication at the Senate level of $30 million.

Mr. HARKIN. Will the Senator work with me to ensure that the current USAID Administrator and the Administrator in the new administration provides $30 million for global polio eradication for fiscal 2001?

Mr. LEAHY. Yes, I would be happy to work for the Senator.

Mr. HARKIN. Thank you, Senator LEAHY for your commitment and leadership on this issue.

MICRONUTRIENT FUNDING

Ms. MIKULSKI. Mr. President, I wonder if the distinguished ranking member of the Foreign Operations Subcommittee. Senator LEAHY would engage in a brief colloquy about funding for USAID programs in micronutrients?

Mr. LEAHY. I would be delighted to do so with the distinguished Senator from Maryland, a member of the subcommittee.

Ms. MILKULSKI. It is my understanding that the conference report currently under consideration makes no reference to micronutrient programs funded through the Child Survival and Disease Programs Fund. However, the Senate provided $30 million for this activity in its version of H.R. 4811, while the House provided $25 million. Given that the conference report before the Senate provides $963 million for child survival and disease prevention activities, an increase of almost $250 million that I strongly support, I was wondering if the Ranking Member would join me in working to obtain the Senate level of $30 million for micronutrient programs.

Mr. LEAHY. I would be happy to. As the Senator has correctly pointed out, the conference report includes a significant increase for child survival activities at USAID. AID is strongly encouraged to dedicate more recourses to the micronutrient programs.

Ms. MIKULSKI. I thank my colleague.

Mr. FEINGOLD. Mr. President, I rise to comment on the conference report on the Foreign Operations Appropriations bill.

I reluctantly voted against that conference report, because it contained a provision dramatically increasing the budget caps, effectively throwing fiscal discipline to the wind.

But I want to go on record indicating that, if the amendment busting the budget caps had not been included in the bill, my vote would have been an enthusiastic yes. Substantively, this is a remarkably good bill, and I commend the managers, Chairman MCCONNELL and the ranking member, Senator LEAHY, as well as Chairman Callahan and Congresswoman PELOSI for their excellent work.

An unprecedented commitment to fighting HIV/AIDS abroad and full funding of the Administration's request for debt relief initiatives are among the many laudable provisions in the bill that complement this year's authorizing work of the Senate Foreign Relations Committee.

The conference report contains significant assistance for important family planning work, which can help to bring better health and economic development to families and especially to women around the world. Moreover, I am pleased to see that the bill does not contain restrictive, so-called ''Mexico City'' language designed to limit what private organizations can do with funds raised from non-U.S. government sources.

During the debate on the Senate's version of this bill earlier this year, I asked for, and received, the commitment of Senators MCCONNELL and

LEAHY to pursue full funding for flood recovery assistance in Mozambique and southern Africa, a region of the world utterly devastated by a series of cyclones earlier this year. This was especially tragic, because prior to the flooding, Mozambique had been making progress toward climbing out of poverty, enjoying economic growth rates of 10 percent per year. I want to thank both Senators for keeping their word. This conference report contains $135 million in flood recovery assistance for the region. This is the right thing to do.

I took a particular interest in the southern Africa issue, in part because I serve as the ranking member of the Senate Foreign Relations Committee's Subcommittee on African Affairs. In that same capacity, I have joined with a number of my colleagues on both sides of the aisle to insist that the Administration make accountability a top priority in the context of our policy towards Sierra Leone. I am gratified to note that the statement of the managers accompanying the conference report includes language urging the State Department to provide support for the Special War Crimes Court for Sierra Leone. The support of the Foreign Operations Appropriations Subcommittee for this key Congressional priority in West Africa should not be overlooked.

In another area of interest, I note that the conference report retains language suspending certain types of military and security assistance to Indonesia until a set of conditions relating to the disarmament and disbanding of militia forces and accountability for gross human rights abuses have been met. At the same time, it maintains an appropriate level of assistance for the people of East Timor, who are seeking to rebuild their communities and to fully realize their independence each day.

Finally, the conference report provides strong support for the Peace Corps and for important development assistance accounts which, when responsibly administered and monitored, can serve U.S. interests in building a more stable, prosperous, and democratic world.

All of these sound provisions make it all the more unfortunate that the bill has been tainted with the budget-busting amendment, so that my vote would have been an accurate reflection of my support for this bill. Too often in the past, the Congress has failed to understand the critical link between U.S. engagement with the rest of the world and our national interests—our security, our health, our economic stability, and even our national values. This bill recognizes those links and moves in the right direction. It's a shame that a bill that makes such sensible policy choices, so casually busts the budget caps that we rely upon to ensure fiscal responsibility.

Mr. MCCAIN. Mr. President, I rise in opposition to the Conference Report for Foreign Operations Appropriations for Fiscal Year 2001.

The bill before us includes much that is good; in fact, it includes much that is important for our national security. For example, with the Middle East experiencing a level of turmoil not witnessed since the 1973 Yom Kippur War, the assistance in this bill for Israel and for other friends and allies in the region constitutes an essential component of our policy there. Vital humanitarian assistance programs are funded, including debt relief for especially poor countries.

However, I cannot support this conference report because it raises fiscal year 2001 discretionary spending caps to $637 billion from the $600 billion that was provided for in the budget resolution passed in April. Assuming that will be the new total amount of spending allowed, that would be nearly $40 billion more than the budget resolution, $13 billion more than what the President requested, and $50 billion more than what was spent in fiscal year 2000.

In addition, there remains the usual plethora of parochially-driven spending directives. While the bill appears to avoid legally restrictive earmarks, the effect of numerous provisions intended to do precisely that: direct funds where Members of Congress want them to go, usually for parochial reasons. I will be submitting a list of such items for the RECORD.

The decision to vote against this bill, irrespective of the usual pork-barrel provisions, however, was difficult. I recognize the importance of aid to Israel during this crucial period in its history, and I agree with the imperative of relieving the poorest countries of the burden of their international debts. The fiscal irresponsibility of Section 701 of this bill adjusting the spending caps upward to accommodate greater levels of pork barrel spending is too much to ignore. I'm not ignoring it, Mr. President. I oppose passage of this bill because I abhor the continuing disregard for fiscal responsibility it represents. And I abhor the cynicism illuminated by a decision to attach such fiscally irresponsible language to a spending bill so important to our national security.

Mr. President, I ask unanimous consent to print in the RECORD earmarks, Member-adds, and directive language.

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

CONFERENCE REPORT ON H.R. 4811, FOREIGN OPERATIONS APPROPRIATIONS FOR FISCAL YEAR 2001—EARMARKS, MEMBER-ADDS, AND DIRECTIVE LANGUAGE

International Fertilizer Development Center: $4 million;

United States Telecommunications Training Institute: $500,000;

National Albanian American Council training program: $1.3 million;

Section 536 Impact on Jobs in the United States: restrictive language intended to curtail trade that adversely affects employment in the United States;

Section 545 Purchase of American-Made Equipment and Products: Requires the Secretary of the Treasury to report to Congress on efforts by heads of Federal agencies to ensure that directors of international financial institutions make full use of American commodities, products and services;

Kiwanis/UNICEF Iodine Deficiency Program: $5 million;

University of California, San Fransisco: $500,000 to develop detailed epidemiological HIV/AIDS profiles for priority countries;

Gorgas Memorial Institute, University of Alabama: AID is ''urged'' to work closely with the institute, drawing from the $60 million alloted to address global health threat from tuberculosis;

Notre Dame's Vector Biology Laboratory Tulane University's Department of Tropical Medicine: AID is ''urged'' to direct $2 million to these institutes to establish Centers of Excellence for malaria research;

Carelift International: AID is ''urged'' to direct $7 million to Carelift International;

University of Missouri-St. Louis International Laboratory for Tropical Agriculture biotechnology program: AID is ''urged'' to allocate $1 million;

University of California, Davis: AID is ''urged'' to allocate $1 million for the university to train foreign scientists;

Tuskegee University, Alabama: AID is ''urged'' to allocate $1 million to establish a Center to Promote Biotechnology in International Agriculture at Tuskegee University;

Marquette University, Wisconsin: AID is urged to allocate a sum of money similar to that received under this bill as other universities to the Les Aspin Center for Government;

United States Telecommunications Training Institute: $500,000 ''should'' be made available for the institute;

Habitat for Humanity International: Department of State is urged to coordinate with AID to ensure the program receives $1.5 million;

Foundation for Environmental Security and Sustainability: AID is ''urged'' to allocate $2.5 million to support environmental threat assessments with interdisciplinary experts and academicians;

Alfalit International: earmarks $1.5 million to combat adult illiteracy;

University of San Fransisco: earmarks $1 million for the Center for Latin American Trade Expansion to assist in the development of trade promotion initiatives;

Patrick Leahy War Victims Fund: earmarks $12 million;

American Center for Oriental Research: DoS and AID are ''urged'' to allocate $2 million for the center, headquartered in Amman, Jordan, with operations in Boston, MA;

Dartmouth Medical School: AID is ''urged'' to allocate $750,000 for a joint program with the University of Pristina to help restore educational programs;

Florida State University: AID is ''urged'' to allocate $2 million for a distance learning program;

Synchrotron Light Source Particle Accelerator project (SESAME): ''the managers intend that $15 million of the funds made available for Armenia should support this or a comparable project.'' Berkeley, California, partnership;

University of South Alabama: $1 million to study the environmental causes of birth defects in Ukraine;

Ohio Center for Economic Initiatives National Telephone Cooperative Association, Arlington, VA: $3.2 million for industrial sector management tours;

University of Alaska/Alaska Pacific University/Alaska Native regional governments (North Slope Borough and Northwest Arctic Borough): $20 million for the activities of these institutions in the Russian Far East;

World Council of Hellenes/United States-Russia Investment Fund: allocates an unspecified sum to the World Council of Hellenes and the United States-Russia Investment Fund to support the Primary Healthcare Initiative in Ukraine, Georgia, and Russia;

Notre Dame University: The Department of State is directed to support the university's program of human rights, democracy, and conflict resolution training in Colombia;

Naval Post-Graduate School, Monterey, California: DoS and AID are ''urged'' to allocate $150,000 for development of a peacekeeping initiative at the school;

Jamestown Foundation: $1 million to disseminate information and support research about China.

Mr. BIDEN. Mr. President, in June of this year I expressed my displeasure with the foreign operations appropriations bill when it came to the floor of the Senate. The overall funding level was too low, security assistant accounts were unfunded, burdensome conditions were placed on contributions to international organizations and an inadequate appropriation was made for debt relief.

I'm pleased to find that the conference report has corrected some of these problems in a very satisfactory way. Appropriators have done the right thing on debt relief, by fully funding the amounts requested. As the wealthiest nation in the world, there is no excuse for us ignoring the plight of the world's poorest countries which are laboring under an untenable debt burden.

I'm also relieved to see that the overall funding level of the bill comes far closer to the administration's request than the bill that the Senate passed in June. That bill, to my dismay, was $1.7 billion short of what was asked for. The conference report is a vast improvement. It is still some $200 million below what the executive branch has projected that it will need to undertake foreign operations. Obviously this is quite a large sum and there is a very serious need for Congress to reverse the trend of undercutting State Department and Agency for International Development programs. However the conference report brings the money requested and the money appropriated substantially closer.

The bill contains a provision for assistance to Serbia with which I am in agreement. To unilaterally lift sanctions, or to open up the aid spigot fully would be both premature and naive. The United States should adopt the more measured response reflected in this provision. The language in the conference report sends the right message that we must condition our aid to the new regime in Serbia until it has clearly demonstrated that it will cooperate with the Hague War Crimes Tribunal, respect the independence of Bosnia and Herzegovina and not undermine the Dayton Accords, and that it will unequivocally renounce the use of force in Kosovo and take steps to implement policies that reflect a respect for minorities and rule of law.

Finally Mr. President, let me say that I am also relieved to see that the level of funding dedicated to the Nonproliferation, Anti-terrorism, De-mining and Related Programs (NADR) has been increased substantially. The amount is almost $100 million more than the level in the Senate passed bill, and slightly higher than the President's request. Although I would like to see more resources dedicated to the International Science and Technology Centers program, I welcome the plus up in the larger account. These programs are a crucial element in our strategy to halt the spread of nuclear weapons, and combat terrorism.

One NADR account that received more than the amount requested was export control assistance, and I truly applaud that. The assistance that we give to other countries in developing export control laws, regulations, and enforcement is absolutely crucial from the non-proliferation standpoint, and it can also help combat international terrorism. As we plus up that program, however, we must remember to provide the personnel to implement it. Many of those personnel are in the Department of Commerce, and more are needed. Unless appropriators provide elsewhere the requested 7 additional personnel (which translates into 5 additional FTE in Fiscal Year 2001) for the Bureau of Export Administration, the additional funds that we make available in this bill simply will not be implemented as effectively as we would wish.

Mr. DODD. Mr. President, I rise today in support of the Foreign Operations Appropriations Conference report. It has taken some time to reach an agreement satisfactory to all interested parties, but I believe that the bill before us goes a long way toward advancing American interests abroad. Furthermore, this bill contains important provisions to help poor and vulnerable world citizens.

First of all, I am especially pleased that appropriators have agreed to fully fund the President's debt relief package for third world countries, and that language has been included to allow the International Monetary Fund to release $800 million from the sale of gold reserves so that the interest earned on the proceeds can be put to work providing debt forgiveness to heavily indebted poor nations in Africa and parts of Latin America. The burden of external debt has become a major impediment to economic development and poverty reduction in many of the world's poorest countries—a reality I have witnessed first-hand throughout my travels in Latin America. Until recently, the United States government and other creditors sought to address this problem by rescheduling loans, and in some cases, providing limited debt reduction. Despite such efforts, the cumulative debt of many of the poorest countries has continued to grow beyond their ability to repay, and thus, developing economies are struggling. And, even worse, it is the most vulnerable citizens in these fledgling democracies that are suffering from this debt. When already poor governments are investing vast amounts of their budgets in debt maintenance, little remains for social services for those most in need. As a result, women, children, and the poor end up suffering and living in want.

Throughout my tenure in the Senate, I have supported efforts to target assistance for programs designed to address the special needs and concerns of the poor, and I am grateful that we have had some success in this undertaking. United States assistance programs, together with other international aid efforts, have made basic human necessities available to many of those most in need. However, I believe that the debt reduction initiatives included in the Foreign Operations bill today build upon that success, and hope that they will dramatically increase the quality of life for citizens in indebted countries. We still have a long way to go to ensure that all people live free of hunger and want, but I think that today we are taking a dramatic leap forward toward that end.

I am also pleased with the increase in funding for children's health programs included in this bill. This conference report provides $963 million for child survival and disease programs, $413 million more than the administration requested. Besides providing funding of $110 million for UNICEF, this money will be used for immunization programs, prenatal care, polio eradication, combating illegal trafficking in women and children, and the establishment of orphanages for displaced children. My colleagues know of my deep commitment to child welfare both at home and abroad. Indeed, too often children are overlooked because they do not vote and have no voice in our political system. I am extremely happy that children's welfare programs have been so generously funded in this bill, and hope that this represents a trend that will continue in the years to come.

Finally, I would like to comment on the family planning provisions in the bill. I believe the problem of overpopulation is an extremely important issue and population stabilization is crucial to the well-being of the planet. Overpopulation threatens to exert tremendous social, ecological, medical, and economic hardship on much of the world, and we must take strong action to limit it.

For families living under the conditions that exist in many developing nations, family planning is critical. Without it, mothers have great difficulty spacing their births and limiting the number of children they bear and, as a result, they suffer the tremendous physical stress of repeated childbirth—often without the aid of physicians or midwives. Furthermore, women are not the only ones who suffer in these cases; their children suffer too. Children in large families find themselves competing for food with other siblings. As a result, they suffer from higher incidents of malnutrition and hunger.

Under the compromise included in the conference report, family planning groups abroad can finally use their own money to provide family planning services, although the restriction on federal funding of abortions continues. In addition, Congress has boosted the general funding available for international family planning from $370 million to $425 million which will be available for expenditure after February 15, 2001. By helping women avoid pregnancy before conception, this funding will help mothers in developing countries better plan their child rearing, and will reduce the number of abortions performed annually. Moreover, it will ensure that every child born is a wanted child and will reduce the number of children born to parents who do not have the resources to care for them.

I believe that this is a good bill. It helps those who need it most, and provides funding for our international priorities. It includes money to help end the devastation of AIDS in Africa, assists women, children, and the poor, and allows governments to finally get out of the shadow of crushing debt that both economic circumstance and mismanagement caused to be accrued. On balance, the programs funded in this appropriations bill advance America's foreign policy and national security interests. In short, it is good for the people of the world, and the people of America. When we invest pro-actively in global stability we encourage peace and commerce, and everybody wins. For these reasons, I will vote in favor of this bill and encourage my colleagues to do the same.

Mrs. MURRAY. Mr. President, I rise as a member of the Foreign Operations Appropriations Subcommittee to express my strong support for this conference report. I want to extend my congratulations to Senator LEAHY and Senator MCCONNELL as this is clearly one of the best Foreign Operations bills produced in recent years.

This is a good bill which will advance U.S. interests on many fronts. This is a good bill for my constituents who are engaged in global affairs in everything from international trade to humanitarian relief efforts. This is always a tough bill to finish because it address several very controversial issues. Unlike years past, however, this bill is being widely praised by both parties and by the Administration. Again, that is a tribute to the leaders of our subcommittee who worked so hard to bridge very difficult issues.

Perhaps the most significant agreement within this bill is the commitment to fulfill U.S. obligations on debt relief. By providing the requested $435 million for debt relief, this Congress is sending a powerful message to the poorest countries in the world. The U.S. and the international community, by following through on debt relief to the world's poorest citizens, can give new hope to millions of people. I am proud to have supported this effort. And I am so proud of my constituents who embraced campaigns like Jubilee 2000 which made debt relief an issue no one could ignore.

I want to single out one gentleman in particular who touched so many of us here on Capitol Hill with his work. The Reverend David Duncombe from White Salmon, Washington was a heroic champion for debt relief. On two occasions in the last year, Reverend Duncombe staged hunger strikes here in Washington, D.C. to demonstrate the effects of starvation on the human body. Reverend Duncombe visited my office almost every Wednesday morning when he was in Washington, D.C. He stood before us all, day after day, in solidarity with the millions of people affected by this issue. Passage of debt relief is a genuine tribute to people like David Duncombe who rallied Americans to the debt relief cause all across our country. I'm proud Americans came together to ensure our foreign aid dollars will make a difference for poor citizens around the world.

I am strongly in support of this bill's increased funding for international family planning. This bill also repeals the global ''Gag'' order which has crippled our international family planning efforts in previous bills. We know that more and more women in the developing world are starting businesses and contributing to the economic health of families. These women want access to family planning programs and information to build strong, sustainable families. It is time to take our domestic political debate out of the international family planning appropriations process once and for all. International family planning programs help save the lives of women throughout the world. International family planning in a health issue and should be treated that way.

This bill is also strong in the area of export promotion. This bill provides more than $900 million to the Export-Import Bank of the United States which facilitates job creating exports from throughout our country. Other trade promotion entities like OPIC and TDA will receive increased funding under this bill as well. These programs are tangible, real proof that our foreign aid program generates jobs and economic opportunity for Americans.

There's so much more in this bill which will benefit America's interests. We continue our strong program of microcredit lending. Our commitment to UNICEF and important organizations like the Peace Corps continues with this bill. And we are providing increased funding to confront AIDS, tuberculosis and other health threats to the developing world. I am particularly supportive of the bill's $50 million contribution to the Global Alliance for Vaccines & Immunizations. The Foreign Operations Subcommittee has devoted much energy to the GAVI effort, and I encourage the Senate to continue its involvement in this promising program.

Our efforts to assist Russia and the former Soviet states as they continue to struggle with reform are key parts of this bill. Washington state is particularly interested in the Russian Far East. This bill funds democracy-building initiatives, economic transition and other programs for most regions of the former Soviet Union. It's frustrating work, but I support this assistance because it is important to our national interest. In other parts of the world, this bill funds human rights work, environmental protection programs, and other important democracy-building initiatives. From Burma to Serbia to Latin America, this bill works to advance America's interests in so many areas.

Mr. President, I urge my colleagues to support this important conference report.

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

Mr. MCCONNELL. Mr. President, does the Senator from Florida still have time remaining?

The PRESIDING OFFICER. The Senator has 30 seconds remaining.

Mr. GRAHAM. Mr. President, I yield back my 30 seconds.

Mr. MCCONNELL. Is there any other time remaining under the agreement?

The PRESIDING OFFICER. The Senator from Kentucky has 5½ minutes.

Mr. MCCONNELL. I yield back my time.

The PRESIDING OFFICER. Senator LEAHY has 9 minutes. Senator BYRD and Senator STEVENS have 5 minutes each remaining.

The Senator from Vermont.

Mr. LEAHY. Mr. President, earlier I had mentioned Robin Cleveland and Tim Rieser. I also want to thank Jennifer Chartrand and Billy Piper on the Republican side, who are always very helpful and did a superb job. On the Democratic side, Mark Lippert, who recently joined my staff from the Democratic Policy Committee, is mastering the Appropriations Committee process. I saw Jay Kimmitt on the floor earlier of the committee staff. Not only is he a good friend but a repository of all

knowledge and the one to whom we can all turn when we need to know just how to get out of whatever mess we have stumbled into.

Mr. MCCONNELL. Mr. President, I thank Tim Rieser and Mark Lippert, a representative of Senator LEAHY's staff, Jennifer Chartrand, and, of course, my longtime associate, Robin Cleveland, and Billy Piper as well, for their great work on this bill. I thank Senator LEAHY. It was good to work with him again this year.

Having said that, I understand there are 5 minutes that Senator STEVENS has reserved. I am told he is happy for me to yield that time back.

Mr. LEAHY. Mr. President, if the Senator will yield, I also yield back the time of the distinguished senior Senator from West Virginia, Mr. BYRD.

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

Mr. MCCONNELL. Let me also thank Jay Kimmitt, majority appropriations staff, for his outstanding work as well. With that, I believe we are ready.

Mr. President, I will propound a unanimous consent request before we go to the vote. I ask unanimous consent that the Senate now proceed to the vote regarding the foreign operations conference report, to be followed by 4 minutes of debate with closing remarks with respect to the pending Feingold amendment to S. 2508 and that vote immediately occur following those closing remarks, to be followed by a vote in relation to the continuing resolution.

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

Mr. MCCONNELL. Therefore, Mr. President, there will be three back-to-back rollcall votes.

The PRESIDING OFFICER. The question is on agreeing to the conference report. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Missouri (Mr. ASHCROFT), the Senator from Montana (Mr. BURNS), the Senator from Tennessee (Mr. FRIST), the Senator from Minnesota (Mr. GRAMS), and the Senator from North Carolina (Mr. HELMS) are necessarily absent.

I further announce that, if present and voting, the Senator from Montana (Mr. BURNS) would vote ''yea.''

Mr. REID. I announce that the Senator from Hawaii (Mr. AKAKA) the Senator from California (Mrs. FEINSTEIN), and the Senator from Connecticut (Mr. LIEBERMAN) are necessarily absent.—

The result was announced—yeas 65, nays 27, as follows:

[Rollcall Vote No. 280 Leg.]

YEAS—65

Abraham	Bennett	Bingaman
Baucus	Biden	Bond
Boxer	Hollings	Reed
Brownback	Hutchinson	Reid
Bunning	Hutchison	Roberts
Campbell	Inhofe	Rockefeller
Chafee, L.	Inouye	Roth
Cochran	Jeffords	Santorum
Collins	Kennedy	Sarbanes
Crapo	Kerry	Schumer
Daschle	Lautenberg	Shelby
DeWine	Leahy	Smith (OR)
Dodd	Levin	Snowe
Domenici	Lott	Specter
Dorgan	Lugar	Stevens
Durbin	Mack	Thompson
Gorton	McConnell	Thurmond
Grassley	Mikulski	Torricelli
Gregg	Moynihan	Warner
Hagel	Murkowski	Wellstone
Harkin	Murray	Wyden
Hatch	Nickles	

NAYS—27

Allard	Enzi	Landrieu
Bayh	Feingold	Lincoln
Breaux	Fitzgerald	McCain
Bryan	Graham	Miller
Byrd	Gramm	Robb
Cleland	Johnson	Sessions
Conrad	Kerrey	Smith (NH)
Craig	Kohl	Thomas
Edwards	Kyl	Voinovich

NOT VOTING—8

Akaka	Feinstein	Helms
Ashcroft	Frist	Lieberman
Burns	Grams	

The conference report was agreed to.

COLORADO UTE SETTLEMENT ACT AMENDMENTS OF 2000

The PRESIDING OFFICER. Under the previous order, the Senate will resume consideration of S. 2508.

Pending:

Campbell Amendment No. 4303, in the nature of a substitute.

Feingold Amendment No. 4326 (to Amendment No. 4303), to improve certain provisions of the bill.

Mr. CAMPBELL. I ask unanimous consent that Senator FEINGOLD and I have 2 minutes to address the Senate before the vote on the motion to table Feingold amendment No. 4326.

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

AMENDMENT NO. 4326

Mr. FEINGOLD. My amendment is supported by the administration because it improves the bill. It actually makes the bill comply with Federal reclamation and environmental laws. It makes it clear that only the features of the latest version of the Animas-La Plata Project will be constructed, and the result of that, my colleagues, will be a better return for the taxpayers than the underlying measure. This is important.

The Ute and Navajo tribes will have their claims settled and paid for, even under my substitute, 100 percent by the Federal Government, but the nontribal water recipients will have to repay their share of the construction, fish and wildlife mitigation, and recreation costs. That kind of repayment is only fair. It is what other water users and other projects such as the California central valley and central Utah have to pay.

If my colleagues will look at the fact, this is not unprecedented. This is actually the way other water projects are handled now. The water users have to pay these fair costs. This amendment not only does not kill the bill, it just makes sure there is a fair opportunity for court review. The bill does not undercut; the non-Native American users actually pay their fair share.

Most importantly, this greatly expanded project that has now been scaled down to a reasonable level does not somehow get put back into this large wasteful project. It is both strong in terms of environmental concern and very strong in terms of the taxpayers.

I hope by supporting this, my colleagues, the Senator from Colorado could have this water project that he has worked on for so long, but that it be done in a responsible way which the administration supports.

Mr. CAMPBELL. Mr. President, I am joined by Senator BINGAMAN, Senator DOMENICI, and Senator ALLARD in asking the Senate to support our version of the Animas-La Plata water project by voting to table the Feingold amendment. In 2 minutes they will not have time to speak, but I believe I am speaking for them.

Our version of S. 2508 is truly bipartisan. By the way, it is not an expanded project. This is a much more reduced project. The Republican Governor and the Democratic attorney general of Colorado strongly oppose the Feingold amendment. By voting to table the Feingold amendment, we will leave intact a bipartisan version of S. 2508, supported by the administration, the States of Colorado and New Mexico, the Ute tribes of Colorado, the Navajo nation, and rural and municipal water users of southwest Colorado and northwest New Mexico.

In doing so, we will be saving the taxpayers over $400 million by downsizing the currently planned Animas-La Plata water project. If the Feingold amendment is not tabled, most of those entities will withdraw their crucial support for the historic compromise and it will be dead.

If the Feingold amendment is adopted and the compromise collapses, then our only option for satisfying the tribal water right claims will be to build the entire huge Animas-La Plata water project as authorized in 1968.

In addition to killing our bipartisan solution to a regional water conflict, the Feingold amendment unfairly singles out rural water users and small municipalities in both of our States to pay higher costs for their domestic water supplies than the residents of big cities such as Phoenix and Tucson that are served by the central Arizona and central Utah projects, which were also authorized in 1968 at the same time the Animas-La Plata Project was authorized.

As chairman of the Committee on Indian Affairs, the Feingold amendment

sends the wrong message by penalizing a region for participating in historic water rights settlement. If the Feingold amendment is not tabled, there will only be losers because the Indians and non-Indians will be locked into needless and expensive litigation and taxpayers will have to pay the costs of litigation on both sides. Therefore, I ask my colleagues to join with me, along with Senators BINGAMAN, DOMENICI, and ALLARD, to support our bipartisan effort in voting to table the Feingold amendment.

I ask unanimous consent that the next votes in the series be limited to 10 minutes each.

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

Mr. CAMPBELL. I move to table the amendment of the Senator from Wisconsin, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The question is on agreeing to the motion to table amendment No. 4326. The clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Missouri (Mr. ASHCROFT), the Senator from Montana (Mr. BURNS), the Senator from Tennessee (Mr. FRIST), the Senator from Washington (Mr. GORTON), the Senator from Minnesota (Mr. GRAMS), the Senator from North Carolina (Mr. HELMS), and the Senator from Delaware (Mr. ROTH) are necessarily absent.

I further announce that, if present and voting, the Senator from Washington (Mr. GORTON) and the Senator from North Carolina (Mr. HELMS) would each vote ''yea.''

Mr. REID. I announce that the Senator from Hawaii (Mr. AKAKA), the Senator from California (Mrs. FEINSTEIN), and the Senator from Connecticut (Mr. LIEBERMAN) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the chamber desiring to vote?

The result was announced—yeas 56, nays 34, as follows:

[Rollcall Vote No. 281 Leg.]

YEAS—56

Abraham	Gramm	Miller
Allard	Grassley	Moynihan
Baucus	Gregg	Murkowski
Bennett	Hagel	Murray
Bingaman	Hatch	Nickles
Bond	Hollings	Roberts
Breaux	Hutchinson	Santorum
Brownback	Hutchison	Sessions
Bunning	Inhofe	Shelby
Campbell	Inouye	Smith (NH)
Cochran	Johnson	Smith (OR)
Conrad	Kerrey	Stevens
Craig	Kyl	Thomas
Crapo	Landrieu	Thompson
Daschle	Lincoln	Thurmond
DeWine	Lott	Torricelli
Domenici	Lugar	Voinovich
Dorgan	Mack	Warner
Enzi	McConnell	

NAYS—34

Bayh	Boxer	Byrd
Biden	Bryan	Chafee, L.
Cleland	Kennedy	Robb
Collins	Kerry	Rockefeller
Dodd	Kohl	Sarbanes
Durbin	Lautenberg	Schumer
Edwards	Leahy	Snowe
Feingold	Levin	Specter
Fitzgerald	McCain	Wellstone
Graham	Mikulski	Wyden
Harkin	Reed	
Jeffords	Reid	

NOT VOTING—10

Akaka	Frist	Lieberman
Ashcroft	Gorton	Roth
Burns	Grams	
Feinstein	Helms	

The motion was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the Campbell substitute.

Without objection, the Campbell substitute is agreed to.

The amendment (No. 4303) was agreed to.

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

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The 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?

Mr. FEINGOLD. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be.

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Missouri (Mr. ASHCROFT), the Senator from Montana (Mr. BURNS), the Senator from Tennessee (Mr. FRIST), the Senator from Washington (Mr. GORTON), the Senator from Minnesota (Mr. GRAMS), the Senator from North Carolina (Mr. HELMS), and the Senator from Delaware (Mr. ROTH) are necessarily absent.

I further announce that, if present and voting, the Senator from Washington (Mr. GORTON) and the Senator from North Carolina (Mr. HELMS) would each vote ''yea.''

Mr. REID. I announce that the Senator from Hawaii (Mr. AKAKA), the Senator from California (Mrs. FEINSTEIN), and the Senator from Connecticut (Mr. LIEBERMAN) are necessarily absent.

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

The result was announced—yeas 85, nays 5, as follows:

[Rollcall Vote No. 282 Leg.]

YEAS—85

Abraham	Bennett	Breaux
Allard	Biden	Brownback
Baucus	Bingaman	Bryan
Bayh	Bond	Bunning
Byrd	Hutchison	Reed
Campbell	Inhofe	Reid
Cleland	Inouye	Robb
Cochran	Jeffords	Roberts
Collins	Johnson	Rockefeller
Conrad	Kennedy	Santorum
Craig	Kerrey	Sarbanes
Crapo	Kerry	Schumer
Daschle	Kohl	Sessions
DeWine	Kyl	Shelby
Dodd	Landrieu	Smith (NH)
Domenici	Leahy	Smith (OR)
Dorgan	Levin	Snowe
Edwards	Lincoln	Specter
Enzi	Lott	Stevens
Fitzgerald	Lugar	Thomas
Graham	Mack	Thompson
Gramm	McCain	Thurmond
Grassley	McConnell	Torricelli
Gregg	Mikulski	Voinovich
Hagel	Miller	Warner
Harkin	Moynihan	Wellstone
Hatch	Murkowski	Wyden
Hollings	Murray	
Hutchinson	Nickles	

NAYS—5

Boxer	Durbin	Lautenberg
Chafee, L.	Feingold	

NOT VOTING—10

Akaka	Frist	Lieberman
Ashcroft	Gorton	Roth
Burns	Grams	
Feinstein	Helms	

The bill (S. 2508), as amended, was passed.

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

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

The motion to lay on the table was agreed to.

Mr. MURKOWSKI. Mr. President. I rise today to congratulate my colleague from Colorado, Senator BEN NIGHTHORSE CAMPBELL, on the passage of S. 2508, the Colorado Ute Settlement Act Amendments of 2000. This important Indian water rights settlement would never have gotten as far as it has in the Senate without the hard work and dilligence of Senator CAMPBELL. As chairman of the Senate Energy and Natural Resources Committee and a member of the Senate Indian Affairs Committee, I know how difficult it is to reach consensus on Indian water rights settlements. It takes a great deal of knowledge, dedication and downright hard work to get these kinds of bills through committee and onto the Senate floor and while the work can be frustrating, the rewards of a job well done are the appreciation of the Tribe and the water users. Senator CAMPBELL should reap those rewards. This settlement has been a long time coming and I hope the House of Representatives will look favorably on the hard work that has been done here and pass this bill expeditiously so that it will make it to the White House and be signed into law.

My only regret is that this bill has taken so long to pass the Senate. Fulfilling this commitment to the Colorado Ute Indian Tribes and the Colorado water users never should have taken this long. The settlement agreement was signed in 1986 and now—finally—after 15 years of foot dragging

and outright obstruction by outside groups, a bill to implement the agreement passes the Senate. The history of this unfulfilled promise is not a good one. For the past 15 years, numerous, and duplicative studies have been required, each of which resulted in substantial reductions in water to be diverted and stored in the Animas-La Plata project. The tribes, in order to get a project, have agreed to substantial modification of their rights under the 1986 agreement and 1988 Settlement Act to make this proposal work. The cost of the project has been cut by almost two thirds, yet opponents of the project are still unhappy. I wonder what would make them happy—complete and total derogation of the Federal Government's obligation to the tribes? I know Senator CAMPBELL would not let that happen and I would certainly support him in his efforts.

This bill, as passed today, represents the best hope for the United States to do right by the Colorado Ute Indian Tribes at this point and I am pleased to vote for it. I again congratulate Senator CAMPBELL.

MAKING CONTINUING APPROPRIATIONS FOR FISCAL YEAR 2001

The PRESIDING OFFICER. The clerk will state the joint resolution by title.

The assistant legislative clerk read as follows:

A joint resolution (H.J. Res. 115) making continuing appropriations for fiscal year 2001, and for other purposes.

The PRESIDING OFFICER. Without objection, the joint resolution is read the third time.

The joint resolution having been read the third time, the question is, Shall the joint resolution pass?

Mr. HATCH. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Missouri (Mr. ASHCROFT) the Senator from Montana (Mr. BURNS), the Senator from Tennessee (Mr. FRIST), the Senator from Washington (Mr. GORTON), the Senator from Minnesota (Mr. GRAMS), the Senator from North Carolina (Mr. HELMS), the Senator from Vermont (Mr. JEFFORDS), and the Senator from Delaware (Mr. ROTH) are necessarily absent.

I further announce that, if present and voting, the Senator from Washington (Mr. GORTON) and the Senator from Montana (Mr. BURNS) would each vote ''yea.''

Mr. REID. I announce that the Senator from Hawaii (Mr. AKAKA), the Senator from California (Mrs. FEINSTEIN), and the Senator from Connecticut (Mr. LIEBERMAN) are necessarily absent.

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

The result was announced—yeas 87, nays 2, as follows:

[Rollcall Vote No. 283 Leg.]

YEAS—87

Abraham	Feingold	Mikulski
Allard	Fitzgerald	Miller
Bayh	Graham	Moynihan
Bennett	Gramm	Murkowski
Biden	Grassley	Murray
Bingaman	Gregg	Nickles
Bond	Hagel	Reed
Boxer	Harkin	Reid
Breaux	Hatch	Robb
Brownback	Hollings	Roberts
Bryan	Hutchinson	Rockefeller
Bunning	Hutchison	Santorum
Byrd	Inhofe	Sarbanes
Campbell	Inouye	Schumer
Chafee, L.	Johnson	Sessions
Cleland	Kennedy	Shelby
Cochran	Kerrey	Smith (NH)
Collins	Kerry	Smith (OR)
Conrad	Kohl	Snowe
Craig	Kyl	Specter
Crapo	Landrieu	Stevens
Daschle	Lautenberg	Thomas
DeWine	Levin	Thompson
Dodd	Lincoln	Thurmond
Domenici	Lott	Torricelli
Dorgan	Lugar	Voinovich
Durbin	Mack	Warner
Edwards	McCain	Wellstone
Enzi	McConnell	Wyden

NAYS—2

Baucus	Leahy

NOT VOTING—11

Akaka	Frist	Jeffords
Ashcroft	Gorton	Lieberman
Burns	Grams	Roth
Feinstein	Helms	

The joint resolution (H.J. Res. 115) was passed.

MORNING BUSINESS

Mrs. HUTCHISON. Mr. President, I ask unanimous consent the Senate now be in a period of morning business with Senators speaking for up to 10 minutes each.

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

INTERPARLIAMENTARY CONFERENCES

Mr. LOTT. Mr. President, for the information of the affected members of the Senate, I would like to state for the record that if a Member who is precluded from travel by the provisions of rule 39 is appointed as a delegate to an official conference to be attended by Members of the Senate, then the appointment of that individual constitutes an authorization by the Senate and the Member will not be deemed in violation of rule 39.

ACKNOWLEGMENT OF SENATOR JEFF SESSIONS' 100TH PRESIDING HOUR

Mr. LOTT. Mr. President, today, I have the pleasure to announce that Senator JEFF SESSIONS has achieved the 100 hour mark as presiding officer. In doing so, Senator SESSIONS has earned his second Golden Gavel Award.

Since the 1960's, the Senate has recognized those dedicated Members who preside over the Senate for 100 hours with the golden gavel. This award continues to represent our appreciation for the time these dedicated Senators contribute to presiding over the U.S. Senate—a privileged and important duty.

On behalf of the Senate, I extend our sincere appreciation to Senator SESSIONS and his staff for their efforts and commitment to presiding duties during the 106th Congress.

VICTIMS OF GUN VIOLENCE

Mr. SCHUMER. Mr. President, it has been more than a year since the Columbine tragedy, but still this Republican Congress refuses to act on sensible gun legislation.

Since Columbine, thousands of Americans have been killed by gunfire. Until we act, Democrats in the Senate will read the names of some of those who have lost their lives to gun violence in the past year, and we will continue to do so every day that the Senate is in session.

In the name of those who died, we will continue this fight. Following are the names of some of the people who were killed by gunfire one year ago today.

October 25, 1999:

Haeng Eom, 57, Seattle, WA;

Jeong Eom, 60, Seattle, WA;

Jamal Johnson, 18, New Orleans, LA;

Joe Leavitt, 65, Kansas City, MO;

Lanette Macias, 34, Kansas City, MO;

Solomon McGruder, 30, New Orleans, LA;

Irving E. Varon, 51, Seattle, WA;

Alfonso Vilmil, 53, El Paso, TX;

Walter Williams, 35, Nashville, TN; and

Unidentified Male, 16, Chicago, IL.

We cannot sit back and allow such senseless gun violence to continue. The deaths of these people are a reminder to all of us that we need to enact sensible gun legislation now.

STATUS OF INTELLECTUAL PROPERTY LAW AND THE INTERNET

Mr. DEWINE. Mr. President, I rise today to discuss the impact the Internet is having on database producers and the lack of Intellectual Property protection we provide to creators of databases, in particular. This is an issue that deserves the Senate's attention, and I will be encouraging the Chairman of the Judiciary Committee, Senator HATCH, to hold hearings early next year to examine this issue in detail.

Intellectual Property laws are about striking a balance between our need to encourage invention and creativity with a public policy that discourages the use of monopoly power. Our founding fathers recognized the importance

of national patent and copyright laws in Article 1, Section 8 of the United States Constitution. Similarly, we have a long tradition of protecting the public from monopolistic abuses through our Antitrust laws, starting with the Sherman Antitrust Act of 1890.

Through our copyright and patent laws, we allow artists and inventors to have monopolies of limited duration on their creations and inventions, which can have the short-term effect of limiting access by consumers. However, these exclusive rights give artists and inventors incentive to create more—ultimately to the benefit of the public at large. Our thriving economy and the success of our country's technology sector is evidence that we have reached an appropriate balance between exclusive rights and consumer access.

However, the balance has shifted with the emergence of new technology. Digital technology, for example, allows an individual to copy huge volumes of data from anonymous sources and then distribute it almost immediately all over the world through the Internet.

I am very concerned about the utter lack of protection for individuals and companies who invest substantial resources in gathering and organizing large volumes of data or information. These databases were, at one time, protected by our copyright laws under a legal theory known as ''sweat-of-the-brow.'' This policy protected collections of information from theft and recognized that significant resources often were spent in collecting and organizing information. In 1991, the Supreme Court overturned the sweat-of-the-brow protection and said that only ''original'' works are covered by copyright law. This ruling, coupled with the ease of copying and distributing databases over the Internet, have created a significant problem with theft or ''piracy'' of databases. The creators of stolen databases are usually left with only piece-meal protections and often have no recourse whatsoever.

I share the concerns of those who believe that database protection legislation could limit the access of consumers to information, and I certainly will not support legislation that harms consumers. However, Mr. President, I believe that this is a case where our policies are out of balance.

Information is a resource that becomes much more valuable when it is organized in a coherent way. Database companies devote substantial resources to collecting, organizing, and maintaining information for users. Without such investments, vast quantities of data would be incomprehensible and almost unusable. We must give the companies that create these databases some sort of exclusive right to enjoy the benefits of their hard work and investment.

Without granting some exclusive right to database producers, investment in databases will diminish over time, as more and more databases are copied and distributed by pirates. Ultimately, the reliability of information available to consumers over the Internet would be undermined.

This potential for unreliability has serious real-life implications. For example, emergency room staff and parents use databases to identify poisons and their remedies; doctors use them to find specifics about a medical procedure; farmers use them for weather and soil information; lawyers use them to find cases and precedents; pharmacists use them to detect dangerous drug interactions; chemists use them to test new compounds; workers use them to find new jobs; and home buyers use them to find the right house. If these databases are not available or are inaccurate, it is the consumer who loses. As with all of our intellectual property rights, some small limitations on consumer access in the short-term will produce significant long-term advantages and increased access to accurate information.

This is not a new issue for the Senate. Two years ago, in the 105th Congress, a serious effort was made to pass legislation that would limit database piracy. Judiciary Committee Chairman HATCH hosted extensive negotiations between all interested parties. Unfortunately, a compromise on database protection could not be reached. At the last minute, the database provisions were dropped from the conference report for the Digital Millennium Copyright Act (DMCA).

When we passed the DMCA, I came to the Floor and expressed my disappointment that we could not reach a consensus on a database provision. Judiciary Committee Chairman HATCH and the Ranking Member LEAHY also expressed their disappointment. I asked, and Senator HATCH agreed, that the Judiciary Committee address the database bill early in the 106th Congress. Unfortunately, despite efforts particularly in the House of Representatives to reach an agreement, conflicts in the industry remain. We have not been able to consider such a bill during this Congress. Now, with only a few days left, it appears that we will not consider database protection at all this year.

I believe that we should start fresh on database legislation early next year. I ask Chairman HATCH for his commitment that the Judiciary Committee will hold a hearing on this important matter in the Spring. For my part, I will do everything I can to draw attention to this matter. I will continue working toward a solution that protects databases from piracy while protecting the rights of consumers.

INTERNATIONAL BROADCASTING EMPLOYEES

Mr. KENNEDY. Mr. President, it is a privilege to join my colleague, Senator HELMS, in expressing my strong support for this legislation to benefit international broadcasting employees.

The bill is important for several reasons. A new special immigrant visa class will be established to cover individuals working in the United States for the International Broadcasting Bureau or one of the grantee organizations affiliated with the Broadcasting Board of Governors. Included among the grantee organizations are the well-respected Radio Free Asia, the Voice of America and Radio Free Europe.

In creating a special immigrant visa category, we are making a concerted effort to address the recruitment shortages plaguing these worthwhile broadcasting organizations. This legislation will help to attract qualified foreign employees for available positions with the international broadcasting industry here in the United States.

The mission of the United States with respect to international broadcasting makes it important for us to be able to attract and retain a large number of foreign language broadcasters. They must have a unique combination of journalistic skills, including fluency in various languages and an in-depth knowledge of the people, history and cultures of other nations. To carry out its mission, the Broadcasting Board of Governors and its grantees must employ a minimum of 3,400 broadcasters and support staff, such as reporters, writers, translators, editors, producers, announcers, and news analysts.

Historically, the Broadcasting Board of Governors has been unable to obtain sufficient numbers of U.S. workers with the rare combination of skills needed for this mission. As a result, we have had to look to other nations to attract the necessary talent.

No current visa category exists which properly suits the needs of the international broadcasting industry. Neither the H–1B nor J–1 non-immigrant visas are appropriate for the Broadcasting Board of Governors to use as a means to recruit foreign broadcasters and support personnel. Each of these categories has restrictions which make it difficult to recruit qualified applicants.

This legislation overcomes these problems by adding a special immigrant category under the Immigration and Nationality Act. Up to one hundred immigrant visas will be available each fiscal year for foreign nationals employed by the Broadcasting Board of Governors. Spouses and dependent children will also be able to benefit from this legislation.

This proposal will provide significant assistance for the international broadcasting industry in meeting its goals and recruitment needs in providing essential news coverage for many of the most dangerous regions of the world. The people employed by organizations like Radio Free Asia, the Voice of

America and Radio Free Europe are exceptionally talented and courageous. They and their families make substantial sacrifices, and they put themselves at great personal risk to carry out their important responsibilities. These dedicated men and women deserve our full support. I strongly urge my colleagues to pass this needed legislation.

GUN VIOLENCE IN AMERICA

Mr. LEVIN. Mr. President, the 106th Congress is about to adjourn without passing critical legislation to reduce the level of gun violence in this country.

Over the last years, the American people have been demanding that their schools, places of worship, and other public places be better protected from gun violence. Congress had an opportunity to address the gun violence problem in our country by passing sensible gun laws that would help ensure that young people or those with criminal backgrounds do not illegally gain access to firearms. In the end, Congress failed the American people.

It is very disappointing that Congress refused to act on the issue of gun violence. Too many senseless shootings have put our sense of safety in jeopardy. Here are just some of the high profile shootings that took place during this session of Congress, and the casualties that occurred as a result.

In the year 1999:

January 14, an office building, Salt Lake City, Utah, one dead, one injured;

March 18, a law office, Johnson City, Tennessee, two dead;

April 15, a library, Salt Lake City, Utah, three dead, four injured;

April 20, a high school, Littleton, Colorado, 15 dead, 23 injured;

May 20, a high school, Conyers, Georgia, six injured;

June 3, a grocery store, Las Vegas, Nevada, four dead;

June 11, a psychiatrist's office, Southfield, Michigan, three dead, four injured;

July 4, multiple locations, Illinois and Indiana, three dead, nine injured;

July 29, two day trading firms, Atlanta, Georgia, 13 dead, 13 injured;

August 5, two office buildings, Pelham, Alabama, three dead;

August 10, a Jewish Community Center, Los Angeles, California, five injured, and later in the same day, one dead;

September 14, a hospital, Anaheim, California, three dead;

September 15, a church, Fort Worth, Texas, eight dead, seven injured;

November 2 an office building, Honolulu, Hawaii, seven dead;

November 3, a shipyard, Seattle, Washington, two dead, two injured;

December 6, a middle school, Fort Gibson, Oklahoma, four injured; and

December 30, a hotel, Tampa, Florida, five killed, three injured.

In the year 2000:

January 23, a Sikh temple, El Sobrante, California, one dead, one injured;

February 14, a sandwich shop, Littleton, Colorado, two dead;

February 29, an elementary school, Flint, Michigan, one dead;

March 1, several locations, Wilkinsburg, Pennsylvania, three dead, two injured;

March 8, the scene of a fire, Memphis, Tennessee, four dead, two injured;

March 10, a high school dance, Savannah, Georgia, two dead, one injured;

March 24, a State office building, Effingham, Illinois, two dead;

April 18, a seniors home, Lincoln Park, Michigan, two dead, one injured;

April 24, a zoo, Washington, D.C., seven injured;

April 28, several locations, Pittsburgh, Pennsylvania, five killed, one injured;

April 28, a restaurant and hotel, Salt Lake City, Utah, two dead, three injured;

May 11, a middle school, Prairie Grove, Arkansas, two injured;

May 17, a ball park, Ozark, Alabama, two dead, one injured;

May 26, a middle school, Lake Worth, Florida, one dead;

June 25, a basketball court, Chicago, Illinois, seven injured;

August 28, a professor's office, Fayetteville, Arkansas, two dead;

September 7, a sewage lagoon, Bunker, Missouri, two dead, two injured;

September 24, a high school, outside Seattle, Washington, one injured;

September 26, a middle school, New Orleans Louisiana, two injured;

October 20, a courthouse, Yreka, California, one dead, two injured; and

October 23, a pizzeria in New Baltimore, Michigan, one dead.

Gun violence is a critical issue that the majority of Americans care about deeply. The will of the majority can be frustrated in the short run, but not in the long run. This issue will not go away. If this Congress will not pass legislation addressing gun violence in America, I am confident that another Congress will, and I will continue to work toward that objective.

UNITED STATES POLICY TOWARDS YUGOSLAVIA

Mr. BIDEN. Mr. President, I rise today to discuss the volatile situation in Yugoslavia. Slobodan Milosevic as Yugoslav dictator is history. The long nightmare is over. The Serbian people have spoken and, although Milosevic's ultimate fate is still uncertain, Kostunica's victory marks a sea change in Serbia's current history, a clear choice for democratic change over a stagnant and morally bankrupt dictatorship.

As Kostunica works hard to secure and stabilize his fledgling government, the final outcome is not yet certain. The United States must not fumble the opportunity to support the new Serbian government as it navigates a potentially treacherous transition. With Milosevic's party still controlling the Serb parliament and Milosevic himself still lurking in the political shadows, we must engage in an open and constructive dialogue with Kostunica and his allies.

To this end, I welcome the recent move by the administration to lift some of the sanctions that specifically targeted the Milosevic regime, namely the flight ban and the oil embargo, while retaining the so-called ''outer wall'' of sanctions. I also commend the State Department's decision to send a delegation to Belgrade to discuss the Kostunica government's assistance needs.

Mr. President, extending a helping hand does not, however, mean giving Kostunica and his new government a free pass when it comes to accounting for the terrible crimes of the Milosevic regime. To unilaterally lift all sanctions, or to open up the aid spigot fully would be both premature and naive. Instead, the United States should adopt a more measured response, recognizing as well the fact that a too forward-leaning or heavy handed policy could risk undermining Kostunica before he is able to consolidate power. The following immediate steps would, I believe, help lay the correct groundwork for future cooperation.

First, the United States must maintain its insistence that Milosevic be delivered to the Hague to stand trial for war crimes. Anything less would fatally undermine the International Tribunal.

Second, even as we congratulate Mr. Kostunica and recognize him as an inestimable improvement over his predecessor, we must emphasize to him that his democratic credentials alone will not be a sufficient qualification for Serbia to reenter the international community. A Kostunica government must fully respect the independence of Bosnia and Herzegovina and not undermine the Dayton Accords. Kostunica's recent meeting in Sarajevo with the three members of Bosnia's collective presidency gives some grounds for optimism. Serbia must also unequivocally renounce the use of force in Kosovo and take steps to implement policies that reflect a respect for minorities and rule of law.

The foreign operations bill for fiscal year 2001 will, in fact, condition U.S. assistance to Serbia on meeting the above benchmarks. I support this section of the bill because it is the right thing to do and the right message to send. But while we should remain firm in our policy, we must also be flexible in our evaluation, recognizing what Kostunica is able to do and what he is unable to do while pro-Milosevic forces

still wield considerable power in the Serbian government.

Third, the Stability Pact for Southeast Europe must be given a jolt. Too much time has been wasted on conferences and working groups. Assistance must begin to flow in the next few months. A long-needed measure to help the front-line states would be a crash-effort to clear the Danube River of bombed-out bridges, thereby reopening vital trade links from Bulgaria and Romania to Western Europe.

Finally, we should strongly encourage the European Union to make good on this commitment to expand its membership to candidates as soon as they meet the qualifications. In Southeastern Europe this means Hungary and Slovenia. Brussels must not squander a once-in-a-lifetime opportunity.

Mr. President, there is another reason I wanted to take the floor today, one that touches on the future of our commitment to the Balkans and, indeed, to a stable and secure Europe.

As we continue to work towards a Serbia that will meet the necessary criteria to rejoin the community of western democracies, it is just as important to remember why we are engaged in the Balkans in the first place. This is, after all, an election year, a time when Americans should rightly question the policies and decisions of the current administration when making their decision about the next.

U.S. military engagement on the European continent since the end of World War II has provided the security umbrella under which democracy and free-market capitalism have been able to develop and flourish. The Balkans, however, are a world away from that reality, the last remaining area of instability in Europe. During the last decade several hundred thousand people have been killed in three bloody wars there. The NATO-led peacekeeping operations in Bosnia and Kosovo are designed to provide the same kind of umbrella as in post-war Western Europe to allow democracy, civil society, and capitalism to take root and develop.

Without American leadership, this region would most likely still be mired in civil war, ethnic cleansing, and ultra-nationalist aggression, with Milosevic firmly ensconced at the center of it all.

I remember well when in September 1992, reacting to the mass murders an ethnic cleansing that Milosevic directed in Croatia and Bosnia, I called for lifting the arms embargo against Bosnia and, six months later, for hitting the Bosnian Serbs with air strikes. I was joined by Bob Dole and JOE LIEBERMAN, but for three years ours was a lonely fight. Finally, after hundreds of thousands killed and massacres in Srebrenica and Sarajevo that galvanized public opinion, our government undertook a bombing campaign that led to the Dayton Accords.

Just as that American military action in 1995 served as the catalyst for change in Bosnia, so did Operation Allied Force in 1999 dash the myth in Serbia of Milosevic's invincibility. If he had gotten away with purging Kosovo of most of its ethnic Albanians, those in Serbia who found Milosevic to be odious would have had no reason to believe that anything could be done to stop his immoral and ruinous policies.

American leadership has been indispensable for successful military action in the Balkans. The bombing campaign our government undertook in 1995 led to the Dayton Accords for Bosnia. Operation Allied Force in 1999 forced Milosevic to withdraw his military and paramilitary units from Serbia, destroying the myth in Serbia of his invincibility. This leadership goes beyond the purely technical military assets that only the U.S. can deploy; it also involves intangibles. SFOR in Bosnia and KFOR in Kosovo contain thousands of highly qualified soldiers from many countries, but the American troop presence on the ground gave the mission its ultimate credibility with the Balkan peoples. This fact I have witnessed firsthand from my many trips to the region.

I am, therefore, alarmed by the recent calls for a unilateral withdrawal of U.S. forces from the Balkans. Such a radical shift in our policy, I believe, would have a catastrophic effect not only on the very real progress we have made in stabilizing both Bosnia and Kosovo, but on U.S. leadership in Europe and on the Atlantic Alliance as a whole. U.S. participation on the ground in the Balkans is essential to our overall leadership in NATO, which is an alliance not only of shared values, but also of shared risk and responsibility. To begin a disengagement from the Balkans would not only guarantee the loss of American leadership in NATO, but also, I fear, lead to the premature end of Western Europe's commitment to stabilizing the Balkans.

As my colleagues surely know, the vast majority of the troops in SFOR and KFOR—approximately eighty percent—are European. Yet despite this minority participation, the United States retains the command of both Balkan operations in the person of U.S. General Joseph Ralston, the Supreme Allied Commander Europe (SACEUR).

Let me be blunt: it is naive to believe that we could retain command of these operations—or, more importantly, leadership of NATO itself—if we would cavalierly inform our allies that we were unilaterally pulling out of the Balkans. It just won't work.

If the U.S. withdrew, like it or not, the future of SFOR and KFOR would be in jeopardy, and the likelihood of renewed hostilities and instability beyond the borders of Bosnia and Kosovo would greatly increase.

We are entering into a very sensitive period for the Balkans, one that could either strengthen or tear apart the fragile peace that KFOR and SFOR have helped secure. Local elections will take place in Kosovo later this month, in Bosnia in November, and in Serbia in December. The anti-democratic, ultra nationalist forces in the region are now no doubt biding their time and hoping for a new administration that has already laid its withdrawal cards on the table.

The assertion that our Balkan operations are a heavy drain on our resources is also completely off base. Our Bosnia and Kosovo operations together amount to little more than one percent of our total defense budget. This hardly constitutes a ''hollowing out'' of the military.

The argument that our commitment to the Balkans is open-ended is equally misleading. There are detailed military, political, economic, and social benchmarks set in place. Our ''exit strategy'' is crystal clear: a secure, stable, democratic Balkans with a free-market economy that can join the rest of the continent, a Europe ''whole and free.'' These are the ideals for which the greatest generation fought and died. We dare not embark upon a policy that fails to recognize the most important international lesson of the twentieth century: America's national security is inextricably linked to the maintenance of a stable and peaceful Europe.

To pull the plug on a Balkans policy that has finally begun to yield real dividends and at the same time to put NATO, the most successful alliance in history, at risk would jeopardize America's national security.

It would also betray the brave crowds in Serbia, who have struggled to open up great possibilities for their country, the Balkans, and all of Europe. This is no time for Americans to retreat from the struggle out of ill-conceived, artificially narrow definitions of national security. The American people have shown time and again that they lack neither vision nor patience when they are convinced of the importance of a cause. A Europe unified by democracy is such a cause.

S. 1854, THE 21ST CENTURY ACQUISITION REFORM AND IMPROVEMENTS ACT OF 2000

Mr. HATCH. Mr. President, I was pleased that last Thursday the Senate unanimously passed S. 1854, the ''21st Century Acquisition Reform and Improvements Act of 2000.'' I originally introduced the bill last year with Senators DEWINE and KOHL, and we are hopeful that it will be enacted into law this year. I want to express my thanks to Senator LEAHY, the Ranking Member of the Judiciary Committee, and to Senators DEWINE and KOHL, the Chairman and Ranking Member of the Antitrust Subcommittee, respectively, for

their hard work and cooperation in developing and passing the bipartisan proposal that the Senate approved. The reforms that will be put in place upon enactment of this legislation are long overdue. Businesses, both small and large, as well as the antitrust enforcement agencies, have much to gain by its enactment.

As my colleagues know, the Hart-Scott-Rodino Antitrust Improvements Act of 1976 requires companies contemplating a merger or acquisition to file a pre-merger notification with the Antitrust Division or the Federal Trade Commission if the size of the companies and the size of the proposed transaction are greater than certain monetary thresholds. These monetary thresholds, however, are seriously outdated. They have not been changed—even for inflation—since the legislation was enacted more than two decades ago.

Because these monetary thresholds are obsolete, businesses today often are required to notify the Antitrust Division and the FTC of proposed transactions that simply do not raise competitive issues. As a result, the agencies are required to expend valuable resources performing needless reviews of transactions that were never intended to be reviewed. In short, current law senselessly imposes a costly regulatory and financial burden upon companies, particularly small businesses, and needlessly drains the resources of the agencies. Because of the unnecessarily low monetary thresholds, current law fails to reflect the true economic impact of mergers and acquisitions in today's economy.

In addition, after a pre-merger notification is filed, the Hart-Scott-Rodino Act imposes a 30-day waiting period, during which the proposed transaction may not close and the Antitrust Division or the FTC conducts an antitrust investigation. Prior to the expiration of this waiting period, the agency investigating the transaction may make a ''second request''—a demand for additional information or documentary material that is relevant to the proposed transaction. Unfortunately, many second requests require the production of an enormous volume of materials, many of which are unnecessary for even the most comprehensive merger review. Complying with such second requests has become extraordinarily burdensome, often costing companies in excess of $1 million. Second requests also extend the waiting period for an additional 20 days, a period of time that does not begin to run until the agencies have determined that the transacting companies have ''substantially complied'' with the second request. This procedure results in many lawful transactions being unnecessarily delayed for extended periods of time, causing an enormous strain on the businesses, their employees, and their shareholders.

I am pleased that this legislation will rectify many of the problems with the 1976 Hart-Scott-Rodino Act. First, the legislation increases the size-of-transaction threshold from $15 million to $50 million, effectively exempting mergers and acquisitions that would not pose any competitive concerns from the Act's notification requirement. Such mergers make up over half of all transactions reported in 1999. Therefore, this legislation provides significant regulatory and financial relief for all businesses, particularly small and medium-sized ones. In addition, the legislation indexes the threshold for inflation, so that the problem of an expanding economy outgrowing the statute's monetary threshold will not recur.

In addition to providing regulatory and financial relief for companies, another purpose of this legislation is to ensure that the Antitrust Division and the FTC efficiently allocate their finite resources to those transactions that truly warrant antitrust scrutiny. To that end, one of its main objectives is to achieve a more effective and efficient merger review process by eliminating unnecessary burden, costly duplication and undue delay. In order to accomplish this objective, this legislation directs the Assistant Attorney General and the FTC to conduct an internal review and implement reforms of the merger review process, including the designation of a senior official for expedited review of appeals regarding the scope of and compliance with second requests. Fortunately, these reforms will be implemented quickly because, under this legislation, the Assistant Attorney General and the FTC will have 120 days to issue the guidelines and make the necessary changes to their regulations and policy documents to implement the reforms, and they must report back to Congress within 180 days.

This legislation sets forth reforms to the Hart-Scott-Rodino Act that are long overdue. It provides significant regulatory and financial relief for businesses, while ensuring that transactions that truly deserve antitrust scrutiny will continue to undergo review. Again, I thank my colleagues who joined me in supporting passage of this legislation. In the waning hours of this Congressional Session, it is my intention to see this non-controversial consensus legislation enacted into law this year, and I will seek its attachment to one of the remaining ''must-pass'' vehicles.

Finally, I would like to recognize the hard work and efforts of several staff members of the Judiciary Committee who were instrumental in the successful passage of this legislation. On my staff, I particularly would like to thank the Committee's Chief Counsel and Staff Director, Manus Cooney, the lead counsels who worked on this measure, Makan Delrahim, Rene Augustine, and Kyle Sampson, and legal fellow Thadd Prisco. On Senator LEAHY's staff, I would like to recognize the professional skills and input of the Minority Chief Counsel, Bruce Cohen, and the Minority General Counsel, Beryl Howell. On the Antitrust Subcommittee, I would like to thank Peter Levitas and Mark Grundvig, who are Senator DEWINE's able counsels, as well as Jon Leibowitz and Seth Bloom, counsels to Senator KOHL, for their tireless efforts and input. Without the assistance and hard work of these loyal public servants, the important reforms in this legislation would not have been possible. Thank you.

THE BULLETPROOF VEST PARTNERSHIP GRANT ACT OF 2000

Mr. LEAHY. I am pleased that the House of Representatives tonight approved the Bulletproof Vest Partnership Grant Act of 2000, S. 2413, and sent it to the president for his signature. President Clinton has already endorsed this legislation to support our nation's law enforcement officers and is eager to sign it into law.

Senator CAMPBELL and I introduced this bipartisan bill on April 12, 2000. The Senate Judiciary Committee passed our bill unanimously on June 29. For the past four months, we have been urging passage of the Bulletproof Vest Partnership Grant Act of 2000. The Senate finally passed our bipartisan bill on October 11, 2000 by unanimous consent.

I want to thank Senators HATCH, SCHUMER, KOHL, THURMOND, REED, JEFFORDS, ROBB, REID, SARBANES, BINGAMAN, ASHCROFT, EDWARDS, BUNNING, CLELAND, HUTCHISON, ABRAHAM and GRAMS for cosponsoring and supporting our bipartisan bill.

To better protect our Nation's law enforcement officers, Senator CAMPBELL and I introduced the Bulletproof Vest Partnership Grant Act of 1998. President Clinton signed our legislation into law on June 16, 1998, pubic law 105–181. That law created a $25 million, 50 percent matching grant program within the Department of Justice to help state and local law enforcement agencies purchase body armor for fiscal years 1999–2001.

According to the Federal Bureau of Investigation, more than 40 percent of the 1,182 officers killed by a firearm in the line of duty since 1980 could have been saved if they had been wearing body armor. Indeed, the FBI estimates that the risk of fatality to officers while not wearing body armor is 14 times higher than for officers wearing it.

In its two years of operation, the Bulletproof Vest Partnership Grant Program funded more than 325,000 new bulletproof vests for our nation's police officers, including more than 536 vests for Vermont police officers with federal

grant funds of $140,253 for Vermont law enforcement agencies. More information about the Bulletproof Vest Partnership Grant Program is available at the program's web site at http://vests.ojp.gov/. The entire process of submitting applications and obtaining federal funds is completed through this web site.

The Bulletproof Vest Partnership Grant Act of 2000 builds on the success of this program by doubling its annual funding to $50 million for fiscal years 2002–2004. It also improves the program by guaranteeing jurisdictions with fewer than 100,000 residents receive the full 50–50 matching funds because of the tight budgets of these smaller communities. In addition, under the Leahy-Campbell floor amendment to this bill, the purchase of stab-proof vests will be eligible for grant awards to protect corrections officers and sheriffs who face violent criminals in close quarters in local and county jails.

More than ever before, police officers in Vermont and around the country face deadly threats that can strike at any time, even during routine traffic stops. Bulletproof vests save lives. It is essential the we update this law so that many more of our officers who are risking their lives everyday are able to protect themselves.

In the last Congress, we created the Bulletproof Vest Partnership Grant Program in part in response to the tragic Drega incident along the Vermont and New Hampshire border. On August 19, 1997, Federal, State and local law enforcement authorities in Vermont and New Hampshire had cornered Carl Drega, after hours of hot pursuit. This madman had just shot to death two New Hampshire state troopers and two other victims earlier in the day. In a massive exchange of gunfire with the authorities, Drega lost his life.

During that shootout, all federal law enforcement officers wore bulletproof vests, while some state and local officers did not. For example, Federal Border Patrol Officer John Pfeifer, a Vermonter, who was seriously wounded in the incident. If it was not for his bulletproof vest, I would have been attending Officer Pfeifer's wake instead of visiting him, and meeting his wife and young daughter in the hospital a few days later. I am relieved that Officer John Pfeifer is doing well and is back on duty today.

The two New Hampshire state troopers who were killed by Carl Drega were not so lucky. They were not wearing bulletproof vests. Protective vests might not have been able to save the lives of those courageous officers because of the high-powered assault weapons used by this madman. We all grieve for the two New Hampshire officers who were killed. Their tragedy underscore the point that all of our law enforcement officers, whether federal, state or local, deserve the protection of a bulletproof vest. With that and lesser-known incidents as constant reminders, I will continue to do all I can to help prevent loss of life among our law enforcement officers.

The Bulletproof Vest Partnership Grant Act of 2000 will provide state and local law enforcement agencies with more of the assistance they need to protect their officers. Our bipartisan legislation enjoys the endorsement of many law enforcement organizations, including the Fraternal Order of Police and the National Sheriffs' Association. In my home State of Vermont, the bill enjoys the strong support of the Vermont State Police, the Vermont Police Chiefs Association and many Vermont sheriffs, troopers, game wardens and other local and state law enforcement officials.

Since my time as a State prosecutor, I have always taken a keen interest in law enforcement in Vermont and around the country. Vermont has the reputation of being one of the safest states in which to live, work and visit, and rightly so. In no small part, this is due to the hard work of those who have sworn to serve and protect us. And we should do what we can to protect them, when a need like this one comes to our attention.

Our Nation's law enforcement officers put their lives at risk in the line of duty everyday. No one knows when danger will appear. Unfortunately, in today's violent world, even a traffic stop may not necessarily be ''routine.'' Each and every law enforcement officer across the nation deserves the protection of a bulletproof vest.

Mr. President, I look forward to President Clinton signing this life-saving legislation into law.

FAILURE TO PASS AN INTERSTATE WASTE BILL

Mr. ROBB. Mr. President, one of the many items that the Senate failed to address during this Congress is legislation that would allow the states to protect themselves from unwanted out-of-state garbage. Three separate bills were offered in the Senate on this issue and each had merit, at least as a point of departure. In fact two of the bills incorporated elements that easily passed the Senate a few years ago.

The Environment and Public Works Committee held a hearing on these bills but failed to move any of the bills forward. This is more than disappointing. For a state like Virginia that is now importing over 7 million tons of municipal solid waste each year, with no way to limit the growth of this unwanted import, it is important that the committee and the full Senate act on legislation.

Seven million tons of imported solid waste represents 280,000 truck loads of waste moving into the Commonwealth of Virginia each year. The traffic this generates is reason alone to authorize additional state controls. But there are other reasons. Cheap landfill disposal due to an over abundance of capacity, has made us less vigilant about recycling. And although new federal landfill standards protect our environment better than the old standards, today's landfills are much larger than yesterdays, and we are not yet certain that all the engineering improvements we have made are enough. We may not know if these new landfills leak for a few more years.

Transporting waste hundreds of miles for disposal is also a senseless use of diesel fuel, and when we are already facing a shortage we should seek to conserve our fuel resources. We are misallocating fuel that could be used to heat homes this winter and using it to hall trash up and down the east coast. I understand from the Federal Highway Administration that the large trucks used to transport waste get about 6.1 miles per gallon. An out of state delivery of trash to Virginia landfills can amount to 680 miles round trip and 68 gallons of gas. If only half the trips to Virginia are that long, over 500,000 gallons of diesel fuel will be used to ship waste several hundred miles. This is a waste.

During this Congress, I introduced one interstate waste bill and co-sponsored two others, and if members of the Senate propose other ways to deal with this problem, I am more than willing to work with them to develop something that is workable for all parties. But at this time unless a state chooses, as some have, to simply stop siting land disposal capacity, they lose all control in terms of how long that capacity will last and what kind of traffic it will receive.

When we come back next year I will try again to move legislation. I will meet with the exporting States and I will continue to work toward a goal of wiser use of our resources, and that includes recycling, minimizing waste in the first place and certainly finding a way to dispose of it without moving half way across the country.

INTERSTATE TRANSPORTATION OF SOLID WASTE

Mr. LEVIN. Mr. President, it is outrageous that another Congress has passed without the enactment of legislation which would resolve the problem of the interstate transportation of solid waste. The people should not be dumped on any longer. They should have some control over their own jurisdictions and over their own land. It is up to us to give them that authority. I just heard that Toronto Canada is thinking about sending its waste to Michigan and the people of Michigan have nothing to say about it.

The U.S. Supreme Court has ruled that, under the Commerce Clause of

the Constitution, unless Congress acts, states and municipalities are powerless to stop trash from being brought into their jurisdictions—powerless to protect their citizens' safety, the environment and their quality of life. So our states and municipalities rely on us to pass this protective legislation, and we let them down—again. The Senate has expressed its will on this issue over and over again—A majority of Senators support this legislation. We passed it by an overwhelming vote of 94–6. But the House has not acted. There are a few people over there who oppose it who have managed to displace the will of what appears to be a clear majority of House Members.

What will it take? The problem is getting worse. Total interstate waste shipments continue to rise and there is a finite amount of landfill capacity available. Michigan, my State, imports over 12 percent of all of the solid waste it disposes of in landfills. Michigan counties and townships have plans for waste disposal. They have invested in it. They have made significant commitments to waste reduction and recycling. They have spent a lot of money on these investments to dispose of their waste locally. Those plans and those good faith investments are totally undermined when contracts to bring in waste from other states and countries are entered into without consideration by State, county, or local governments of the impact of those contracts for importing waste into those areas. When you import waste in that way, without consideration of plans, and without consideration of the efforts that local governments have made to dispose of their own waste, it totally disrupts those efforts and those expenditures. It is not right. States and local governments have a right to do that planning and to make those investments in order to dispose of their own waste and, should they see fit, not to see their own plans displaced by the import of waste from other places.

I want to commend all the Senators who have been involved in this effort for so many years. Our previous vote of 96 to 4 shows that this truly is a bipartisan effort and it will continue to be.

Our States are counting on us to give them the authority to protect their citizens and the environment. I can assure you that, when Congress returns in January, I will be ready to fight this battle again until we pass legislation to prevent our states from being dumping grounds.

RELIGIOUS LAND USE AND INSTITUTIONALIZED PERSONS ACT OF 2000

Mr. DEWINE. Mr. President, just before the August recess, the Senate passed the Religious Land Use and Institutionalized Persons Act of 2000, S. 2869. I had some serious concerns about this bill as originally introduced. As my colleagues know, the distinguished chairman of the Senate Judiciary Committee, Senator HATCH and my distinguished colleague from Massachusetts, Senator KENNEDY, came up with a bipartisan compromise that addressed many of the concerns I had about the initial bill. Specifically, I was concerned that the bill would have unintentionally impeded the ability of states and localities to protect the health and safety of children in a variety of ways. I am relieved that the new Senate version has a much more limited scope. Because the bill that was passed applies only to zoning decisions, landmark designations and institutionalized persons, it will not have any impact on child welfare systems, including the ability of states and localities to protect the health and safety of children. I see the distinguished Senator from Massachusetts on the floor and I would ask my colleague, as one of the authors of this new legislation, if my understanding of this legislation correct?

Mr. KENNEDY. The Senator from Ohio is correct.

Mr. DEWINE. Since the definition of ''land use regulation'' is limited to ''a zoning or landmarking law, or the application of such a law,'' am I also correct in understanding that this legislation will not affect the ability of states and localities to enforce fire codes, building codes, and other measures to protect the health and safety of people using the land or buildings, such as children in childcare centers, schools, or camps run by religious organizations?

Mr. KENNEDY. Yes, the Senator from Ohio is correct.

Mr. DEWINE. Am I also correct that the legislation will not affect civil rights laws that protect young people?

Mr. KENNEDY. The Senator is correct.

Mr. DEWINE. I thank my friend and colleague from Massachusetts for clarifying these points, and for working to pass legislation that does not compromise the health and safety of children and their families.

RECORD THIRD QUARTER NET PROFITS FOR BIG OIL

Mr. LEAHY. Mr. President, I come to the floor once again to announce that Big Oil is beginning to release its third quarter profit reports and while the news is great for investors, it's not so great for American consumers. As American families have been paying sky-high prices at the gas pump and are bracing for record-high home heating costs this winter, the oil industry has been savoring phenomenal profits. Something is wrong when working families are struggling to pay for basic transportation and home heat while Big Oil rakes in obscene amounts of cash by the barrel.

The overall net income for major petroleum companies more than doubled in the third quarter of 2000 relative to the third quarter of 1999. Let me illustrate the phenomenal profits of the oil industry for the past year when gasoline prices soared and heating oil stocks fell.

In the third quarter of 2000, Chevron Corporation reported net profits of $1.53 billion, Exxon Mobil Corporation reported net profits of $4.29 billion, and Texaco reported net profits of $798 million. Compared to the third quarter of 1999, the profits in the third quarter of 2000 increased 163 percent for Chevron, 96 percent for Exxon Mobil, and 106 percent for Texaco. I ask unanimous consent that a chart of these statistics be printed in the RECORD.

Not surprisingly, these multi-million and even multi-billion dollar profits are making record profits. Exxon Mobil executive Peter Townsend is quoted as saying: ''We've got a lot of cash around here. It's coming in pretty fast, flying through the door.'' And according to Fadel Gheit, an analyst with Fahnestock & Company: ''The fourth quarter could beat the third.''

There is no doubt that Big Oil reaped record profits while American consumers and small business owners dug deeper into their pockets to pay for soaring gasoline prices. And more record profits for Big Oil at the expense of consumers and small business owners are expected this winter when heating costs go through the roof. Mr. President, that is outrageous.

Even more disturbing are the recent press reports that the major oil companies are not using their record profits to boost production and lower future prices, but are instead cutting back on exploration and production. Listen to this from a report in the Wall Street Journal: ''Exploration and production expenditures at the so-called super majors—Exxon Mobil Corp., BP Amoco PLC, and Royal Dutch/Shell Group—fell 20 percent to $6.91 billion in the first six months of the year from a year earlier. . . .''

The investment firm UBS Warburg in London estimated this month that the surplus cash of the top 10 global energy companies will total $40 billion this year and grow to $130 billion by the end of 2004. The companies, Warburg predicts, will use about two-thirds of the surplus to repurchase stock to bolster market price, and one-third to reduce debt. Indeed, last week Texaco and Chevron agreed to merge with Chevron paying $35.1 billion to acquire Texaco.

Well I for one have had enough of Big Oil making record profits at the expense of the working families and the small business owners who pay the oil bills, live by the rules and struggle mightily when fuel and heating costs skyrocket.

On September 27, 2000, I introduced S. 3118, the Windfall Oil Profits For Heating Assistance Act of 2000. My legislation imposes a windfall profits assessment on the oil industry to fund heating help for consumers and small business owners across America.

In true arrogance to the needs of Americans struggling to heat their homes, John Felmy of the American Petroleum Institute has publicly stated: ''The profits aren't owned by consumers, they're owned by the shareholders. The companies have to do what's appropriate for owners of the enterprise.''

The oil industry is made up of corporations formed under the laws of the United States. These oil industry corporations have a responsibility to the public good as well as their shareholders. To reap record windfall profits and then cut back on exploration and production to further increase future profits is poor corporate citizenship and an abuse of the public trust by these oil industry corporations and their executives.

In response to the energy crisis of the 1980s, Congress enacted the Crude Oil Windfall Profit Tax Act of 1980. This windfall profits tax, which was repealed in 1988, funded low-income fuel assistance and energy and transportation programs.

Similar to the early 1980s, American families again face an energy crisis of high prices and record oil company profits. This past June, gasoline prices hit all-time highs across the United States, with a national average of $1.68 a gallon, according to the Energy Information Administration. This winter, the Department of Energy estimates that heating oil inventories are 36 percent lower than last year with heating oil inventories in New England estimated to be 65 percent lower than last year. In my home state of Vermont, energy officials estimate heating oil costs will jump to $1.31 per gallon, up from $1.19 last winter and 80 cents in 1998.

Given the oil industry's record windfall profits in the face of this energy crisis, it is time for Congress to act and again limit the windfall profits of Big Oil. My bill would do just that and dedicate the revenue generated from this windfall profits adjustment to help working families and small business owners with their heating oil costs this winter.

Specifically, the Windfall Oil Profits For Heating Assistance Act of 2000 would impose a 100 percent assessment on windfall profits from the sale of crude oil. My legislation builds on the current investigation by the Federal Trade Commission into the pricing and profits of the oil industry. The bill requires the Federal Trade Commission to expand this investigation to determine if the oil industry is reaping windfall profits.

The revenue collected from windfall oil industry profits, under my legislation, would be dedicated to two separate accounts in the Treasury for the following: 75 percent of the revenues to fund heating assistance programs for consumers such as the Low Income Home Energy Assistance Program (LIHEAP), weatherization and other energy efficiency programs; and 25 percent of the revenues to fund heating assistance programs for small business owners.

American consumers and small business owners continue to pay sky-high gasoline prices and home heating oil costs are expected to hit an all-time high this winter while U.S. oil corporations reap more record profits. It is time for Congress to restore some basic fairness to the marketplace. It is time for Congress to transfer the windfall profits from Big Oil to fund heating oil assistance for working families.

I urge my colleagues to support the Windfall Oil Profits For Heating Assistance Act of 2000.

Mr. President, I ask that the chart to which I referred, be printed in the RECORD.

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

RECORD PROFITS FOR BIG OIL—THIRD QUARTER PROFITS

Company	3rd quarter		change (in percent)
	1999	2000	
Chevron	$582 million	$1.52 billion	163
Exxon Mobil	2.19 billion	4.29 billion	96
Texaco	387 million	798 million	106

RETIREMENT OF TINKER ST. CLAIR

Mr. KENNEDY. Mr. President, it is a privilege to take this opportunity to pay tribute to Tinker St. Clair, who is retiring at the end of this year after 21 years of outstanding service to the Senate as doorkeeper.

Tinker goes back many many years with the Kennedy family. In a sense, I inherited Tinker from my brothers. At the time of the 1960 Presidential campaign, Tinker was active in Democratic Party politics in McDowell County in the heart of coal country in West Virginia. Tinker supported Jack in the key West Virginia Presidential Primary that year, and he campaigned effectively for my brother throughout southern West Virginia. Jack won a dramatic victory in that primary, and it put him solidly on the road to the White House. So it's fair to say that the New Frontier was born right there in West Virginia, and Tinker St. Clair was very much a part of that victory.

Tinker was also there for my brother Robert Kennedy in his Presidential campaign in 1968.

For the past 21 years in the Senate, Tinker has been a great friend of mine as well, and a great friend of many other Senators on both sides of the aisle.

Day in and day out on the Senate floor, Tinker's welcoming smile and wonderful personality have warmed our hearts and minds. He is often here with us, sitting in the back of the Chamber, listening intently to our debates, offering an encouraging word when we arrive and when we finish speaking, reminiscing about past days in the Senate and past campaigns in West Virginia, telling us with pride about his children, his grandchildren, and in recent years, his great-grandchildren.

When Tinker leaves us this year, he will leave a place in our hearts that will be impossible to fill. But as he said the other day, he feels it is time, as the West Virginia mountaineer he's always been, to sit on the porch and enjoy his family.

As this session of Congress comes to an end, I express my warmest wishes to Tinker for a long and happy and healthy retirement. He has surely earned it. He has served West Virginia well, he has served the Senate well, and he has served the Nation well, and we will miss him very very much.

PRESIDENT KIM DAE JUNG AND THE NOBEL PEACE PRIZE

Mr. BINGAMAN. Mr. President, I rise today to congratulate the President of South Korea, Kim Dae Jung, for winning the Nobel Peace Prize. This is a man who truly deserves this honor, as there are few men in the world today who have worked so tirelessly for democracy and peace in East Asia. Like so many of the outstanding men of our time, President Kim's life reads something like a novel, from his early childhood as a farmer's son on a small Korean island, to his criticism of the Japanese colonial rule, to his constant fight against dictatorship in South Korea, to his relentless pursuit of a constructive engagement policy with North Korea. No part of his path to the present has been easy, and, he came perilously close to losing his life on several occasions. The stories that are told about his near death experiences at the hands of the military regime in South Korea, and the intervention by the United States to save his life, are legendary in his country. He has been accused of nearly every possible political crime, from subversion to treason. But he has persisted and has succeeded, this in spite of the formidable odds against him. Significantly, South Korea has achieved its status as one of the world's most stable democratic countries because of his efforts, and it is appropriate he should be recognized by the Norwegian Nobel Committee for the impact he has made over the years.

As my colleagues know, Secretary of State Madeleine Albright arrived in North Korea earlier this week, her stated goal being to improve relations

with that country. This follows the trip to North Korea by President Kim, the trip to this country by North Korean Vice Marshal Jo Myong Rok, and the normalization of relations between North Korea and both Great Britain and Germany—all of which occurred in the last six months and are a direct result of the ''sunshine policy'' that President Kim introduced when he entered office. Needless to say, since the initiation of the policy he has been roundly condemned by government officials and analysts alike as an idealist who did not entirely understand what was at stake in the region. Recall it was only in June of 1999 that North and South Korea fought a battle off the South Korean coast. But President Kim has persevered and, as a result, has brought the region closer to peace and stability than any time in the last fifty years. This is no small accomplishment.

There is no doubt that South Korea has some serious challenges to face in the immediate future. Looking at the South Korean economy, although it has recovered substantially from the 1997 financial crisis, it is again showing signs of instability. The reforms that were considered necessary by President Kim for a sustained transformation—financial, corporate, and governmental—have not yet fully occurred, raising the possibility of another crisis down the road. It is also true that most of the rapprochement that has taken place between South Korea and North Korea is symbolic in nature, leading to hard questions concerning what concrete actions will be undertaken to increase cooperation and decrease tensions in the region.

But hopefully the Nobel Peace Prize will provide President Kim with additional leverage for the policies his country has been pursuing, and through greater national and international consensus, he will find a path to the desired end of peace and prosperity in the region. There is no doubt that remarkable steps forward have been taken by all those involved, and I remain optimistic that change can occur. Before she left North Korea, Secretary Albright stated that there were ''many towering peaks ahead'' in the process. This is, no doubt, true. Pragmatic and reciprocal confidence-building mechanisms will be required to convince all the parties involved that the peace process should move forward. But it is also true that the prospects for cooperation are brighter than ever before. And much of this progress can be directly attributed to President Kim.

So, Mr. President, I take this opportunity to congratulate President Kim for his selection by the Nobel Committee, to celebrate those things that he has accomplished in his life, and to wish him much success in the days, months, and years that follow.

THE LEGACY OF GUNN McKAY

Mr. LEAHY. Mr. President, all of us who knew him during his decade of service in Congress, and others who knew him only by reputation, mourn the recent passing of Gunn McKay.

Gunn McKay was a leading member of the Committee on Appropriations in the other body and chaired the Subcommittee on Military Construction. He was effective. He knew how to lead and how to legislate. His voice was an influential voice on energy issues and military readiness and Federal land policy. And he knew how to bring people together to get things done.

It was not politics that motivated Gunn McKay in his public service; it was people. He thrived in being able to help people get and keep good-paying jobs. He deeply, unequivocally believed that there is a role for government, through programs like Medicare and Social Security and in other ways, in helping those who struggle.

Gunn achieved all of the good he accomplished in life through a deep-down and infectious optimism about people and about the future. More than being a great public servant, he was a good man. Those who worked with him will tell you that Gunn did not have a mean bone in his body. When he left public life Gunn and his wife, Donna, devoted much of their time to church service abroad.

The Nation and its Congress are better for the fact that Gunn McKay served here. And so, certainly, are the people of his beloved State of Utah.

I ask unanimous consent that an article from the Salt Lake Tribune about Gunn McKay be printed in the RECORD.

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

[From the Salt Lake Tribune]

UTAH DEMO GUNN MCKAY DIES AT 75

(By Judy Fahys)

K. Gunn McKay, the Weber County farmer's son and Democrat who served five terms in Congress in the 1970s and earned bipartisan praise for his down-home warmth and political skill, died Friday night from cancer. He was 75.

''Tell the facts and leave the right impression,'' McKay used to tell his young congressional aides, and that credo served the former teacher through a career in state and national politics and on Mormon mission assignments in Europe, Africa and Asia.

''Unassuming'' and ''determined'' are the words Barry McKay, a Salt Lake City lawyer, used to describe his eldest brother. He recalled Friday how Gunn McKay spent most of one Christmas, the day he returned home from a church mission in England, helping neighbors start their frozen cars.

Political scientist J.D. Williams called McKay ''the personification of Huntsville,'' McKay's hometown in the Ogden Valley.

''He talked with a rural Utah slang when he wanted to,'' said Williams. ''He had a beautiful smile and demeanor, and he was everybody's friend.''

''You didn't have to guess what he meant,''said former Sen. Jake Garn, a Republican who served with the Democrat in Congress and lived near him outside the nation's capital.

''He was extremely well-liked,'' said Garn, whose U.S. Senate service overlapped with six years of McKay's time in Washington. ''Whether you agreed with him or not, you could trust him. He would always follow through.''

McKay even converted David L. Bigler, a Utah historian and former public-relations director for Geneva Steel, then known as U.S. Steel. Bigler switched political parties to raise money for McKay's first campaign.

''He really did care for people,'' said Bigler, who was struck at once by McKay's integrity. ''All politicians say that, but few of them do. He did.''

Politics may have been in McKay's blood. His grandfather, Angus, was House Speaker in Utah's first Legislature. And his father, James, had run for the 1st Congressional District seat that McKay would win 35 years later, in 1970.

And unlike most emerging politicians, name recognition was never a problem for McKay, whose father was a cousin to one of the most beloved presidents of The Church of Jesus Christ of Latter-day Saints, Huntsville-born David O. McKay. The church leader died just a year before his relative took the oath for his first term in Congress.

The eldest of eight children, McKay was a three-sport star at Weber High School before serving in the U.S. Coast Guard during World War II and on an LDS mission to England the following three years. He later graduated from Utah State University with a degree in education.

He was teaching history in Ogden City Schools and running a deli when he was appointed to the first of two terms in the Utah Legislature.

From there, he was tapped to be chief of staff to Democratic Gov. Calvin L. Rampton.

During his five terms in Washington from 1971 to 1981, McKay built a reputation for being one of the half-dozen most conservative Democrats in a Congress long controlled by Democrats.

He fought federally funded abortions and backed the U.S. Supreme Court's decision to outlaw prayer in schools. He pushed the Central Utah Project, military appropriations that bolstered Hill Air Force Base and other Utah installations, ''gasohol'' and a balanced-budget law. He also fought higher fees for ranchers who leased federal range.

McKay's powers of persuasion helped land him a seat on the coveted Appropriations Committee upon entering Congress—the first ever for a Utahn.

''Most people have to wait [10 years] to be considered,'' said Jim McConkie, a Salt Lake City lawyer who served on McKay's congressional staff for five years.

McConkie recalled how McKay used his influential role as chairman of the Military Construction Subcommittee to become close to President Carter, who invited McKay to Camp David a few times.

''But he never lost his roots,'' said McConkie. ''He could see to the heart of an issue.''

Nothwithstanding his Washington successes, McKay lost his seat to Republican Rep. Jim Hansen in the Ronald Reagan landslide of 1980.

In 1986, when McKay unsuccessfully challenged Hansen for his old seat he shared his view of Utah voters, one that contemporary Utah Democrats have taken to heart.

''Utah voters are independent thinkers,'' McKay told The Salt Lake Tribune. ''They

are concerned with ineffective federal policies and lack of congressional action on issues which are increasingly having a negative impact on their lives.''

The year after he left Congress, McKay went on an LDS mission to Scotland with his wife Donna. Later, the couple was called to serve in Kenya, where McKay found himself a block away from the embassy bombing in 1998.

They also served in Singapore and Malaysia. McKay took ill while serving in Pakistan.

The McKays, who married in 1950, had 10 children, 40 grandchildren and one great-grandchild.

Said former Utah First Lady Norma Matheson: ''He loved being in public service, and it showed.''

CONGRESSMAN MEEHAN'S ELOQUENT TRIBUTE TO HIS FATHER

Mr. KENNEDY. Mr. President, all of us who know and admire our distinguished colleague in the House of Representatives, Congressman MARTY MEEHAN, were saddened to learn of his father's death earlier this month.

At the funeral service for his father on October 14 in Lowell, Massachusetts, Congressman MEEHAN delivered an eloquent tribute to his father that deeply touched all of those who were present. He described in vivid terms and in many wonderful stories the lifelong love and support that Mr. Meehan gave to his family.

I believe that Congressman MEEHAN'S moving eulogy to his father will be of interest to all of us in Congress, and I ask unanimous consent that it may be printed in the RECORD.

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

EULOGY OF MARTIN T. MEEHAN

(By U.S. Rep. Martin T. Meehan, October 14, 2000)

On behalf of my mother, brothers and sisters, my Aunt Katherine and Uncle John, my cousins, and my entire family, I want to thank all of you for joining us today to help celebrate our father's life. We are all honored by your presence and are grateful for your support and affection over the last few days.

I can imagine my father looking out at the long lines forming outside the McCabe's funeral Home yesterday. He would have said, ''Frankie McCabe must be giving something out for Free!''

Frank isn't, Dad, believe me.

My father was born in Lowell on July 16, 1927 to Martin H. Meehan and Josephine Ashe Meehan. His father immigrated to the United States from County Clare, Ireland in 1912. His mother, immigrated from County Kerry the year before, was a cousin of the great Irish patriot Thomas Ashe, who died during one of the first hungers strikes—in Ireland's fight for freedom in Mount Joy Jail in 1916.

Thomas Ashe's picture was hung on the wall of his family home on Batchelder Street in the Acre Section of Lowell. In 1963, a portrait of President Kennedy was added.

The Acre was where the Greek and Irish immigrants settled in Lowell. My father grew up there and he loved it. Swimming in the canals, playing baseball for St. Patrick's and Lowell High School, and building lifetime bonds. It was a neighborhood where the kids were tough and strong, and everyone had a nick name—hence ''Buster.'' The Acre was where thousands of new immigrant families were becoming part of the great American Dream.

In 1946, Dad met my mother at a party her cousin Maureen Gay had. Dad was not invited, he crashed. And my mother was glad he did. There were married three years later.

My father had a saying for everything in life. Some of them really bugged me at times. But they all had a purpose and wisdom for how to lead a good life.

''One God, One County, One Woman'' he used to say. That—one woman—was my mother. He was passionately in love with her through 51 years of marriage. Their love for each other intensified and grew. I believe the love our father and mother shared for one another was extended to every person who was a part of their lives.

I can remember as a very small boy first learning the concept of love. ''I love you kids with all my heart'' he'd say. ''But I love your mother even more''. ''But Dad'', I once replied, ''Who am I supposed to love more? You or Ma? ''You kids should love your mother the most'', he'd say. ''She gave birth to you.''

First they lived in a three tenement on Lincoln Street where Colleen and Kathy and I were born. Later they bought an eight-room house the next street over at 22 London Street where they raised seven children in a home that was filled with love, laughter, energy . . . action 24 hour a day . . . a strong commitment to the Catholic Church and to family.

It was a great neighborhood—and my father helped us spread our family's love all over it. And there isn't a better testament to that love—than our relationship with the Durkin family who had seven children of their own, just down the street. So many memories, so many stories.

Visiting the ice cream stand with Dad was unforgettable. He would load all of us into the car with as many of our friends as would fit. He would ask us what we wanted. ''I'll have a banana split,'' I'd shout. My sisters would say, ''I'll have a hot fudge Sunday.'' Our friends couldn't believe it—they would order a shake or double ice cream scoop with extra nuts, extra whipped cream!

He'd take everyone's order and then go up to the line. Don't worry, he'd say, ''I'll carry it back''.

Ten minutes later he'd return with 13 single cups of chocolate ice cream. ''That's all they'd had,'' he'd shrug?

Dad was also a very successful little league coach. On Dad's White Sox team everyone played—at least three innings. I remember how embarrassed I was when Dad's White Sox lost every game—0–18. Some games we were winning after three winnings, 8 to 4 or even 7 to 2. But in the fourth inning Dad put all of the subs in—no matter what. ''Everyone plays!'' he'd say. The other teams kept the best players in for the whole game. Naturally, they would win.

Today I am so proud of the way my Dad coached the kids on that 0 and 18 team. Today, I am so proud of how my father lived his life.

As children, we shared so many happy times together each summer with family and friends at Seabrook Beach. Later as adults, with his grandchildren, we spent weekends at dad and Mom's beach house. After a few morning hours together on the beach, Mom and Dad would head back to the house to begin the daylong cooking ritual so that we could have a dinner together. Many times in the evenings, we would sing songs around a bonfire on the beach. We enjoyed lobster bakes and thankfully Mom and Dad got to enjoy an occasional sunrise together. And many times, after a long day, many of us would sit together and watch the sun go down and our father would say to us all, ''It's a great life and it's a great country''.

Dad worked at the Lowell Sun Publishing Company for 43 years. He started as a truck driver . . . became a linotype operator . . . Then became Assistant Foreman in the Composing Room. He loved the Sun and the newspaper business, and he knew it from soup to nuts. There were a lot of great reporters that came through the Sun over the years, but my father never hesitated to tell them when he felt they just didn't get it right—especially on a political story.

Frank Phillips, Chris Black, Brian Mooney and others all heard from Dad on more than one occasion. When he was finished he had earned their respect and they appreciated his wisdom and experience. And they all affectionately repeat those stories—even today.

Dad was an active lifetime member of the Typographical Union—serving in a leadership position. He always stressed the importance of workers being able to organize for fair wages and benefits. It's not surprising that my sisters Colleen and Kathy are members of the teachers union and Mark and Paul are active members of their respective unions as well.

But as strong a union person as he was—he loved the Lowell Sun and the company's ownership, the Costello Family. He followed the Costello kids' lives as if they were his own—always loyal to the company and the Costello family.

Supporting Mom and seven young children was not always easy. For seven years he got a second job working nights as a Corrections Officer. On Mondays, Tuesdays and Wednesdays he would get up at 5:30 to be at the Sun to punch in at 7 o'clock. His shift was over at 3:30. He'd put on his uniform at the Paper, punch in at the Jail at 4 o'clock and work until midnight. He got home by 12:30 in the morning, and went to bed for five hours so he could be back at the paper by 7 am.

I'm sure it wasn't easy—but he wanted the best for his children and he wanted my mother to be able to be home with us.

My father didn't care what we did for work—but he wanted us to get an education. And we all did. He was especially proud of the fact that my sisters Colleen, Kathy, and Mary all became school teachers. He thought it was the most important job of all. ''Teaching is not a job''—Dad would say—''it's a vocation''. He loved the idea that his daughters were helping to shape the minds of 25 kids in a classroom each day.

He was so proud of all his children, in a unique and special way. My brother Mark, a master electrician, ''has the biggest and best heart of all my kids'', he'd say. And Mark gave Dad his newest precious grandchild ''Sarah'' just two weeks ago. He was so proud that Paul followed him to the Sheriff's Department. Paul is a model for overcoming obstacles and winning. He recently went back to school for his degree, got married and was promoted to Captain as well.

When I ran for Congress in 1992 my sister Maureen answered the call and put her work—and life—on hold to take the most important job in the campaign—raising the money to win. My Dad just loved the fact that I turned to my sister. And when we won

he knew it was Maureen who was the rock behind us. ''Politics is a tough business,'' he'd say—''you need people you can really trust—and that means family''. That's why President Kennedy had Bobby. 'Course after the election, I remember Maureen was sick and I asked, ''What's wrong with her now?''—Dad's split second response—''Working for you!''

Dad was so well read, a voracious reader . . . A lover of poetry and words, and boy did he love to sing!

So much love in his heart, and this extension of love was felt by his grandchildren and in-laws. The term ''in-laws'' didn't mean much to Dad—he welcomed them and loved them like they were his own. And they loved him back.

All fifteen of his grandchildren are loved as individuals and each of them realizes the power of love and family through their papa and munama. One of my young nieces asked during the last couple of days, ''How did Papa have so much love to give to so many people?'' Well, I really don't know the answer to that for sure. I just know he did. Every time our father gave us a hug—or as he would say a hug-a-deen—he would accompany it with an ''I love you''. ''Aren't they wonderful'', Dad would say. ''Your mother and I will live in them in the next generation through these beautiful kids . . . and as I've told you'', he'd say, ''that's the sweet mystery of life''.

So happy, so content, there was nothing more in life that he wanted—than that which he already had—His Family.

And he thanked God for our happiness every single day.

Joseph P. Kennedy, Sr., once said that the measure of a man's success in life was not the money he had made, but rather the family he had raised. That quote has been framed in my parents' home over 15 years. My father believed it and devoted himself to family every day of his life for 73 years. He was an immensely successful man.

We love you Dad and will miss you.

CONSERVATION RESERVE PROGRAM TAX FAIRNESS

Mr. BROWNBACK. Mr. President, I rise today to urge my colleagues to retain the important ag tax provisions contained in the Senate version of the upcoming tax package that will soon be before us. I have not seen the final tax bill as of yet, but word is that most if not all of the agricultural tax provisions are being stripped from the bill at the will of the House. I hope this is not true. I cannot imagine why we would choose to leave out farmers from important tax relief at a time when this Congress has clearly recognized the economic hardships in farm country today.

I plead with my colleagues to include these necessary provisions in any final tax package.

Specifically, I am talking about a provision that came from a bill Senator DASCHLE and I introduced—along with 31 co-sponsors—to clarify that Conservation Reserve Program (CRP) payments made to farmers for taking agricultural land out of production for environmental improvement—are not subject to self employment social security taxes—a rate of up to 15 percent of the payment amount.

The CRP has been a great success for this nation. The program provides financial incentives for improving and preserving environmentally sensitive land—taking it out of production and enhancing its environmental benefit. The CRP program increases water quality, wildlife habitat and prevents soil erosion—all factors which have become even more important in light of recent concerns about nonpoint source pollution in our nation's waterways.

The Senate has strongly supported this measure—passing it by unanimous consent earlier this year on the death tax debate—and our Senate leadership has held firm in fighting for this needed provision, but for some reason, our fine colleagues in the House have decided to make an issue of this provision and are trying to strike it from the tax package.

It makes no sense to yield to the House on this matter. The provision, as currently contained in the Senate tax package—will only cost $292 million over 5 years—but that money and the clarity it brings to our nation's farmers is worth far more than can be said in this time of farm economic stress. This provision allows farmers to plan and better use their resources next year because they will no longer have to wonder or worry about whether the IRS is going to come after them for a conservation tax they didn't know they owed.

Currently, there is confusion over whether CRP income should be taxed owing to a recent court case in the 6th Circuit Court of Appeals which overturned a 1998 Tax Court ruling that CRP income is not subject to social security taxes. The Tax Court found and I concur, that because it is a rental payment the government makes in exchange for farmers taking environmentally sensitive land out of production, CRP payments should be treated the same as other contractual agreements made by farmers for land use—and be exempt from self-employment taxes.

The new court ruling creates a discrepancy between active farmers who take part in CRP—which are now subject to the tax—and landowners who do not farm but take part in CRP and are exempt from the tax.

This tax correction is just common sense. Now more than ever we should appreciate the need for conservation and the co-benefits of wildlife, air and water quality it provides. We should not allow a tax to create confusion and a disincentive for farmers to trust and work with government for the good of the environment.

Numerous ag groups support this bill including the National Corn Growers, National Wheat Growers, American Soybean and Cattlemen's Beef Associations—along with the National Farmer's Union and the American Farm Bureau. This is our only opportunity to address this important issue.

In my state of Kansas alone, $102.7 million in CRP payments were issued in 1999. Are we really going to tell farmers that this money—promised them for conservation purposes—will now be additionally taxed? This would amount to a disincentive for farmers to participate in environmental and conservation programs. Is that the message this Congress really wants to send?

Again, I urge my colleagues to include this important provision—and all the ag tax provisions that have been so carefully worked out and included in the Community Renewal and New Markets Act. We cannot afford to leave this important work undone.

ADDITIONAL STATEMENTS

DISABILITY MENTORING DAY

• Mr. HARKIN. Mr. President, Iowa Governor Tom Vilsack has proclaimed October 25 ''Iowa Disability Mentoring Day.'' Today, Iowans around the state will work to raise awareness of the benefits for all of us of increasing employment opportunities for young people with disabilities. And young people with disabilities will learn about job opportunities through on-site work experiences, job shadowing, and other forms of job mentoring.

Many of the mentors will themselves be people with disabilities. All children need role models, and I'm thrilled that through mentoring, children with disabilities will see tangible evidence that their disability does not diminish their ability to participate in the cultural, economic, educational, political, and social mainstream.

It's no surprise that Iowa is celebrating disability mentoring, because we are a leader in the field. This week, Iowa received a Federal grant under the Work Incentives Improvement Act for the Working Together So All Can Work program. This grant will enable more people with disabilities to participate in the workforce.

And Iowa Creative Employment Options, along with the University of Iowa Hospital School, has started up the Healthy and Ready to Work Mentoring Project. The project is run by a mentoring group of young adults with disabilities who have achieved their career goals or are pursuing the education and training they need to reach their goals.

These young men and women are college students, computer programmers, teachers, television directors, social workers, and businesspeople. On top of their studies and jobs, they are working with high school guidance counselors, meeting with students with disabilities, and developing a resource

book to help students with disabilities and other students prepare for their careers. And they're planning to do even more in the future.

Mr. President, ten years ago, we passed the Americans with Disabilities Act. We said no to exclusion, dependence, and paternalism for people with disabilities, and we said yes to inclusion, independence, and empowerment. Iowa Disability Mentoring Day and projects like the Healthy and Ready to Work Mentoring Project and the Working Together So All Can Work Program bring the ADA to life every day by increasing the independence and self-sufficiency of people with disabilities. I thank everyone who is a part of these efforts.●

IN RECOGNITION OF BERKELEY COLLEGE

● Mr. TORRICELLI. Mr. President, I stand today to congratulate Berkeley College for being named the Woodbridge Metro Chamber of Commerce Corporate Citizen of the Year. Berkeley College has become a vital link in the Township of Woodbridge and throughout Middlesex County among students, business leaders, and government officials. Cooperation among all three elements has allowed them to form stronger relationships, institutions, and alliances throughout the community.

Berkeley College has fostered this collaborative spirit by hosting a number of informational forums such as the Education Foundation's Educator Institute, Tech Academy 2000, and other useful job training programs. Berkeley College has also sponsored a number of annual public service events like the Mayor's Fun Run, the Mayor's Holiday Stroll in the Park, and Making Strides in Breast Cancer. Most importantly, Berkeley offers a high quality business education to more than 600 students who receive valuable hands on knowledge of the current business culture through the College's association with various business and government leaders.

It is an honor to be able to recognize the achievements of Berkeley College.●

IN RECOGNITION OF BERNADETTE M. SOHLER

● Mr. TORRICELLI. Mr. President, I rise today to honor Bernadette M. Sohler as the 2000 recipient of the Woodbridge Metro Chamber of Commerce Member of the Year for her exemplary service to the Chamber and the community at large.

Bernadette has served as a strong advocate and avid supporter of the Woodbridge Chamber since 1994. She served as its President from 1998–1999 and has volunteered for numerous committees including the Annual Chamber Golf Classic, Tour of Woodbrigde, Holiday Luncheon and Parade, Chairman's Award, and Staff Appreciation Day.

As the External Affairs Manager at the Middlesex Water Company, Bernadette is responsible for all community and media relations; employee, customer, financial communications; corporate contributions; and public education. Her numerous board positions include Chair of the Public Information Committee of the American Water Works Association, the Central Jersey National Council of Community and Justice, the Charity Committee of the Diocese of Metuchen, Raritan Bay Healthcare Foundation, and the Perth Amboy Neighborhood Empowerment Council Economic Development Task Force. Bernadette's strong record in the business community at the Middlesex Water Company and her commitment to public service demonstrate her outstanding achievements in the public and private sectors.

It is an honor to recognize Bernadette M. Sohler's efforts and congratulate her on receiving the 2000 Chamber of Commerce Member of the Year Award from the Woodbrigde Metro Chamber of Commerce.●

IN RECOGNITION OF ELIZABETH JONASKY

● Mr. TORRICELLI. Mr. President, I rise today to recognize Elizabeth Jonasky of Woodcliff Lake, New Jersey on the momentous occasion of her 105th birthday. Mrs Jonasky will reach this wonderful milestone on November 5th of this year, and I feel it fitting that we acknowledge this special moment.

As I ponder all of the marvels and tragedies of our world that Elizabeth Jonasky has witnessed, I am reminded of the profound words of the Greek philosopher Plato, who once said, ''It gives me great pleasure to converse with the aged. They have been over the road that all of us must travel, and know where it is rough and difficult and where it is level and easy.''

It is a honor to wish Mrs. Jonasky the best of happiness on her birthday. It is my sincere hope that we will be able to continue to learn about life's rough and easy spots from her for sometime to come.●

IN RECOGNITION OF FATHER ROBERT COUNSELMAN

● Mr. TORRICELLI. Mr. President, it is with great pleasure that I rise today to honor Father Robert Counselman, who received the 2000 William E. Short Award from the Woodbridge Metro Chamber of Commerce. Through his exemplary service to the community, Father Counselman has shown his dedication and commitment to numerous civic institutions within and outside of the church.

Father Counselman serves as Chaplain to the Woodbridge Township Police Department and the Woodbridge Chamber of Commerce. He is an active participant in several civic and private institutions such as Habitat for Humanity, the Woodbridge Historical League, the Community Advisory Panel, and the Woodbridge Historic Preservation Commission. He was also instrumental in setting up a ''Soup Kitchen'' at Trinity Church, which provides free meals on Fridays. In addition, he helped establish a community playground, and is always available to assist people in their times of need.

It is an honor to recognize Father Robert Counselman's work and congratulate him on receiving the William E. Short Award from the Woodbridge Metro Chamber of Commerce.●

IN RECOGNITION OF JOHN A. HOFFMAN ESQ.

● Mr. TORRICELLI. Mr. President, it is my pleasure to rise today to recognize John A. Hoffman Esq., a lifelong resident of central New Jersey, as the Woodbridge Metro Chamber of Commerce Citizen of the Year. John has participated in numerous business, legal, and community affairs for more than 35 years and has established a remarkable record of success.

Mr. Hoffman joined the firm of Wilentz, Goldman & Spitzer in 1963, and is currently a managing partner. He represents major corporate and government clients such as PSE&G, Verizon New Jersey, Inc., Elizabeth Town Water Company, the Middlesex County Utilities Authority, and the New Jersey Performing Arts Center. John also serves as a member on several boards such as the Middlesex County College Foundation, Robert Wood Johnson University Hospital Foundation, Sister Cities Program of New Brunswick, and the New Jersey Client Security Fund. John has devoted his life to the practice of law and has used his experience and vision to lead and advise several other institutions in New Jersey. It is his extensive service to these institutions and their continued success that our State of New Jersey owes a great debt of gratitude.

It is an honor to recognize Mr. Hoffman's work and extend my congratulations to him on receiving the 2000 Citizen of the Year Award from the Woodbridge Metro Chamber of Commerce.●

IN RECOGNITION OF LEE VETLAND

● Mr. TORRICELLI. Mr. President, it is with great pleasure that I rise today to recognize Lee Vetland, the Woodbridge Chamber of Commerce Small Business Person of the Year. As owner of Lee's Auto Body, Inc. in Avenel, New Jersey, Mr. Vetland has turned his business into a highly respected and successful enterprise.

Lee's Auto Body opened for business in 1975 with three employees. Since that time, through his own industry, hard work, and a strong work ethic, Lee has seen his business grow to 21 employees. His efforts and commitment extend to other areas besides his entrepreneurship. Lee is the Chairman of the Board for Auto Body Distributing Company, Vice President of the Auto Body Shop Association in New Jersey (A.A.S.P.N.J.), a member of the Advisory Board for the Amoco Dealer Panel, and the Governor's Task Force on insurance fraud. While Lee has excelled in the auto body business, his expertise and knowledge have benefitted numerous organizations and associations throughout New Jersey as well.

It is an honor to recognize Mr. Vetland's achievements and extend my congratulations to him for receiving the 2000 Small Business Person of the Year Award from the Woodbridge Metro Chamber of Commerce.●

IN RECOGNITION OF THE MIDDLESEX COUNTY DIVISION OF THE AMERICAN CANCER SOCIETY

● Mr. TORRICELLI. Mr. President, I stand today to congratulate the Middlesex County Division of the American Cancer Society for being honored with the Community Service Award by the Woodbridge Metro Chamber of Commerce. The Middlesex Unit offers a wide array of programs and resources to help people learn about new treatments for cancer, arrange for home care, locate medical supplies and uplift patients with cancer and their families.

The Middlesex Unit is dedicated to eliminating cancer as a major health problem by taking pro-active measures to save lives and diminish the suffering of cancer patients through research, education, advocacy, and service. The Middlesex County Division's commitment to reducing the effects of cancer through medical means as well as its commitment to helping patients through financial assistance illustrates the Division's unique and humane approach to aiding patients with cancer. Their services have been of great benefit to countless individuals in Middlesex County.

It is an honor to recognize the work of the Middlesex County Division of the American Cancer Society and congratulate them on receiving the Woodbridge Metro Chamber of Commerce's 2000 Community Service Award.●

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Williams, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

At 11:08 a.m., a message from the House of Representatives, delivered by Ms. Niland, one of its reading clerks, announced that the House has agreed to the amendment of the Senate to the bill (H.R. 3646) for the relief of certain Persian Gulf evacuees.

The message also announced that the House has agreed to the amendment of the Senate to the bill (H.R. 468) to establish the Saint Helena Island National Scenic Area.

The message further announced that the House has agreed to the amendments of the Senate to the bill (H.R. 2442) to provide for the preparation of a Government report detailing injustices suffered by Italian Americans during World War II, and a formal acknowledgment of such injustices by the President.

The message also announced that the House has agreed to the amendment of the Senate to the bill (H.R. 2884) to extend energy conservation programs under the Energy Policy and Conservation Act through fiscal year 2003.

The message further announced that the House has passed the following bills, without amendment:

S. 484. An act to provide for the granting of refugee status in the United States to nationals of certain foreign countries in which American Vietnam War POW/MIAs or American Korean War POW/MIAs may be present, if those nationals assist in the return to the United States of those POW/MIAs alive.

S. 698. An act to review the suitability and feasibility of recovering costs of high altitude rescues at Denali National Park and Preserve in the State of Alaska, and for other purposes.

S. 700. An act to amend the National Trails System Act to designate the Ala Kahakai Trail as a National Historic Trail.

S. 893. An act to amend title 46, United States Code, to provide equitable treatment with respect to State and local income taxes for certain individuals who perform duties on vessels.

S. 938. An act to eliminate restrictions on the acquisition of certain land contiguous to Hawaii Volcanoes National Park, and for other purposes.

S. 1438. An act to establish the National Law Enforcement Museum on Federal land in the District of Columbia.

S. 1474. An act providing conveyance of the Palmetto Bend project to the State of Texas.

S. 1482. An act to amend the National Marine Sanctuaries Act, and for other purposes.

S. 1752. An act to reauthorize and amend the Coastal Barrier Resources Act.

S. 1865. An act to provide grants to establish demonstration mental health courts.

S. 2345. An act to direct the Secretary of the Interior to conduct a special resource study concerning the preservation and public use of sites associated with Harriet Tubman located in Auburn, New York, and for other purposes.

The message also announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 1161. An act to revise the banking and bankruptcy insolvency laws with respect to the termination and netting of financial contracts, and for other purposes.

H.R. 1804. An act to authorize the Pyramid of Remembrance Foundation to establish a memorial in the District of Columbia or its environs to soldiers who have lost their lives during peacekeeping operations, humanitarian efforts, training, terrorist attacks, or covert operations.

H.R. 2413. An act to amend the National Institute of Standards and Technology Act to enhance the ability of the National Institute of Standards and Technology to improve computer security, and for other purposes.

H.R. 3312. An act to clarify the Administrative Dispute Resolution Act of 1996 to authorize the Merit Systems Protection Board to establish under such Act a 3-year pilot program that will provide a voluntary early intervention alternative dispute resolution process to assist Federal agencies and employees in resolving certain personnel actions.

H.R. 3514. An act to amend the Public Health Service Act to provide for a system of sanctuaries for chimpanzees that have been designated as being no longer needed in research conducted or supported by the Public Health Service, and for other purposes.

H.R. 4656. An act to authorize the Forest Service to convey certain lands in the Lake Tahoe Basin to the Washoe County School District for use as an elementary school site.

H.R. 4940. An act to designate the museum operated by the Secretary of Energy in Oak Ridge, Tennessee, as the ''American Museum of Science and Energy,'' and for other purposes.

H.R. 5068. An act to designate the facility of the United States Postal Service located at 5927 Southwest 70th Street in Miami, Florida, as the ''Marjory Williams Scrivens Post Office.''

H.R. 5143. An act to designate the facility of the United States Postal Service located at 3160 Irvin Cobb Drive, in Paducah, Kentucky, as the ''Morgan Station.''

H.R. 5144. An act to designate the facility of the United States Postal Service located at 203 West Paige Street, in Tompkinsville, Kentucky, as the ''Tim Lee Carter Post Office Building.''

H.R. 5388. An act to designate a building proposed to be located within the boundaries of the Chincoteague National Wildlife Refuge, as the ''Herbert H. Bateman Educational and Administrative Center.''

H.R. 5478. An act to authorize the Secretary of the Interior to acquire by donation suitable land to serve as the new location for the home of Alexander Hamilton, commonly known as the Hamilton Grange, and to authorize the relocation of the Hamilton Grange to the acquired land.

The message further announced that the House has agreed to the following concurrent resolutions, without amendment:

S. Con. Res. 114. Concurrent resolution recognizing the Liberty Memorial in Kansas City, Missouri, as a national World War I symbol honoring those who defend liberty and our country through service in World War I.

S. Con. Res. 130. Concurrent resolution establishing a special task force to recommend an appropriate recognition for the slave laborers who worked on the construction of the United States Capitol.

S. Con. Res. 141. Concurrent resolution to authorize the printing of copies of the publication entitled ''The United States Capitol'' as a Senate document.

S. Con. Res. 146. Concurrent resolution condemning the assassination of Father John Kaiser and others in Kenya, and calling for a thorough investigation to be conducted in those cases, a report on the progress made in such as investigation to be submitted to Congress by December 15, 2000, and a final report on such an investigation to be made public, and for other purposes.

The message also announced that the House has agreed to the following concurrent resolution, in which it requests the concurrence of the Senate:

H. Con. Res. 414. Concurrent resolution relating to the reestablishment of representative government in Afghanistan.

The message further announced that the House has agreed to the resolution (H. Res. 645) returning to the Senate the bill (S. 1109) entitled the ''Bear Protection Act of 1999'' in which is conveys that in the opinion of the House, the bill contravenes the first clause of the seventh section of the first article of the Constitution of the United States and is an infringement of the privileges of the House and that such bill be respectfully returned to the Senate with a message communicating the resolution.

The message also announced that the House has passed the bill (S. 1453) to facilitate famine relief efforts and a comprehensive solution to the war in Sudan, with amendment.

The message further announced that the House has passed the bill (S. 1452) to modernize the requirements under the National Manufactured Housing Construction and Safety Standards of 1974 and to establish a balanced consensus process for the development, revision, and interpretation of Federal construction and safety standards for manufactured homes, with amendments.

The message also announced that the House has passed the bill (S. 1694) to direct the Secretary of the Interior to conduct a study on the reclamation and reuse of water and wastewater in the State of Hawaii, with amendments.

The message further announced that the House has passed the bill (S. 2749) to establish the California Trail Interpretive Center in Elko, Nevada, to facilitate the interpretation of the history of development and use of trails in the setting of the western portion of the United States, with amendments.

The message also announced that the House has agreed to the amendment of the Senate to the bill (H.R. 4868) to amend the Harmonized Tariff Schedule of the United States to modify temporarily certain rates of duty, to make other technical amendments to the trade laws, and for other purposes, with an amendment.

At 11:08 a.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House has agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 4811) making appropriations for foreign operations, export financing and related programs for the fiscal year ending September 30, 2001, and for other purposes.

At 3:34 p.m. a message from the House of Representatives delivered by Ms. Niland, one of its reading clerks, announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 782. An act to amend the Older Americans Act of 1965 to extend authorizations of appropriations for programs under the Act, to modernize programs and services for older individuals, and for other purposes.

The message also announced that the House has agreed to the following concurrent resolution, in which it requests the concurrence of the Senate:

H. Con. Res. 426. Concurrent resolution concerning the violence in the Middle East.

The message further announced that the House has passed the following bill, without amendment:

S. 2547. An act to provide for the establishment of the Great Sand Dunes National Park and Preserve and the Baca National Wildlife Refuge in the State of Colorado, and for other purposes.

At 5:08 p.m., a message from the House of Representatives, delivered by Ms. Niland, one of its reading clerks, announced that the House has passed the following joint resolution, in which it requests the concurrence of the Senate:

H.J. Res. 115. Joint resolution making further continuing appropriations for the fiscal year 2001, and for other purposes.

At 6:18 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its clerks, announced that the House has agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 835) to encourage the restoration of estuary habitat through more efficient project financing and enhanced coordination of Federal and non-Federal restoration programs, and for other purposes.

ENROLLED BILL SIGNED

At 7:24 p.m. a message from the House of Representatives, delivered by one of its reading clerks, announced that the Speaker has signed the following enrolled joint resolution:

H.J. Res. 115. Joint resolution making further continuing appropriations for the fiscal year 2001, and for other purposes.

The enrolled bill was signed subsequently by the President pro tempore (Mr. THURMOND).

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM–630. A resolution adopted by the Board of County Commissioners, Cuyahoga County, Ohio relative to the Ryan White CARE Act programs; to the Committee on Appropriations.

REPORTS OF COMMITTEES

The following reports of committees were submitted.

By Mr. STEVENS, from the Committee on Appropriations: Special Report entitled ''Further Revised Allocation To Subcommittees Of Budget Totals for Fiscal Year 2001'' (Rept. No. 106–508).

EXECUTIVE REPORT OF COMMITTEE

The following executive report of committee was submitted:

By Mr. ROTH for the Committee on Finance.

Lisa Gayle Ross, of the District of Columbia, to be Chief Financial Officer, Department of the Treasury.

(The above nomination was reported with the recommendation that it be confirmed subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second times by unanimous consent, and referred as indicated:

By Mrs. BOXER:

S. 3232. A bill to amend the Reclamation Wastewater and Groundwater Study and Facilities Act to authorize certain projects in California for the use or reuse of reclaimed water and for the design and construction of demonstration and permanent facilities for that purpose, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. WELLSTONE:

S. 3233. A bill to amend title XVIII of the Social Security Act to provide for medicare beneficiary copayments for outpatient mental health services that are the same as beneficiary copayments for other part B services, and for other purposes; to the Committee on Finance.

By Mr. BREAUX (for himself and Mrs. HUTCHISON):

S. 3234. A bill to protect the public's ability to fish for sport, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. MCCAIN (for himself and Mr. BURNS):

S. 3235. A bill to amend the Internal Revenue Code of 1986 to provide for a deferral of tax on gain from the sale of telecommunications businesses in specific circumstances or a tax credit and other incentives to promote diversity of ownership in telecommunications businesses; to the Committee on Finance.

By Mr. BOND:

S. 3236. A bill to provide for reauthorization of small business loan and other programs, and for other purposes; to the Committee on Small Business.

By Mr. MCCAIN:

S. 3237. A bill to provide for an international scientific commission to assess changes in global climate patterns, to conduct scientific studies and analyses on behalf of nations, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. DURBIN:

S. 3238. A bill to amend the Public Health Service Act to provide protections for individuals who need mental health services, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

By Mr. LOTT (for Mr. HELMS (for himself and Mr. KENNEDY)):

S. 3239. A bill to amend the Immigration and Nationality Act to provide special immigrant status for certain United States international broadcasting employees; considered and passed.

By Mr. DOMENICI:

S. 3240. A bill to avoid a pay-go sequestration for fiscal year 2001; to the Committee on the Budget and the Committee on Governmental Affairs, jointly.

By Mr. KERRY (for himself, Mr. MCCAIN, Mr. KERREY, Mr. HAGEL, Mr. ROBB, and Mr. CLELAND):

S. 3241. A bill to carry out an international fellowship program between the United States and Vietnam to enable Vietnamese nationals to pursue advanced studies in science, mathematics, medicine, and technology; to enable United States citizens to teach in those fields in Vietnam; and to promote reconciliation between the two countries; to the Committee on Foreign Relations.

By Mr. HARKIN (for himself, Mr. CRAIG, Mr. DASCHLE, Mr. JEFFORDS, and Mr. JOHNSON):

S. 3242. A bill to amend the Consolidated Farm and Rural Development Act to encourage equity investment in rural cooperatives and other rural businesses, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

Mrs. BOXER:

S. 3232. A bill to amend the Reclamation Wastewater and Groundwater Study and Facilities Act to authorize certain projects in California for the use or reuse of reclaimed water and for the design and construction of demonstration and permanent facilities for that purpose, and for other purposes; to the Committee on Energy and Natural Resources.

CALIFORNIA RECLAIMED WATER ACT FOR THE 21ST CENTURY

Mrs. BOXER. Mr. President, today I am proud to introduce the California Reclaimed Water Act for the 21st century. As California takes its first steps into the 21st century, it is undeniable that the quality of water, the quantity of water, and the availability of water are among the most formidable challenges to our 34 million citizens and the many diverse regions of our fast growing state. Our farmers, urban dwellers, sport and commercial fishing interests, tribes, mountain communities and environmentalists all seek a more reliable and a more certain water future. Recycled water plays an important part in meeting California's water needs today and will play an even more important role in the next several decades.

California is making significant progress in its effort to put its water house in order. Between March and June of this year, two major water policy initiatives occurred in California. On March 7, 2000, California voters overwhelmingly approved a $2 billion water bond. Further, on August 28, 2000, Governor Gray Davis and Interior Secretary Bruce Babbitt signed the landmark CALFED water agreement which broadly sets a course for California's water future. Water recycling and reuse is a major element of both these new actions and policies.

The existing federal program to support water recycling is found in title XVI, Public Law 102–575 and was enacted in 1992. The law authorized recycling projects and studies throughout California, including in Los Angeles, San Diego, San Jose, and San Francisco. The law also authorized projects in Colorado and Arizona. The 1992 law also called for a special Southern California Comprehensive Water Reclamation and Reuse study to investigate how the use of recycled water could relieve water supply pressure in California. That study is being prepared by the U.S. Bureau of Reclamation, State of California's Department of Water Resources, Metropolitan Water District of Southern California, Central Basin and West Basin Municipal Water Districts, City of Los Angeles, City of San Diego, San Diego Water Authority, Santa Ana Watershed Project Authority and the South Orange County Reclamation Authority. It should soon be completed.

Expressing continued support for the title XVI program, in 1996 Congress authorized a second group of water recycling projects in California, from Watsonville to Ventura County, and from Pasadena to Orange County, plus individual projects in Utah, New Mexico, Texas and Nevada. The legislation I introduce today builds upon these congressional efforts, voter ballot initiatives and agency studies. The bill authorizes a series of title XVI water recycling projects and directs the Secretary of the Interior to work with various water districts throughout the State including: Castaic Lake Water Agency Reclaimed Water Project Lake County, Clear Lake Basin Water Reuse Project East Bay Municipal Utility District and the San Ramon Serves District Recycled Water Project Inland Empire Utilities Agency, Inland Empire Regional Water Recycling Project in San Bernardino County San Pablo Baylands Water Reuse Project in Sonoma, Napa, Marin and Solano Counties State of California Water Recycling Program Regional Brine Lines (salt removal) in Southern California, the San Francisco Bay and the Santa Clara Valley areas Chino Basin Watermaster, Inland Empire Utilities Agency, Western Municipal Water District and the Santa Ana Watershed Project Authority for the Lower Chino Dairy Area Desalination Demonstration and Reclamation Project.

Additional research, in cooperation with the WateReuse Foundation, is mandated and two previously authorized projects, one in Los Angeles and the other in the San Gabriel Basin, are modified. Finally, my bill mandates that the proposed projects be coordinated with the CALFED Program. Taken together, these projects will have the capacity to produce hundreds of thousands of acre feet of water. The Inland Empire Regional Water Recycling Project, for example, is designed to yield up to 66,000 acre feet of recycled water annually. Each acre foot of recycled water reduces the demand for imported water from the Bay-Delta and the Colorado River. Inland proposed to ''drought proof'' its region with these and related investments.

Beneficiaries of these projects and these investments include the immediate service areas, downstream neighbors, and towns and communities throughout California. Water recycling projects in California also reduce the demand for imported water, be it from the San Francisco Bay-Delta or the Colorado River. Recycling and reuse investments in Southern California have the effect of helping the Bay-Delta by reducing demand for additional imported Bay-Delta water. These same investments benefit California's neighboring states up and down the Colorado River. As more water is developed locally, pressure is reduced for imports.

Presently, negotiations are underway between California and the other six states of the Colorado River Basin. California is being asked to reduce the amount of water it takes from the Colorado River. In fact, as a result of these talks, California faces a reduction of some 800,000 acre feet. The water recycling projects proposed in this legislation can help California meet this challenge. As a result, Utah, Colorado, Nevada and Arizona also benefit from these programs. Unlike traditional Bureau of Reclamation water projects, these water recycling projects require a majority of funds to be locally provided. Consistent with title XVI limitations on recycling projects as authorized in 1992 and 1996, the projects proposed in my bill require 75 percent local funding. Federal cost sharing is limited to 25 percent. Moreover, this bill specifies that none of the funds can be used for annual operation and maintenance costs. Those annual expenses are the responsibility of the

local water districts or management agency.

The water recycling projects authorized by my bill are part of a long-term solution to some of California's most difficult challenges. Water recycling is not the only solution. But, water recycling and water reuse can play a significant part as these projects can be designed, built, and placed on line within a short time. This bill helps communities throughout California. This bill helps communities in Southern California, reducing pressure on the Bay-Delta water supplies. And, this bill respects our neighboring states up and down the Colorado River. I ask unanimous consent that this legislation be printed in the RECORD.

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

S. 3232

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 ''California Reclaimed Water Act for the 21st Century''.

SEC. 2. COORDINATION OF PROJECTS AND PROGRAMS.

Section 1602 of the Reclamation Wastewater and Groundwater Study and Facilities Act (43 U.S.C. 390h) is amended by adding at the end the following:

''(e) COORDINATION WITH CALFED BAY-DELTA PROGRAM.—

''(1) IN GENERAL.—The Secretary shall coordinate projects under this title with projects and programs under the CALFED Bay-Delta Program referred to in the California Bay-Delta Environmental Enhancement and Water Security Act (division E of Public Law 104–208; 110 Stat. 3009–748).

''(2) FEDERAL EXPENDITURES.—The Secretary shall take into account Federal expenditures under this title in making determinations under the CALFED Bay-Delta Program relating to the equitable implementation of ecosystem restoration and water management.

''(f) COMPLIANCE WITH NATIONAL ENVIRONMENTAL POLICY ACT OF 1969.—Each project under this title shall be carried out in compliance with the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.).''.

SEC. 3. AUTHORIZATIONS.

The Reclamation Wastewater and Groundwater Study and Facilities Act (43 U.S.C. 390h et seq.) is amended—

(1) by inserting after section 1601 the following:

"Subtitle A—Specific Projects";

(2) by redesignating sections 1631, 1632, 1633, and 1634 (43 U.S.C. 390h–13, 390h–14, 390h–15, 390h–16) as sections 1640, 1671, 1672, and 1631, respectively;

(3) by moving section 1631 (as redesignated by paragraph (2)) to follow section 1630;

(4) by inserting before section 1671 (as redesignated by paragraph (2)) the following:

"Subtitle B—Studies and Research";

(5) by inserting after section 1631 (as redesignated by paragraph (2)) the following:

"SEC. 1632. CASTAIC LAKE WATER AGENCY RECLAIMED WATER PROJECT.

''(a) IN GENERAL.—The Secretary, in cooperation with the Castaic Lake Water Agency, California, may participate in the design, planning, and construction of the Castaic Lake Water Agency reclaimed water project, California, to reclaim and reuse wastewater within and outside the service area of the Castaic Lake Water Agency for ecosystem restoration, irrigation, recreational, industrial, and other public purposes.

''(b) COST SHARING.—The Federal share of the cost of the project described in subsection (a) shall not exceed 25 percent of the total cost of the project.

''(c) LIMITATION.—Funds provided by the Secretary shall not be used for operation or maintenance of the project described in subsection (a).

''(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $20,000,000.

"SEC. 1633. CLEAR LAKE BASIN WATER REUSE PROJECT.

''(a) IN GENERAL.—The Secretary, in cooperation with Lake County, California, may participate in the design, planning, and construction of the Clear Lake Basin water reuse project to obtain, store, and use reclaimed wastewater in Lake County for ecosystem restoration, irrigation, recreational, industrial, and other public purposes.

''(b) COST SHARING.—The Federal share of the cost of the project described in subsection (a) shall not exceed 25 percent of the total cost of the project.

''(c) LIMITATION.—Funds provided by the Secretary shall not be used for operation or maintenance of the project described in subsection (a).

''(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $9,000,000.

"SEC. 1634. SAN RAMON VALLEY RECYCLED WATER PROJECT.

''(a) IN GENERAL.—The Secretary may provide design and construction assistance for the East Bay Municipal Utility District/Dublin San Ramon Services District advanced wastewater reuse treatment project, California, for use for ecosystem restoration, irrigation, recreational, industrial, and other public purposes.

''(b) COST SHARING.—The Federal share of the cost of the project described in subsection (a) shall not exceed 25 percent of the total cost of the project.

''(c) LIMITATION.—Funds provided by the Secretary shall not be used for operation or maintenance of the project described in subsection (a).

''(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $20,000,000.

"SEC. 1635. INLAND EMPIRE REGIONAL WATER RECYCLING PROJECT.

''(a) IN GENERAL.—The Secretary, in cooperation with the Inland Empire Utilities Agency, may participate in the design, planning, and construction of the Inland Empire regional project described in the report submitted under section 1606 to recycle water for ecosystem restoration, irrigation, recreational, industrial, and other public purposes.

''(b) COST SHARING.—The Federal share of the cost of the project described in subsection (a) shall not exceed 25 percent of the total cost of the project.

''(c) LIMITATION.—Funds provided by the Secretary shall not be used for operation or maintenance of the project described in subsection (a).

''(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $20,000,000.

"SEC. 1636. SAN PABLO BAYLANDS WATER REUSE PROJECTS.

''(a) IN GENERAL.—The Secretary, in cooperation with Sonoma, Napa, Marin, and Solano Counties, California, may participate in the design, planning, and construction of water reuse projects, to be known collectively as the 'San Pablo Baylands water reuse projects', to obtain, store, and use reclaimed wastewater for ecosystem restoration, irrigation, recreational, industrial, and other public purposes.

''(b) COST SHARING.—The Federal share of the cost of a project described in subsection (a) shall not exceed 25 percent of the total cost of the project.

''(c) LIMITATION.—Funds provided by the Secretary shall not be used for operation or maintenance of any project described in subsection (a).

''(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $20,000,000.

"SEC. 1637. CALIFORNIA WATER RECYCLING PROGRAM.

''(a) IN GENERAL.—The Secretary may provide assistance to the State of California in carrying out projects that receive funding under chapter 7, article 4, of the Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Act of the State of California to recycle water for ecosystem restoration, irrigation, recreational, industrial, and other public purposes.

''(b) AGREEMENTS.—The Secretary may enter into such agreements as are necessary to carry out this section.

''(c) COST SHARING.—The Federal share of the cost of a project described in subsection (a) shall not exceed 25 percent of the total cost of the project.

''(d) LIMITATION.—Funds provided by the Secretary shall not be used for operation or maintenance of any project described in subsection (a).

''(e) AUTHORIZATION OF APPROPRIATIONS.—Upon approval of the Act referred to in subsection (a), there is authorized to be appropriated to carry out this section $50,000,000.

"SEC. 1638. REGIONAL BRINE LINES.

''(a) IN GENERAL.—

''(1) SOUTHERN CALIFORNIA.—The Secretary, in cooperation with units of local government, may carry out a program under the Federal reclamation laws to assist agencies in projects to construct regional brine lines to export the salinity imported from the Colorado River to the Pacific Ocean as identified in—

''(A) the Salinity Management Study prepared by the Bureau of Reclamation; and

''(B) the Southern California Comprehensive Water Reclamation and Reuse Study prepared by the Bureau of Reclamation.

''(2) SAN FRANCISCO BAY AND SANTA CLARA VALLEY.—The Secretary may carry out a study of, and a program under the Federal reclamation laws to assist water agencies in, projects to construct regional brine lines in the San Francisco Bay area and the Santa Clara Valley area, California.

''(b) AGREEMENTS AND REGULATIONS.—The Secretary may enter into such agreements and promulgate such regulations as are necessary to carry out this section.

''(c) COST SHARING.—

''(1) PROJECTS.—The Federal share of the cost of a project to construct regional brine lines described in subsection (a) shall not exceed—

''(A) 25 percent of the total cost of the project; or

''(B) $50,000,000.

''(2) STUDY.—The Federal share of the cost of the study described in subsection (a)(2) shall be 50 percent.

''(d) LIMITATION.—Funds provided by the Secretary shall not be used for operation or

maintenance of any project described in subsection (a).

''(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section.

''SEC. 1639. LOWER CHINO DAIRY AREA DESALINATION DEMONSTRATION AND RECLAMATION PROJECT.

''(a) IN GENERAL.—The Secretary, in cooperation with the Chino Basin Watermaster, the Inland Empire Utilities Agency, the Western Municipal Water District, and the Santa Ana Watershed Project Authority and acting under the Federal reclamation laws, shall participate in the design, planning, and construction of the Lower Chino Dairy Area desalination demonstration and reclamation project.

''(b) COST SHARING.—The Federal share of the cost of the project described in subsection (a) shall not exceed—

''(1) 25 percent of the total cost of the project; or

''(2) $50,000,000.

''(c) LIMITATION.—Funds provided by the Secretary shall not be used for operation or maintenance of the project described in subsection (a).

''(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section.''; and

(6) by inserting after section 1672 (as redesignated by paragraph (2)) the following:

''SEC. 1673. RESEARCH CONCERNING WATER REUSE.

''(a) IN GENERAL.—The Secretary, in cooperation with the WateReuse Foundation, shall develop and carry out a program to conduct research concerning water reuse in relation to—

''(1) public health;

''(2) water quality;

''(3) new technology and techniques;

''(4) salt management;

''(5) economics;

''(6) ecosystem restoration; and

''(7) other important matters.

''(b) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $2,500,000 for each of fiscal years 2001 through 2005, to remain available until expended.''.

SEC. 4. WEST BASIN COMPREHENSIVE DESALINATION DEMONSTRATION PROGRAM.

Section 1605 of the Reclamation Wastewater and Groundwater Study and Facilities Act (43 U.S.C. 390h–3) is amended—

(1) by redesignating subsection (d) as subsection (e); and

(2) by inserting after subsection (c) the following:

''(d) WEST BASIN COMPREHENSIVE DESALINATION DEMONSTRATION PROGRAM.—

''(1) IN GENERAL.—The Secretary, in cooperation with the West Basin Municipal Water District, shall participate in the planning, design, and construction of the components of the West Basin Comprehensive Desalination Demonstration Program in Los Angeles County, California.

''(2) FEDERAL SHARE.—The Federal share of the cost of the project described in paragraph (1) shall not exceed 50 percent of the total.

''(3) LIMITATION.—The Secretary shall not provide funds for the operation or maintenance of the components described in paragraph (1).''.

SEC. 5. PROJECT MODIFICATIONS.

(a) LOS ANGELES AREA.—Section 1613 of the Reclamation Wastewater and Groundwater Study and Facilities Act (43 U.S.C. 390h–11) is amended by striking subsection (b) and inserting the following:

''(b) WATER RECYCLING PROJECT.—

''(1) IN GENERAL.—The Secretary may participate in the design, planning, and construction of a water recycling project, to be known as the 'City of Los Angeles Water Recycling Program', to reclaim and reuse wastewater within the city of Los Angeles and surrounding area for ecosystem restoration, irrigation, recreational, industrial, and other public purposes.

''(2) COMPONENTS.—The water recycling project shall consist of—

''(A) the central city project, a multiphase project that may provide up to 4,000 acre-feet per year of recycled water for ecosystem restoration and for industrial, commercial, and irrigation customers near downtown Los Angeles; and

''(B) the harbor water recycling project, a multiphase project that may provide up to 25,000 acre-feet per year of recycled water to the Los Angeles Harbor area.

''(c) COST SHARING.—

''(1) IN GENERAL.—The Federal share of the cost of the projects described in subsections (a) and (b) shall not exceed 25 percent of the total cost of the projects.

''(2) MAXIMUM FEDERAL SHARE.—The Federal share with respect to the water recycling project described in subsection (b) shall not exceed $12,000,000.

''(d) LIMITATION.—Funds provided by the Secretary shall not be used for operation or maintenance of any project described in subsection (a) or (b).''.

(b) SAN GABRIEL BASIN.—Section 1640(d) of the Reclamation Wastewater and Groundwater Study and Facilities Act (43 U.S.C. 390h–13(d)) (as redesignated by section 3(a)(2)) is amended—

(1) in paragraph (1), by striking ''paragraph (2)'' and inserting ''paragraphs (2) and (3)'';

(2) in paragraph (2), by inserting ''(other than section 1614)'' after ''this title''; and

(3) by adding at the end the following:

''(3) SAN GABRIEL BASIN.—In the case of the project authorized by section 1614, the Federal share of the cost of the project shall not exceed $50,500,000.''.

SEC. 6. TECHNICAL AND CONFORMING AMENDMENTS.

(a) The Reclamation Wastewater and Groundwater Study and Facilities Act is amended—

(1) in section 1640 (43 U.S.C. 390h–13) (as redesignated by section 3(a)(2))—

(A) in subsection (a), by striking ''1630'' and inserting ''1632''; and

(B) in subsection (d)(1), by inserting ''(other than sections 1634, 1636, 1637, 1638, and 1639)'' after ''authorized by this title'';

(2) in section 1671(c) (43 U.S.C. 390h–14(c)) (as redesignated by section 3(a)(2)), by striking ''section 1633'' and inserting ''section 1672''; and

(3) in section 1672 (43 U.S.C. 390h–15) (as redesignated by section 3(a)(2))—

(A) in the section heading, by inserting ''**FOR GROUNDWATER STUDY**'' before the period; and

(B) by striking ''section 1632'' and inserting ''section 1671''.

(b) The table of contents in section 2 of the Reclamation Projects Authorization and Adjustment Act of 1992 (43 U.S.C. prec. 371; Public Law 102–575) is amended—

(1) by inserting after the item relating to section 1601 the following:

''Subtitle A—Specific Projects'';

and

(2) by striking the items relating to sections 1631 through 1634 and inserting the following:

''Sec. 1631. Willow Lake Natural Treatment System Project.

''Sec. 1632. Castaic Lake Water Agency reclaimed water project.

''Sec. 1633. Clear Lake Basin water reuse project.

''Sec. 1634. San Ramon Valley recycled water project.

''Sec. 1635. Inland Empire regional water recycling project.

''Sec. 1636. San Pablo Baylands water reuse projects.

''Sec. 1637. California water recycling program.

''Sec. 1638. Regional brine lines.

''Sec. 1639. Lower Chino Dairy Area desalination demonstration and reclamation project.

''Sec. 1640. Authorization of appropriations.

''Subtitle B—Studies and Research

''Sec. 1671. Groundwater study.

''Sec. 1672. Authorization of appropriations for groundwater study.

''Sec. 1673. Research concerning water reuse.''.

Mr. WELLSTONE.

S. 3233. A bill to amend title XVIII of the Social Security Act to provide for Medicare beneficiary copayments for outpatient mental health services that are the same as beneficiary copayments for other part B services, and for other purposes; to the Committee on Finance.

MEDICARE MENTAL HEALTH MODERNIZATION ACT OF 2000

Mr. WELLSTONE. Mr. President, I rise today to introduce the Medicare Mental Health Modernization Act, a bill to improve the delivery of mental health services through the Medicare health care system. This improvement and modernization of mental health services in the Medicare system is long overdue, as it has remained virtually unchanged since it was enacted by Congress in 1965. In the 35 years since then, the scientific breakthroughs in our understanding of mental illnesses and the enormous improvements in medications and other effective treatments have dramatically changed our understanding and treatment of mental illness. Yet, the health care systems, both public and private, lag behind in its treatment of this potentially life-threatening disease, one that affects the young and the old. As we work to improve health care for all Americans, in all health care systems, the ever-growing population of older Americans make it all the more urgent that we bring the Medicare system into the 21st century, and bring mental health care to those in need.

Though they are so often not recognized, mental health problems among the elderly are widespread and life-threatening. Americans aged 65 years and older have the highest rate of suicide of any population in the United States, and suicide rates increase with age. While this age group accounts for only 13 percent of the U.S. population, Americans 65 and older account for 20 percent of all suicide deaths. All too often, depression among the elderly is

untreated or inappropriately treated, and this disease and other illnesses such as Alzheimer's disease, anxiety, late-life schizophrenia, can lead to severe impairment or death.

Major depression is strikingly prevalent among older people, with between 8 and 20 percent of older people in community studies showing symptoms of depression. Studies of patients in primary care settings show that up to 37 percent are experiencing such symptoms, although they often go untreated. Depression is not a normal part of aging, but a serious debilitating disease. Almost 20 percent of the population of individuals age 55 and older experience a serious mental disorder. What is most alarming is that most elderly suicide victims—70 percent—have visited their primary care doctor in the month prior to their completed suicide. It is critical that the mental health expertise that is needed be provided within the Medicare system, and that screening, diagnosis, and treatment be provided in a timely manner.

Medicare coverage for mental health services is markedly different from other outpatient services. In order to receive mental health care, seniors must pay, out of their own pockets, half the cost of a visit to their mental health specialist, an extremely unfair burden to place on the elderly, who are so often facing other health or life difficulties as well.

We know too that substance abuse, particularly of alcohol and prescription drugs, among adults 65 and older is one of the fastest growing health problems in the United States, with 17 percent of this age group suffering from addiction or substance abuse. While addiction often goes undetected and untreated among older adults, aging and disability only makes the body more vulnerable to the effects of these drugs, further exacerbating underlying health problems, and creating a serious need for treatment that recognizes these vulnerabilities.

Medicare also provides health care coverage for non-elderly individuals who are disabled, through Social Security Disability Insurance, SSDI. According to the Health Care Financing Agency, HCFA, Medicare is the primary health care coverage for the 5 million non-elderly, disabled people on SSDI. Up to 40 percent of these individuals have a diagnosis of mental illness and/or addiction, and also face severe discrimination in their mental health coverage.

What will my bill do? The Medicare Mental Health Modernization Act has several important components. First, the bill reduces this discriminatory 50 percent copayment for mental health care to 20 percent, which is equal to the level that applies to every other outpatient service in Medicare. This is straightforward, fair, and the right thing to do. By doing so, this provision will increase access to mental health care overall, especially for those who currently forego seeking treatment, and instead, find themselves suffering from worsening mental health conditions. Secondly, the bill adds intensive residential services to the Medicare mental health benefit package. This provision will give people suffering from mental illnesses such as Alzheimer's disease or late-life schizophrenia an alternative to going to nursing homes. Instead, they will be able to be cared for in their homes or in more appropriate residential settings. I also ask the Secretary for Health and Human Services to conduct a study of the current Medicare coverage criteria to determine the extent to which people with these forms of illnesses are receiving the appropriate care that is needed.

Finally, my bill expands the number of mental health professionals eligible to provide services through Medicare to include clinical social workers and licensed professional mental health counselors. Provision of adequate mental health services provided through Medicare requires more trained and experienced providers for the aging and growing population and should include those who are appropriately licensed and qualified to deliver such care.

These changes are needed now. The mental health groups most concerned with medicare improvement are strongly supportive of this bill, including, among others, the American Counseling Association, the National Alliance for the Mentally Ill, the National Mental Health Association, the American Psychological Association, the Bazelon Center for Mental Health Law, and the National Association of State Mental Health Program Directors. The U.S. Surgeon General David Satcher recognized the urgency in his recent reports on mental health: ''Mental Health: A Report of the Surgeon General'' and ''The Surgeon General's Call to Action to Prevent Suicide''. Dr. Satcher stated, ''Disability due to mental illness in individuals over 65 years old will become a major public health problem in the near future because of demographic changes. In particular, dementia, depression, and schizophrenia, among other conditions, will all present special problems for this age group.''

For too long we have continued to neglect those with mental illness in our society, and the Medicare system is no exception. I urge your cosponsorship of this bill as we begin our work in this new century. It is time to treat the elderly in our society, particularly those with serious, debilitating diseases, with the care, respect, and fairness they deserve.

By Mr. BREAUX (for himself, and Mrs. HUTCHISON):

S. 3234. A bill to protect the public's ability to fish for sport, and for other purposes, to the Committee on Commerce, Science, and Transportation.

THE FREEDOM TO FISH ACT

Mr. BREAUX. Mr. President, I rise today to send to the desk a bill that is called the Freedom to Fish Act. The legislation cosponsored by Senator HUTCHISON addresses an unsettling situation arising over access to our nation's public coastal resources. I understand that it is very late in the session to be introducing new legislation, but I believe this matter is significantly important to require immediate recognition. There is a growing movement to limit the use and enjoyment of America's coastal and ocean waters. This restriction of public access is occurring under the guise of the establishment of marine protected areas. Many in the environmental community are lauding the creation of these undersea national parks as the silver bullet solution to our over-exploited fisheries and degraded habitat. The bill I am introducing today aims to correct a system that would unfairly penalize our nation's approximately ten million marine recreational anglers. For while I support the goal of healthy marine fisheries, I disagree strongly with any method that unnecessarily limits our citizens' access to public waters.

I believe that my record clearly indicates my dedication to protecting and improving the health of our oceans and coasts. However, I believe that restricting public access to those waters is not the appropriate vehicle for accomplishing that goal in most cases. The notion of a marine park is certainly not new, having its origins in successful land management practices. The establishment of wildlife refuges, national parks and forests has shown clear benefits to the natural species living on those lands and fresh waters. However, in the transfer from the land to the marine waters one very important aspect of the protected area has been neglected. While sport fishing is nearly universally accepted throughout this nation's terrestrial parks, and wilderness areas, those advocating the use of marine parks take pains to specifically restrict the access of recreational anglers. This seems ironic to me, as an increasing number of recreational anglers practice catch and release fishing and all contribute money to their state's fish and game departments through the payment of license fees and taxes. I believe these anglers to be among this nation's first conservationists and their contributions to the resource need to be recognized.

In response to criticism and attacks against our Nation's sportsmen and women, I introduce the Freedom to Fish Act. The act establishes guidelines and safeguards by which the public's right to use and enjoy these resources is preserved in all but the most serious cases. It provides assurances that the angling public will have a

place at the table when decisions are made regarding their use of the resource. Second, the Freedom to Fish Act will ensure that recreational anglers will be prohibited from an area only when they have been shown to be causing significant adverse effects on that fishery resource. Further, should prohibitions be justified, this bill prevents areas larger than scientifically necessary from being closed. In those cases, criteria will be established so that once certain goals have been reached, the area will reopen to the public immediately. Restricting public admission to our coastal waters should not be our first course of action, but rather our last resort. Open access to fishing is the single most important element of recreational fishing. We must defend public access against those that would try to restrict it under the cloak of marine resource protection. With that, I submit the Freedom to Fish Act for your review and discussion.

Mr. MCCAIN (for himself and Mr. BURNS):

S. 3235. A bill to amend the Internal Revenue Code of 1986 to provide for a deferral of tax on gain from the sale of telecommunications businesses in specific circumstances or a tax credit and other incentives to promote diversity of ownership in telecommunications businesses; to the Committee on Finance.

TELECOMMUNICATIONS OWNERSHIP DIVERSITY ACT OF 2000

Mr. MCCAIN. Mr. President, I rise today to introduce revised legislation that will make sure that new entrants and small businesses will have the chance to enter and grow in today's megacorporation-dominated telecommunications marketplace. Together with my good friend and colleague, Communications Subcommittee Chairman CONRAD BURNS, I am pleased to bring forward for the Senate's consideration The Telecommunications Ownership Diversity Act of 2000.

Mr. President, no one needs to be told that any small business faces significant barriers in trying to enter the telecommunications industry. These barriers are even more formidable when the entrepreneur happens to be a woman or a member of a minority group, due to their historically more difficult job of obtaining needed financing. Therefore, in this current telecom industry mixer, small businesses, especially those owned by minorities or women, are often left without partners, watching as bigger, more established companies, get to dance.

That's not right, but there is an answer. The answer isn't to forbid mergers out-of-hand, or to retain hopelessly outdated FCC ownership restrictions, or to pursue constitutionally or economically doomed set-aside programs. The answer is to give established industry players economic incentives to deal with new entrants and small businesses that counterbalance the incentives they have to deal with larger companies.

And that's what this bill does. The Telecommunications Ownership Diversity Act of 2000 will promote entry into the telecommunications industry during this period of unprecedented restructuring by providing carefully-limited changes to the tax law. These changes to the tax law are an indispensable component of the solution. Under current law, smaller companies typically must purchase properties for cash, and cash transactions are fully taxable to the seller. So naturally sellers of telecommunications businesses prefer to sell for stock, which is tax-deferred, and which large companies have to offer.

The Act will level the playing field for new entrants and small businesses by giving telecommunications business sellers a tax deferral when the property is bought for cash by a small business telecommunications company. The Act will also encourage the entry of new players and the growth of existing small businesses by enabling the seller of a telecommunications business to claim the tax deferral on capital gains if it invests the proceeds of any sale of its business in purchasing an interest in an eligible small business.

In recognition of the convergence of telecommunications services and the growing importance of wireless and other services as an essential component of the telecommunications market, the telecommunications businesses eligible for this capital gains tax deferral are broadly defined to include not only broadcast and cable TV-type businesses, but also wireline and wireless telephone service providers and resellers. To eliminate the potential for abuse, the Act would require the eligible purchaser to hold any property acquired for three years, during which time it could only be sold to an unrelated eligible purchaser. The General Accounting Office is required to thoroughly audit and report on the administration and effect of the Act every two years.

Mr. President, this legislation represents a significant step toward helping to ensure that small companies share a portion of the investment benefits our tax laws give to major telecommunications companies. Over the next several months, we look forward to working with interested organizations to further refine this legislation. Specifically, we would welcome comments on how to further refine the concepts of qualified telecommunications business and eligible purchaser so as to ensure that this legislation meets its goals in the most fair and effective manner. Moreover, we note that this legislation contains a ''control'' test that is intended to ensure that this legislation is not subject to abuse—and actually benefits those that it is intended to help. We recognize, however, that this control test may also need to be refined as we go forward.

Mr. President, hallmark developments in the telecommunications industry have been made by gifted individuals with small companies and unlimited vision. In this sense the telecommunications industry is a true microcosm of the American free-market system, in which the benefits produced by its entrepreneurs generate benefits that extend to all of us. It is therefore critically important that new entrants and small businesses have a chance to participate across the broad spectrum of industries that will make up the telecommunications industry in the Information Age. The Act will help them do that, and Senator BURNS and I are proud to sponsor it and to work for its enactment.

By Mr. MCCAIN:

S. 3237. A bill to provide for an international scientific commission to assess changes in global climate patterns, to conduct scientific studies and analyses on behalf of nations, and for other purposes; to the Committee on Commerce, Science, and Transportation.

INTERNATIONAL CLIMATE CHANGE SCIENCE COMMISSION ACT

Mr. MCCAIN. Mr. President, this bill provides for the creation of an international scientific commission to assess changes in global climate patterns and to conduct scientific studies and analysis on behalf of the nations of the world.

The Commerce Committee held three hearings on the subject of climate change this year. We heard from several witnesses on the science of global warming, the impacts of climate change on the United States, and solutions to climate change.

One of the most salient points of the three hearings was the importance of good science to the policymaking process. Most importantly, any action the United States takes in response to claims of global warming must be based on the best science available and not on rhetoric or political expedience. We must continue to invest in our research capabilities to fully understand the scientific interactions between humans, the land, the ocean, and the atmosphere.

Based upon testimonies received by the Commerce Committee, the knowledge base in some countries is far greater than in others. To solve this global problem of climate change, we must rely upon all the resources and knowledge available to us. We must ensure that the United States research program is providing the maximum returns on our investment dollars. It was both surprising and disappointing to

see that for a recent assessment of the United States, we had to rely upon two foreign computer models. We must do better.

Mr. President, I feel it is of vital importance that we allow scientists the opportunity to pursue knowledge as opposed to being constrained by politics. In introducing this bill entitled, International Climate Change Science Commission Act, it is my hope and intention that the membership of the Commission will be filled by those who are scientists and fully appreciate the pursuit of truth and knowledge. I hope this commission will provide them with an opportunity to freely research, discuss, and document their scientific findings.

Mr. President, I realize this bill will not pass this session. However, it is my hope that by introducing this bill a discussion will begin in the scientific community of how to better structure this piece of legislation and to ensure that the best available science is used for policy decisions. After discussions with the scientific community, I intend to re-introduce this bill or a new version of the measure next session and hopefully then move towards its enactment.

I also plan to offer other pieces of legislation next year in this area. There are several types of actions that may be taken to address this situation as indicated in the Commerce Committee's hearing, ''Solutions to Climate Change,'' held on September 21, 2000.

Mr. DURBIN:

S. 3238. A bill to amend the Public Health Service Act to provide protections for individuals who need mental health services, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

THE MENTAL HEALTH ACCESS ACT OF 2000

Mr. DURBIN. Mr. President, today I am introducing legislation on behalf of the more than 50 million Americans each year who suffer from mental illness. This bill, the Mental Health Access Act, removes one of the many barriers to health care faced by those who have been treated for a mental condition.

The Mental Health Access Act limits the ability of health plans to redline individuals with a preexisting mental health conditions. I undertook this initiative when I learned that some of my constituents were being turned away from health plans in the private non-group market due solely to a past history of treatment for mental conditions. Unfortunately, under the current system of care in the United States, individuals who are undergoing treatment or have a history of treatment for mental illness may find it difficult to obtain private health insurance, especially if they must purchase it on their own and do not have an employer-sponsored group plan available to them. In part this is because while the Health Insurance Portability and Accountability Act (HIPPAA) protects millions of Americans in the group health insurance market, it affords few protections for individuals who apply for private non-group insurance.

The Mental Health Access Act closes this loophole by limiting any preexisting condition exclusion relating to a mental health condition to not more than 12 months and reducing this exclusion period by the total amount of previous creditable coverage. It prohibits any health insurer that offers health coverage in the individual insurance market from imposing a preexisting condition exclusion relating to a mental health condition unless a diagnosis, medical advice or treatment was recommended or received within the 6 months period to the enrollment date. And it prohibits health plans in the individual market from charging higher premiums to individuals based solely on the determination that the such individual has had a preexisting mental health condition. These provisions apply to all health plans in the individual market, regardless of whether a state has enacted an alternative mechanism (such as a risk pool) to cover individuals with preexisting health conditions.

The Mental Health Access Act complements ongoing efforts to enhance parity between mental health services and other health benefits. This is because parity alone will not help individuals who do not have access to any affordable health insurance due to preexisting mental illness discrimination. The Access Act does not mandate that insurers provide mental health services if they are not already offering such coverage. It simply prohibits plans in the private non-group market from redlining individuals who apply for general health insurance based solely on a past history of treatment for a mental condition.

Recognizing that we are nearing the close of this year's legislative session. I plan to reintroduced this bill when Congress returns and it is my hope that many of my colleagues will join me. In the meantime, I have asked the General Accounting Office (GAO)to examine the extent to which private health insurers medically underwrite for mental health conditions by either denying coverage or raising premiums, often to a level that is unaffordable for many individuals. Specifically, I have asked the GAO to examine: the types of mental health conditions for which individual health insurers typically underwrite; the degree to which there is an actuarial basis for these carrier practices; the prevalence of medical underwriting for mental health conditions that result in denying coverage or raising premiums; and the extent of state laws that prevent or constrain insurers from denying coverage or raising premiums due to a history of mental health conditions, including consumer protections such as appeals procedures and access to information.

It simply does not make sense that just because a person seeks treatment for mental illness he or she is rendered uninsurable. I invite my colleagues to enlist in this important initiative to ensure that such individuals are not discriminated against when applying for health insurance coverage.

By Mr. HARKIN (for himself, Mr. CRAIG, Mr. DASCHLE, Mr. JEFFORDS, and Mr. JOHNSON):

S. 3242. A bill to amend the Consolidated Farm and Rural Development Act to encourage equity investment in rural cooperatives and other rural businesses, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

NATIONAL RURAL COOPERATIVE AND BUSINESS EQUITY FUND ACT

Mr. HARKIN. Mr. President, today, Senator CRAIG and I are introducing the National Rural Cooperative and Business Equity Fund Act to create a new public/private partnership designed to attract equity investment in cooperatives and other businesses in rural America. Senators DASCHLE, JEFFORDS, and JOHNSON are cosponsoring this bipartisan measure.

The Iowa 2010 Strategic Planning Council was commissioned by Governor Vilsack to identify barriers to Iowa's economic development progress over the next ten years. The council found that two very significant hurdles were lack of venture funding and access to capital.

The situation is no different in many other rural areas. Many new rural businesses, particularly cooperatives and farmer-owned businesses, have tremendous difficulty acquiring equity capital—especially those involving value-added agricultural processing.

In Iowa alone, I have seen many cases where equity capital would have made a big difference in the future of a rural business. And every time we lose an opportunity to help a business, it means fewer jobs, fewer well-paying jobs, and less income for rural and small town America.

In fact, just recently, in eastern Iowa, a group of turkey producers joined together to purchase the soon-to-be-closed West Liberty packing plant from Louis Rich. Ultimately—with the assistance of a USDA loan guarantee and state and private support—the co-op successfully purchased the plant. However, they almost went under because of limited equity. Only by the skin of our teeth are those jobs still in Iowa and those farmers still enjoying the benefits of cooperative ownership of that plant. In too many other cases, good ideas have been shattered because of a lack of equity.

My state has made some progress through the Iowa Department of Economic Development's ''Community

Economic Betterment Account'' or CEBA, which recently set aside some funding for venture capital. But far more resources are needed in Iowa and across Rural America.

That's why this legislation is so important. If we pass the National Rural Cooperative and Business Equity Fund Act, we will help quality rural cooperatives and businesses succeed and expand, and we will create jobs and raise the incomes of employees and farmers.

We're opening this bill up to discussion today with the hope of passing it in the next Congress. I believe this legislation has a strong start in the support of Senators CRAIG, DASCHLE, JEFFORDS, and JOHNSON. We also have the support of a number of national organizations that are key players in rural economic development including: Agribank, the American Bankers Association, CoBank, the Farm Credit Council, the Independent Community Bankers Association, the National Cooperative Business Association, the National Cooperative Bank, National Farmers Union, the National Rural Electric Cooperative Association, and the National Rural Utilities Cooperative Finance Cooperation.

The equity fund created by this legislation will have a 12-person Board of Directors that would decide which proposals to fund. This board would include the Secretary of Agriculture and two of his or her appointees, and the remainder of the Board would be made up of private investors in the fund. The first $150 million in private sector investments will be matched dollar for dollar by the U.S. Department of Agriculture over a three year period. As a compensation for the lower rate of return in the equity fund relative to other investments, the Department of Agriculture will guarantee up to 50 percent of an investment. Debentures, which would be guaranteed, could also be issued.

Businesses applying for equity from the fund must be sponsored by a local entity, such as a bank, a regional or local development council, or a cooperative or economic development group. The businesses must be based in rural areas, and they cannot be primarily retail businesses. Cooperatives and other businesses receiving an equity investment from the fund will be required to invest a substantial amount of their own capital.

The Fund is intended to support projects that will provide off-farm income, additional markets for agricultural products, and new business opportunities in rural communities. A diverse range of viable projects, representing a variety of business structures, operating in rural communities of various sizes would be encouraged.

Mr. President, I urge my colleagues and those concerned about rural economic development to examine this measure between Congresses and at the beginning of the coming Congress. I am hopeful that we will be able to make the National Rural Cooperative and Business Equity Fund a reality.

ADDITIONAL COSPONSORS

S. 922

At the request of Mr. ABRAHAM, the name of the Senator from Maine (Ms. COLLINS) was added as a cosponsor of S. 922, a bill to prohibit the use of the ''Made in the USA'' label on products of the Commonwealth of the Northern Mariana Islands and to deny such products duty-free and quota-free treatment.

S. 1760

At the request of Mr. MILLER, his name was added as a cosponsor of S. 1760, a bill to provide reliable officers, technology, education, community prosecutors, and training in our neighborhoods.

S. 2435

At the request of Ms. SNOWE, the name of the Senator from Maine (Ms. COLLINS) was added as a cosponsor of S. 2435, a bill to amend part B of title IV of the Social Security Act to create a grant program to promote joint activities among Federal, State, and local public child welfare and alcohol and drug abuse prevention and treatment agencies.

S. 2718

At the request of Mr. SMITH of New Hampshire, the name of the Senator from Washington (Mr. GORTON) was added as a cosponsor of S. 2718, a bill to amend the Internal Revenue Code of 1986 to provide incentives to introduce new technologies to reduce energy consumption in buildings.

S. 3020

At the request of Mr. GRAMS, the name of the Senator from Ohio (Mr. VOINOVICH) was added as a cosponsor of S. 3020, a bill to require the Federal Communications Commission to revise its regulations authorizing the operation of new, low-power FM radio stations.

S. 3045

At the request of Mr. SESSIONS, the name of the Senator from Rhode Island (Mr. REED) was added as a cosponsor of S. 3045, a bill to improve the quality, timeliness, and credibility of forensic science services for criminal justice purposes.

S. 3089

At the request of Mr. HAGEL, the names of the Senator from Massachusetts (Mr. KENNEDY) and the Senator from Colorado (Mr. ALLARD) were added as cosponsors of S. 3089, a bill to authorize the design and construction of a temporary education center at the Vietnam Veterans Memorial

S. 3152

At the request of Mr. ROTH, the name of the Senator from Virginia (Mr. WARNER) was added as a cosponsor of S. 3152, a bill to amend the Internal Revenue Code of 1986 to provide tax incentives for distressed areas, and for other purposes.

S. 3156

At the request of Mr. LAUTENBERG, the name of the Senator from Rhode Island (Mr. REED) was added as a cosponsor of S. 3156, a bill to amend the Endangered Species Act of 1973 to ensure the recovery of the declining biological diversity of the United States, to reaffirm and strengthen the commitment of the United States to protect wildlife, to safeguard the economic and ecological future of children of the United States, and to provide certainty to local governments, communities, and individuals in their planning and economic development efforts.

S. 3157

At the request of Mr. HUTCHINSON, the name of the Senator from New Hampshire (Mr. SMITH) was added as a cosponsor of S. 3157, a bill to require the Food and Drug Administration to establish restrictions regarding the qualifications of physicians to prescribe the abortion drug commonly known as RU–486.

S. 3169

At the request of Mr. SESSIONS, the name of the Senator from Washington (Mrs. MURRAY) was added as a cosponsor of S. 3169, a bill to amend the Federal Food, Drug, and Cosmetic Act and the International Revenue Code of 1986 with respect to drugs for minor animal species, and for other purposes.

S. 3181

At the request of Mr. HAGEL, the names of the Senator from New Mexico (Mr. BINGAMAN), the Senator from Pennsylvania (Mr. SPECTER), the Senator from Vermont (Mr. JEFFORDS), the Senator from Minnesota (Mr. GRAMS), and the Senator from Michigan (Mr. ABRAHAM) were added as cosponsors of S. 3181, a bill to establish the White House Commission on the National Moment of Remembrance, and for other purposes.

S. 3216

At the request of Mr. CRAIG, the name of the Senator from Georgia (Mr. CLELAND) was added as a cosponsor of S. 3216, a bill to provide for review in the Court of International Trade of certain determinations of binational panels under the North American Free Trade Agreement.

S. 3222

At the request of Mr. CRAIG, the name of the Senator from North Dakota (Mr. CONRAD) was added as a cosponsor of S. 3222, a bill to require the Secretary of the Interior to establish a program to provide assistance through States to eligible weed management entities to control or eradicate harmful, nonnative weeds on public and private land.

AMENDMENTS SUBMITTED

DAIRY MARKET ENHANCEMENT ACT OF 2000

CRAIG AMENDMENT NO. 4340

Mr. STEVENS (for Mr. CRAIG) proposed an amendment to the bill (S. 2773) to amend the Agricultural Marketing Act of 1946 to enhance dairy markets through dairy product mandatory reporting, and for other purposes; as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Dairy Market Enhancement Act of 2000''.

SEC. 2. DAIRY PRODUCT MANDATORY REPORTING.

The Agricultural Marketing Act of 1946 (7 U.S.C. 1621 et seq.) is amended by adding at the end the following:

''Subtitle C—Dairy Product Mandatory Reporting

''SEC. 271. PURPOSE.

''The purpose of this subtitle is to establish a program of information regarding the marketing of dairy products that—

''(1) provides information that can be readily understood by producers and other market participants, including information with respect to prices, quantities sold, and inventories of dairy products;

''(2) improves the price and supply reporting services of the Department of Agriculture; and

''(3) encourages competition in the marketplace for dairy products.

''SEC. 272. DEFINITIONS.

''In this subtitle:

''(1) DAIRY PRODUCTS.—The term 'dairy products' means manufactured dairy products that are used by the Secretary to establish minimum prices for Class III and Class IV milk under a Federal milk marketing order issued under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937.

''(2) MANUFACTURER.—The term 'manufacturer' means any person engaged in the business of buying milk in commerce for the purpose of manufacturing dairy products.

''(3) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture.

''SEC. 273. MANDATORY REPORTING FOR DAIRY PRODUCTS.

''(a) ESTABLISHMENT.—The Secretary shall establish a program of mandatory dairy product information reporting that will—

''(1) provide timely, accurate, and reliable market information;

''(2) facilitate more informed marketing decisions; and

''(3) promote competition in the dairy product manufacturing industry.

''(b) REQUIREMENTS.—

''(1) IN GENERAL.—In establishing the program, the Secretary shall only—

''(A)(i) subject to the conditions described in paragraph (2), require each manufacturer to report to the Secretary information concerning the price, quantity, and moisture content of dairy products sold by the manufacturer; and

''(ii) modify the format used to provide the information on the day before the date of enactment of this subtitle to ensure that the information can be readily understood by market participants; and

''(B) require each manufacturer and other person storing dairy products to report to the Secretary, at a periodic interval determined by the Secretary, information on the quantity of dairy products stored.

''(2) CONDITIONS.—The conditions referred to in paragraph (1)(A)(i) are that—

''(A) the information referred to in paragraph (1)(A)(i) is required only with respect to those package sizes actually used to establish minimum prices for Class III or Class IV milk under a Federal milk marketing order;

''(B) the information referred to in paragraph (1)(A)(i) is required only to the extent that the information is actually used to establish minimum prices for Class III or Class IV milk under a Federal milk marketing order;

''(C) the frequency of the required reporting under paragraph (1)(A)(i) does not exceed the frequency used to establish minimum prices for Class III or Class IV milk under a Federal milk marketing order; and

''(D) the Secretary may exempt from all reporting requirements any manufacturer that processes and markets less than 1,000,000 pounds of dairy products per year.

''(c) ADMINISTRATION.—

''(1) IN GENERAL.—The Secretary shall promulgate such regulations as are necessary to ensure compliance with, and otherwise carry out, this subtitle.

''(2) CONFIDENTIALITY.—

''(A) IN GENERAL.—Except as otherwise directed by the Secretary or the Attorney General for enforcement purposes, no officer, employee, or agent of the United States shall make available to the public information, statistics, or documents obtained from or submitted by any person under this subtitle other than in a manner that ensures that confidentiality is preserved regarding the identity of persons, including parties to a contract, and proprietary business information.

''(B) RELATION TO OTHER REQUIREMENTS.—Notwithstanding any other provision of law, no facts or information obtained under this subtitle shall be disclosed in accordance with section 552 of title 5, United States Code.

''(3) VERIFICATION.—The Secretary shall take such actions as the Secretary considers necessary to verify the accuracy of the information submitted or reported under this subtitle.

''(4) ENFORCEMENT.—

''(A) UNLAWFUL ACT.—It shall be unlawful and a violation of this subtitle for any person subject to this subtitle to willfully fail or refuse to provide, or delay the timely reporting of, accurate information to the Secretary in accordance with this subtitle.

''(B) ORDER.—After providing notice and an opportunity for a hearing to affected persons, the Secretary may issue an order against any person to cease and desist from continuing any violation of this subtitle.

''(C) APPEAL.—

''(i) IN GENERAL.—The order of the Secretary under subparagraph (B) shall be final and conclusive unless an affected person files an appeal of the order of the Secretary in United States district court not later than 30 days after the date of the issuance of the order.

''(ii) FINDINGS.—A finding of the Secretary under this paragraph shall be set aside only if the finding is found to be unsupported by substantial evidence.

''(D) NONCOMPLIANCE WITH ORDER.—

''(i) IN GENERAL.—If a person subject to this subtitle fails to obey an order issued under this paragraph after the order has become final and unappealable, or after the appropriate United States district court has entered a final judgment in favor of the Secretary, the United States may apply to the appropriate United States district court for enforcement of the order.

''(ii) ENFORCEMENT.—If the court determines that the order was lawfully made and duly served and that the person violated the order, the court shall enforce the order.

''(iii) CIVIL PENALTY.—If the court finds that the person violated the order, the person shall be subject to a civil penalty of not more than $10,000 for each offense.

''(5) FEES.—The Secretary shall not charge or assess a user fee, transaction fee, service charge, assessment, reimbursement fee, or any other fee under this subtitle for—

''(A) the submission or reporting of information;

''(B) the receipt or availability of, or access to, published reports or information; or

''(C) any other activity required under this subtitle.

''(6) RECORDKEEPING.—Each person required to report information to the Secretary under this subtitle shall maintain, and make available to the Secretary, on request, original contracts, agreements, receipts, and other records associated with the sale or storage of any dairy products during the 2-year period beginning on the date of the creation of the records.

''(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section.''.

NATIONAL RECORDING PRESERVATION ACT OF 2000

DASCHLE (AND OTHERS) AMENDMENT NO. 4341

Mr. STEVENS (for Mr. DASCHLE (for himself, Mr. LEAHY, and Mr. WYDEN)) proposed an amendment to the bill (H.R. 4846) to establish the National Recording Registry in the Library of Congress to maintain and preserve recordings that are culturally, historically, or aesthetically significant, and for other purposes; as follows:

In section 101, insert ''and collections of sound recordings'' after ''recordings''.

In section 102(a)(1), insert ''and collections of sound recordings'' after ''recordings''.

In section 102(a)(1), strike ''10 years'' and insert ''25 years''.

In section 102(a)(3), insert ''and collections of sound recordings'' after ''recordings''.

In section 102(b), insert ''or collection of sound recordings'' after ''recording''.

In section 103(a), insert ''or collection of sound recordings'' after ''recording'' each place it appears.

In section 103(b)(1), insert ''or collection of sound recordings'' after ''sound recording''.

In section 103(b)(4), insert ''or collection of sound recordings'' after ''sound recording'' the first place it appears.

In section 103(c), insert ''or collection of sound recordings'' after ''sound recording''.

In section 103(c), strike ''recording,'' and insert ''recording or collection,''.

In section 104(a), insert ''(including electronic access)'' after ''reasonable access''.

In the heading for section 122(d)(2), insert ''OR ORGANIZATION'' after ''ORGANIZATION''.

In section 124(a)(1), insert ''and collections of sound recordings'' after ''recordings'' the first place it appears.

Add at the end of section 124 the following new subsection:

(c) ENCOURAGING ACCESSIBILITY TO REGISTRY AND OUT OF PRINT RECORDINGS.—The Board shall encourage the owners of recordings and collections of recordings included in the National Recording Registry and the owners of out of print recordings to permit digital access to such recordings through the National Audio-Visual Conservation Center at Culpeper, Virginia, in order to reduce the portion of the Nation's recorded cultural legacy which is inaccessible to students, educators, and others, and may suggest such other measures as it considers reasonable and appropriate to increase public accessibility to such recordings.

Insert after section 125 the following new section:

SEC. 126. ESTABLISHMENT OF BYLAWS BY LIBRARIAN.

The Librarian may establish such bylaws (consistent with this subtitle) as the Librarian considers appropriate to govern the organization and operation of the Board, including bylaws relating to appointments and removals of members or organizations described in section 122(a)(2) which may be required as a result of changes in the title, membership, or nature of such organizations occurring after the date of the enactment of this Act.

Redesignate section 133 as section 134 and insert after section 132 the following new section:

SEC. 133. ENCOURAGING ACTIVITIES TO FOCUS ON RARE AND ENDANGERED RECORDINGS.

Congress encourages the Librarian and the Board, in carrying out their duties under this Act, to undertake activities designed to preserve and bring attention to sound recordings which are rare and sound recordings and collections of recordings which are in danger of becoming lost due to deterioration.

DASCHLE AMENDMENT NO. 4342

Mr. STEVENS (for Mr. DASCHLE) proposed an amendment to the bill (H.R. 4846) supra; as follows:

Amend the title to read as follows: ''A Bill to establish the National Recording Registry in the Library of Congress to maintain and preserve sound recordings and collections of sound recordings that are culturally, historically, or aesthetically significant, and for other purposes.''.

HONORING SCULPTOR KORCZAK ZIOLKOWSKI

On October 24, 2000, the Senate amended and passed S. Res. 371, as follows:

S. RES. 371

Whereas Korczak Ziolkowski was born in Boston, Massachusetts on September 6, 1908, the 31st anniversary of the death of Lakota Sioux leader Crazy Horse;

Whereas, although never trained in art or sculpture, Korczak Ziolkowski began a successful studio career in New England as a commissioned sculptor at age 24;

Whereas Korczak Ziolkowski's marble sculpture of composer and Polish leader Ignace Jan Paderewski won first prize at the 1939 New York World's Fair and prompted Lakota Indian Chiefs to invite Ziolkowski to carve a memorial for Native Americans;

Whereas in his invitation letter to Korczak Ziolkowski, Chief Henry Standing Bear wrote: ''My fellow chiefs and I would like the white man to know that the red man has great heroes, too.'';

Whereas in 1939, Korczak Ziolkowski assisted Gutzon Borglum in carving Mount Rushmore;

Whereas in 1941, Korczak Ziolkowski met with Chief Henry Standing Bear who taught Korczak more about the life of the brave Sioux leader Crazy Horse;

Whereas at the age of 34, Korczak Ziolkowski temporarily put his sculpting career aside when he volunteered for service in World War II, later landing on Omaha Beach;

Whereas after the war, Korczak Ziolkowski turned down other sculpting opportunities in order to accept the invitation of Chief Henry Standing Bear and dedicate the rest of his life to carving the Crazy Horse Memorial in the Black Hills of South Dakota;

Whereas on June 3, 1948, when work was begun on the Crazy Horse Memorial, Korczak Ziolkowski vowed that the memorial would be a nonprofit educational and cultural project, financed solely through private, nongovernmental sources, to honor the Native Americans of North America;

Whereas the Crazy Horse Memorial is a mountain carving-in-progress, and once completed it will be the largest sculpture in the world;

Whereas since his death on October 20, 1982, Korczak's wife Ruth, the Ziolkowski family, and the Crazy Horse Memorial Foundation have continued to work on the Memorial and to continue the dream of Korczak Ziolkowski and Chief Henry Standing Bear; and

Whereas on June 3, 1998, the Memorial entered its second half century of progress and heralded a new era of work on the mountain with the completion and dedication of the face of Crazy Horse: Now, therefore, be it

Resolved, That

(1) the Senate recognizes—

(A) the admirable efforts of the late Korczak Ziolkowski in designing and creating the Crazy Horse Memorial;

(B) that the Crazy Horse Memorial represents all North American Indian tribes, and the noble goal of reconciliation between peoples; and

(C) that the creation of the Crazy Horse Memorial, from its inception, has been accomplished through private sources and without any Federal funding; and

(2) it is the sense of the Senate that the Citizens' Stamp Advisory Committee should recommend to the Postmaster General that a commemorative postage stamp be issued in honor of sculptor Korczak Ziolkowski and the Crazy Horse Memorial for the 20th anniversary of his death, October 20, 2002.

AIRPORT SECURITY IMPROVEMENT ACT OF 2000

Mrs. HUTCHISON. Mr. President, I ask the Chair lay before the Senate a message from the House of Representatives on the bill (S. 2440).

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the bill from the Senate (S. 2440) entitled ''An Act to amend title 49, United States Code, to improve airport security'', do pass with the following amendment:

Strike out all after the enacting clause and insert:

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Airport Security Improvement Act of 2000''.

SEC. 2. CRIMINAL HISTORY RECORD CHECKS.

(a) EXPANSION OF FAA ELECTRONIC PILOT PROGRAM.—

(1) IN GENERAL.—Not later than 2 years after the date of enactment of this Act, the Administrator of the Federal Aviation Administration shall develop, in consultation with the Office of Personnel Management and the Federal Bureau of Investigation, the pilot program for individual criminal history record checks (known as the electronic fingerprint transmission pilot project) into an aviation industry-wide program.

(2) LIMITATION.—The Administrator shall not require any airport, air carrier, or screening company to participate in the program described in subsection (a) if the airport, air carrier, or screening company determines that it would not be cost effective for it to participate in the program and notifies the Administrator of that determination.

(b) APPLICATION OF EXPANDED PROGRAM.—

(1) INTERIM REPORT.—Not later than 1 year after the date of enactment of this Act, the Administrator shall transmit to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives a report describing the status of the Administrator's efforts to utilize the program described in subsection (a).

(2) NOTIFICATION CONCERNING SUFFICIENCY OF OPERATION.—If the Administrator determines that the program described in subsection (a) is not sufficiently operational 2 years after the date of enactment of this Act to permit its utilization in accordance with subsection (a), the Administrator shall notify the committees referred to in paragraph (1) of that determination.

(c) CHANGES IN EXISTING REQUIREMENTS.—Section 44936(a)(1) of title 49, United States Code, is amended—

(1) in subparagraph (A) by striking '', as the Administrator decides is necessary to ensure air transportation security,'';

(2) in subparagraph (D) by striking ''as a screener'' and inserting ''in the position for which the individual applied''; and

(3) by adding at the end the following:

''(E) CRIMINAL HISTORY RECORD CHECKS FOR SCREENERS AND OTHERS.—

''(i) IN GENERAL.—A criminal history record check shall be conducted for each individual who applies for a position described in subparagraph (A), (B)(i), or (B)(ii).

''(ii) SPECIAL TRANSITION RULE.—During the 3-year period beginning on the date of enactment of this subparagraph, an individual described in clause (i) may be employed in a position described in clause (i)—

''(I) in the first 2 years of such 3-year period, for a period of not to exceed 45 days before a criminal history record check is completed; and

''(II) in the third year of such 3-year period, for a period of not to exceed 30 days before a criminal history record check is completed,

if the request for the check has been submitted to the appropriate Federal agency and the employment investigation has been successfully completed.

''(iii) EMPLOYMENT INVESTIGATION NOT REQUIRED FOR INDIVIDUALS SUBJECT TO CRIMINAL HISTORY RECORD CHECK.—An employment investigation shall not be required for an individual who applies for a position described in subparagraph (A), (B)(i), or (B)(ii), if a criminal history record check of the individual is completed before the individual begins employment in such position.

''(iv) EFFECTIVE DATE.—This subparagraph shall take effect—

''(I) 30 days after the date of enactment of this subparagraph with respect to individuals applying for a position at an airport that is defined as a Category X airport in the Federal

Aviation Administration approved air carrier security programs required under part 108 of title 14, Code of Federal Regulations; and

''(II) 3 years after such date of enactment with respect to individuals applying for a position at any other airport that is subject to the requirements of part 107 of such title.

''(F) EXEMPTION.—An employment investigation, including a criminal history record check, shall not be required under this subsection for an individual who is exempted under section 107.31(m) of title 14, Code of Federal Regulations, as in effect on the date of enactment of this subparagraph.''.

(d) LIST OF OFFENSES BARRING EMPLOYMENT.—Section 44936(b)(1)(B) of title 49, United States Code, is amended—

(1) by inserting ''(or found not guilty by reason of insanity)'' after ''convicted'';

(2) in clause (xi) by inserting ''or felony unarmed'' after ''armed'';

(3) by striking ''or'' at the end of clause (xii);

(4) by redesignating clause (xiii) as clause (xv) and inserting after clause (xii) the following:

''(xiii) a felony involving a threat;

''(xiv) a felony involving—

''(I) willful destruction of property;

''(II) importation or manufacture of a controlled substance;

''(III) burglary;

''(IV) theft;

''(V) dishonesty, fraud, or misrepresentation;

''(VI) possession or distribution of stolen property;

''(VII) aggravated assault;

''(VIII) bribery; and

''(IX) illegal possession of a controlled substance punishable by a maximum term of imprisonment of more than 1 year, or any other crime classified as a felony that the Administrator determines indicates a propensity for placing contraband aboard an aircraft in return for money; or''; and

(5) in clause (xv) (as so redesignated) by striking ''clauses (i)–(xii) of this paragraph'' and inserting ''clauses (i) through (xiv)''.

SEC. 3. IMPROVED TRAINING.

(a) TRAINING STANDARDS FOR SCREENERS.—Section 44935 of title 49, United States Code, is amended by adding at the end the following:

''(e) TRAINING STANDARDS FOR SCREENERS.—

''(1) ISSUANCE OF FINAL RULE.—Not later than May 31, 2001, and after considering comments on the notice published in the Federal Register for January 5, 2000 (65 Fed. Reg. 559 et seq.), the Administrator shall issue a final rule on the certification of screening companies.

''(2) CLASSROOM INSTRUCTION.—

''(A) IN GENERAL.—As part of the final rule, the Administrator shall prescribe minimum standards for training security screeners that include at least 40 hours of classroom instruction before an individual is qualified to provide security screening services under section 44901.

''(B) CLASSROOM EQUIVALENCY.—Instead of the 40 hours of classroom instruction required under subparagraph (A), the final rule may allow an individual to qualify to provide security screening services if that individual has successfully completed a program that the Administrator determines will train individuals to a level of proficiency equivalent to the level that would be achieved by the classroom instruction under subparagraph (A).

''(3) ON-THE-JOB TRAINING.—In addition to the requirements of paragraph (2), as part of the final rule, the Administrator shall require that before an individual may exercise independent judgment as a security screener under section 44901, the individual shall—

''(A) complete 40 hours of on-the-job training as a security screener; and

''(B) successfully complete an on-the-job training examination prescribed by the Administrator.''.

(b) COMPUTER-BASED TRAINING FACILITIES.—Section 44935 of title 49, United States Code, is further amended by adding at the end the following:

''(f) ACCESSIBILITY OF COMPUTER-BASED TRAINING FACILITIES.—The Administrator shall work with air carriers and airports to ensure that computer-based training facilities intended for use by security screeners at an airport regularly serving an air carrier holding a certificate issued by the Secretary of Transportation are conveniently located for that airport and easily accessible.''.

SEC. 4. IMPROVING SECURED-AREA ACCESS CONTROL.

Section 44903 of title 49, United States Code, is amended by adding at the end the following:

''(g) IMPROVEMENT OF SECURED-AREA ACCESS CONTROL.—

''(1) ENFORCEMENT.—

''(A) ADMINISTRATOR TO PUBLISH SANCTIONS.—The Administrator shall publish in the Federal Register a list of sanctions for use as guidelines in the discipline of employees for infractions of airport access control requirements. The guidelines shall incorporate a progressive disciplinary approach that relates proposed sanctions to the severity or recurring nature of the infraction and shall include measures such as remedial training, suspension from security-related duties, suspension from all duties without pay, and termination of employment.

''(B) USE OF SANCTIONS.—Each airport operator, air carrier, and security screening company shall include the list of sanctions published by the Administrator in its security program. The security program shall include a process for taking prompt disciplinary action against an employee who commits an infraction of airport access control requirements.

''(2) IMPROVEMENTS.—The Administrator shall—

''(A) work with airport operators and air carriers to implement and strengthen existing controls to eliminate airport access control weaknesses by January 31, 2001;

''(B) require airport operators and air carriers to develop and implement comprehensive and recurring training programs that teach employees their roles in airport security, the importance of their participation, how their performance will be evaluated, and what action will be taken if they fail to perform;

''(C) require airport operators and air carriers to develop and implement programs that foster and reward compliance with airport access control requirements and discourage and penalize noncompliance in accordance with guidelines issued by the Administrator to measure employee compliance;

''(D) assess and test for compliance with access control requirements, report findings, and assess penalties or take other appropriate enforcement actions when noncompliance is found;

''(E) improve and better administer the Administrator's security database to ensure its efficiency, reliability, and usefulness for identification of systemic problems and allocation of resources;

''(F) improve the execution of the Administrator's quality control program by January 31, 2001; and

''(G) require airport operators and air carriers to strengthen access control points in secured areas (including air traffic control operations areas) to ensure the security of passengers and aircraft by January 31, 2001.''.

SEC. 5. PHYSICAL SECURITY FOR ATC FACILITIES.

(a) IN GENERAL.—In order to ensure physical security at Federal Aviation Administration staffed facilities that house air traffic control systems, the Administrator of the Federal Aviation Administration shall act immediately to—

(1) correct physical security weaknesses at air traffic control facilities so the facilities can be granted physical security accreditation not later than April 30, 2004; and

(2) ensure that follow-up inspections are conducted, deficiencies are promptly corrected, and accreditation is kept current for all air traffic control facilities.

(b) REPORTS.—Not later than April 30, 2001, and annually thereafter through April 30, 2004, the Administrator shall transmit to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives a report on the progress being made in improving the physical security of air traffic control facilities, including the percentage of such facilities that have been granted physical security accreditation.

SEC. 6. EXPLOSIVES DETECTION EQUIPMENT.

Section 44903(c)(2) of title 49, United States Code, is amended by adding at the end the following:

''(C) MANUAL PROCESS.—

''(i) IN GENERAL.—The Administrator shall issue an amendment to air carrier security programs to require a manual process, at explosive detection system screen locations in airports where explosive detection equipment is underutilized, which will augment the Computer Assisted Passenger Prescreening System by randomly selecting additional checked bags for screening so that a minimum number of bags, as prescribed by the Administrator, are examined.

''(ii) LIMITATION ON STATUTORY CONSTRUCTION.—Clause (i) shall not be construed to limit the ability of the Administrator to impose additional security measures on an air carrier or a foreign air carrier when a specific threat warrants such additional measures.

''(iii) MAXIMUM USE OF EXPLOSIVE DETECTION EQUIPMENT.—In prescribing the minimum number of bags to be examined under clause (i), the Administrator shall seek to maximize the use of the explosive detection equipment.''.

SEC. 7. AIRPORT NOISE STUDY.

(a) IN GENERAL.—Section 745 of the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (49 U.S.C. 47501 note; 114 Stat. 178) is amended—

*(1) in the section heading by striking ''**GENERAL ACCOUNTING OFFICE**'';*

(2) in subsection (a) by striking ''Comptroller General of the United States shall'' and inserting ''Secretary shall enter into an agreement with the National Academy of Sciences to'';

(3) in subsection (b)—

(A) by striking ''Comptroller General'' and inserting ''National Academy of Sciences'';

(B) by striking paragraph (1);

(C) by adding ''and'' at the end of paragraph (4);

(D) by striking ''; and'' at the end of paragraph (5) and inserting a period;

(E) by striking paragraph (6); and

(F) by redesignating paragraphs (2), (3), (4), and (5) as paragraphs (1), (2), (3), and (4), respectively;

(4) by striking subsection (c) and inserting the following:

''(c) REPORT.—Not later than 18 months after the date of the agreement entered into under subsection (a), the National Academy of Sciences shall transmit to the Secretary a report on the results of the study. Upon receipt of the report, the Secretary shall transmit a copy of the report to the appropriate committees of Congress.

''(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated such sums as may be necessary to carry out this section.''.

(b) CONFORMING AMENDMENT.—The table of contents for such Act (114 Stat. 61 et seq.) is

amended by striking item relating to section 745 and inserting the following:

''Sec. 745. Airport noise study.''.

SEC. 8. TECHNICAL AMENDMENTS.

(a) FEDERAL AVIATION MANAGEMENT ADVISORY COUNCIL.—Section 106(p)(2) is amended by striking ''15'' and inserting ''18''.

(b) NATIONAL PARKS AIR TOUR MANAGEMENT.—Title VIII of the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (49 U.S.C. 40128 note; 114 Stat. 185 et seq.) is amended—

(1) in section 803(c) by striking ''40126'' each place it appears and inserting ''40128'';

(2) in section 804(b) by striking ''40126(e)(4)'' and inserting ''40128(f)''; and

(3) in section 806 by striking ''40126'' and inserting ''40128''.

(c) RESTATEMENT OF PROVISION WITHOUT SUBSTANTIVE CHANGE.—Section 41104(b) of title 49, United States Code, is amended—

(1) by striking paragraph (1) and inserting the following:

''(1) IN GENERAL.—Except as provided in paragraph (3), an air carrier, including an indirect air carrier, may not provide, in aircraft designed for more than 9 passenger seats, regularly scheduled charter air transportation for which the public is provided in advance a schedule containing the departure location, departure time, and arrival location of the flight unless such air transportation is to and from an airport that has an airport operating certificate issued under part 139 of title 14, Code or Federal Regulations (or any subsequent similar regulation).''; and

(2) by adding at the end the following:

''(3) EXCEPTION.—This subsection does not apply to any airport in the State of Alaska or to any airport outside the United States.''.

SEC. 9. EFFECTIVE DATE.

Except as otherwise expressly provided, this Act and the amendments made by this Act shall take effect 30 days after the date of enactment of this Act.

Mrs. HUTCHISON. I ask unanimous consent the Senate agree to the amendment of the House.

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

Mrs. HUTCHISON. Mr. President, we have just passed the Aviation Security Improvement Act of 2000. I am very pleased that we have been able, in a very bipartisan way, to pass this bill. I would like to just talk a little bit about how we came to pass the Aviation Security Act of 2000.

Thanks to Senator SLADE GORTON, the chairman of the Aviation Subcommittee, I was able to chair a hearing in which we heard from the FAA, particularly Admiral Flynn, about the state of our airport security. ''What is the state of our airport security?'' we asked. We wanted to know if we were doing everything we could to give our traveling public the most security possible.

Admiral Flynn did a report and shared that with the Members of the Senate who came to the hearing. Every single Senator who attended the hearing became a cosponsor of the bill that we have just passed because there were some areas that we could clearly see needed to be made more strict, more stringent, just to make sure that we take every single measure we can to make our airports totally secure. Not that they are not, but there were some areas in which we could do better.

So after the hearing and because of the outstanding testimony of Admiral Flynn of the FAA, we did put together a bill that was quite bipartisan. Chairman JOHN MCCAIN of the Commerce Committee came together with Chairman SLADE GORTON of the Aviation Subcommittee. Senators HOLLINGS, INOUYE, BRYAN, and ROCKEFELLER all became immediate cosponsors of the bill. With that bipartisan group, we were able to make the changes that have been passed by the House and now will go to the President.

Six hundred million travelers will pass through U.S. airports. Their safety depends on the soundness of the inspection points and the checkpoints, and we all have been through those monitors and we know how important it is that we have the best equipment and the best trained technicians to make sure we do not have any kind of firearms or explosives of any kind going into our airplanes.

So we were able to pass this bill. I just want to make a couple of the points that are important in the bill.

First, today, a person who has a lapse in employment history—whether it would be a year, 18 months, 2 years—would have a criminal background check done before they could be hired to be an airport baggage screener.

Under the bill that we are passing today, there will be a criminal history record check on every person who becomes a baggage screener.

Secondly, we looked at the airport training requirements for airport baggage screeners. We found that in the most industrialized countries there is a minimum of 40 hours of required training before a person can become a baggage screener, but in America the standard is 8 hours.

The committee and the Congress believe we need to have more hours of required training and a test for baggage screeners. That will happen because of the bill we have just passed.

Third, the security procedures in sensitive areas, such as the air traffic control towers, will be beefed up. And there will be prescribed security protocols and sanctions for people who violate those protocols.

And fourth, the new generation of explosive detection systems will be utilized at a higher rate because of the bill we have passed today.

I think we have done a very good job. I am very pleased that we had such a bipartisan effort on this piece of legislation. It could not have happened without the House and the Senate working together and so many people who did come into the negotiations on this bill. The leadership of our chairman, JOHN MCCAIN, and our subcommittee chairman, SLADE GORTON, were essential, along with Senators HOLLINGS, INOUYE, BRYAN, and ROCKEFELLER.

I also thank the staff who worked so hard. As you know, many times Senators have 10 things that are being asked of them at any one time. Without very good staff work, this would not have passed. So I especially thank my Commerce Committee staff legislative aid, Joe Mondello, who did yeoman service in making sure the bill got through committee and worked out all the little things that came up that could have unraveled the bill and did not. On Senator MCCAIN's staff, Mike Reynolds, and Rob Chamberlin, who also did terrific work in making sure we got this expeditiously through the committee in the last hours of the session, because we did not want to wait 60 days before we could bring this back next year. It is too important.

The air traveling public deserve to have the very best airport security. That is what this bill will allow. I believe the President will sign the bill. I urge him to do so.

Thank you, Mr. President.

APPOINTMENTS

The PRESIDING OFFICER. The Chair, on behalf of the Majority Leader, pursuant to Public Law 106–173, announces the following appointments to the Abraham Lincoln Bicentennial Commission: The Senator from Kentucky (Mr. BUNNING), and Dr. Gabor S. Boritt, of Pennsylvania.

JAMES MADISON COMMEMORATION COMMISSION ACT

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of S. 3137.

The PRESIDING OFFICER. The clerk will report the bill by title.

The assistant legislative clerk read as follows:

A bill (S. 3137) to establish a commission to commemorate the 250th anniversary of the birth of James Madison.

There being no objection, the Senate proceeded to consider the bill.

Mr. LEAHY. Mr. President, I am pleased that the Senate is passing S. 3137, the James Madison Commemoration Commission Act. I was an original cosponsor of this legislation, which will establish a bipartisan commission to recognize the life and accomplishments of James Madison on the 250th anniversary of his birth, March 16, 2001.

Among his many accomplishments, James Madison was the primary author of the U.S. Constitution, a document so brilliantly constructed that it has been amended only 27 times in our Nation's history. The first 10 amendments were ratified as our Bill of Rights in 1791, over two centuries ago. There have been just 17 additional amendments.

Our tribute to the Father of the Constitution comes in the same year that

the Senate defeated no less than three ill-conceived proposals to amend his handiwork. I am proud that we were good stewards of the Constitution, and that the anniversary of Madison's birth will truly be a cause for celebration.

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that the bill be read a second and third time and passed, the motion to reconsider be laid upon the table, and that any statements relating to the bill be printed in the RECORD.

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

The bill (S. 3137) was read the third time and passed, as follows:

S. 3137

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 ''James Madison Commemoration Commission Act''.

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

Sec. 1. Short title; table of contents.
Sec. 2. Congressional findings.
Sec. 3. Establishment.
Sec. 4. Duties.
Sec. 5. Membership.
Sec. 6. Powers.
Sec. 7. Staffing and support.
Sec. 8. Contributions.
Sec. 9. Reports.
Sec. 10. Audit of financial transactions.
Sec. 11. Termination.
Sec. 12. Authorization of appropriations.

SEC. 2. CONGRESSIONAL FINDINGS.

Congress finds that—

(1) March 16, 2001, marks the 250th anniversary of the birth of James Madison;

(2) as a delegate to the Continental Congress, and to the Annapolis Convention of 1786, James Madison foresaw the need for a more effective national government and was a persuasive advocate for such a government at the Philadelphia Constitutional Convention of 1787;

(3) James Madison worked tirelessly and successfully at the Constitutional Convention to mold a national charter, the United States Constitution, that combined both energy and restraint, empowering the legislature, the executive, and the judiciary, within a framework of limited government, separated powers, and a system of federalism;

(4) James Madison was an eloquent proponent of the first 10 amendments to the Constitution, the Bill of Rights;

(5) James Madison faithfully served his country as a Representative in Congress from 1789 to 1797, as Secretary of State from 1801 to 1809, and as President of the United States from 1809 to 1817;

(6) as President, James Madison showed courage and resolute will in leading the United States to victory over Great Britain in the War of 1812;

(7) James Madison's political writings, as exemplified by his Notes on the Federal Convention and his contributions to The Federalist Papers, are among the most distinguished of American state papers;

(8) by his learning, his devotion to ordered liberty, and by the force of his intellect, James Madison made an indispensable contribution to the American tradition of democratic constitutional republicanism embodied in the Constitution of the United States, and is justifiably acclaimed as father of the Constitution;

(9) it is appropriate to remember, honor, and renew the legacy of James Madison for the American people and, indeed for all mankind; and

(10) as the Nation approaches March 16, 2001, marking the anniversary of the birth of James Madison, it is appropriate to establish a commission for the commemoration of that anniversary.

SEC. 3. ESTABLISHMENT.

A commission to be known as the James Madison Commemoration Commission (in this Act referred to as the ''Commission'') and a committee to be known as the James Madison Commemoration Advisory Committee (in this Act referred to as the ''Advisory Committee'') are established.

SEC. 4. DUTIES.

(a) COMMISSION.—The Commission shall—

(1) in cooperation with the Advisory Committee and the Library of Congress, direct the Government Printing Office to compile and publish a substantial number of copies of a book (as directed by the Commission) containing a selection of the most important writings of James Madison and tributes to him by members of the Commission and other persons that the Commission deems appropriate;

(2) in cooperation with the Advisory Committee and the Library of Congress, plan and coordinate 1 or more symposia, at least 1 of which will be held on March 16, 2001, and all of which will be devoted to providing a better understanding of James Madison's contribution to American political culture;

(3) in cooperation with the Advisory Committee recognize such other events celebrating James Madison's birth and life as official events of the Commission;

(4) develop and coordinate any other activities relating to the anniversary of the birth of James Madison as may be appropriate;

(5) accept essay papers (via the Internet or otherwise) from students attending public and private institutions of elementary and secondary education in any State regarding James Madison's life and contributions to America and award certificates to students who author exceptional papers on this subject; and

(6) bestow honorary memberships to the Commission or to the Advisory Committee upon such persons as it deems appropriate.

(b) ADVISORY COMMITTEE.—The Advisory Committee shall—

(1) submit a suggested selection of James Madison's most important writings to the Commission for the Commission to consider for inclusion in the book printed as provided in subsection (a)(1);

(2) submit a list and description of events concerning the birth and life of James Madison to the Commission for the Commission's consideration in recognizing such events as official ''Commission Events''; and

(3) make such other recommendations to the Commission as a majority of its members deem appropriate.

SEC. 5. MEMBERSHIP.

(a) MEMBERSHIP OF THE COMMISSION.—

(1) NUMBER AND APPOINTMENT.—The Commission shall be composed of 19 members, as follows:

(A) The Chief Justice of the United States or such individual's delegate who is an Associate Justice of the Supreme Court of the United States.

(B) The Majority Leader and the Minority Leader of the Senate or each such individual's delegate who is a Member of the Senate.

(C) The Speaker of the House of Representatives and the Minority Leader of the House of Representatives or each such individual's delegate who is a Member of the House of Representatives.

(D) The Chairman and the Ranking Member of the Committee on the Judiciary of the Senate or each such individual's delegate who is a member of such committee.

(E) The Chairman and the Ranking Member of the Committee on the Judiciary of the House of Representatives or each such individual's delegate who is a member of such committee.

(F) Two Members of the Senate selected by the Majority Leader of the Senate and 2 Members of the Senate selected by the Minority Leader of the Senate.

(G) Two members of the House of Representatives selected by the Speaker of the House of Representatives and 2 Members of the House of Representatives selected by the Minority Leader of the House of Representatives.

(H) Two members of the executive branch selected by the President of the United States.

(2) CHAIRMAN AND VICE CHAIRMAN.—The Chief Justice of the United States shall serve as Chairman of the Commission and the members of the Commission shall select a vice chairman from its members, unless the Chief Justice appoints a delegate to serve in his stead, in which circumstance, the members of the Commission shall select a chairman and vice chairman from its members.

(b) MEMBERSHIP OF THE ADVISORY COMMITTEE.—

(1) NUMBER AND APPOINTMENT.—The Advisory Committee shall be composed of 14 members, as follows:

(A) The Archivist of the United States or such individual's delegate.

(B) The Secretary of the Smithsonian Institution or such individual's delegate.

(C) The Executive Director of Montpelier, the home of James Madison, and the 2001 Planning Committee of Montpelier or such individual's delegate.

(D) The President of James Madison University in Harrisonburg, Virginia or such individual's delegate.

(E) The Director of the James Madison Center, James Madison University in Harrisonburg, Virginia or such individual's delegate.

(F) The President of the James Madison Memorial Fellowship Foundation or such individual's delegate.

(G) Two members, who are not Members of Congress but have expertise on the legal and historical significance of James Madison, selected by the Majority Leader of the Senate, and 2 members, who are not Members of Congress but have expertise on the legal and historical significance of James Madison, selected by the Minority Leader of the Senate.

(H) Two members, who are not Members of Congress but who have expertise on the legal and historical significance of James Madison, selected by the Speaker of the House of Representatives, and 2 members, who are not Members of Congress but who have expertise on the legal and historical significance of James Madison, selected by the Minority Leader of the House of Representatives.

(2) CHAIRMAN AND VICE CHAIRMAN.—The members of the Advisory Committee shall select a chairman and vice chairman from its members.

(c) TERMS.—Each member of the Commission shall be selected and each member of the Advisory Committee shall be selected not later than 90 days after the date of enactment of this Act and shall serve for the

life of the Commission and the Advisory Committee, respectively.

(d) VACANCIES.—A vacancy in the Commission shall be filled in the same manner in which the original appointment was made in subsection (a). A vacancy in the Advisory Committee shall be filled by the person holding the office named in subsection (b) or his designate.

(e) COMPENSATION.—

(1) RATES OF PAY.—Members of the Commission and the Advisory Committee shall serve without pay.

(2) TRAVEL EXPENSES.—Each member of the Commission and the Advisory Committee may receive travel expenses, including per diem in lieu of subsistence, in accordance with sections 5702 and 5703 of title 5, United States Code.

(f) MEETINGS.—The Commission shall meet at the call of its chairman or a majority of its members. The Advisory Committee shall meet at the call of the chairman or a majority of its members.

(g) APPROVAL OF ACTIONS.—All official actions of the Commission under this Act shall be approved by the affirmative vote of not less than a majority of the members. All official actions of the Advisory Committee under this Act shall be approved by the affirmative vote of not less than a majority of the members.

SEC. 6. POWERS.

(a) DELEGATION OF AUTHORITY.—Any member or staff person of the Commission may, if authorized by the Commission, take any action that the Commission is authorized to take by this Act.

(b) CONTRACT AUTHORITY.—

(1) IN GENERAL.—The Commission may procure services and property, and make or enter into contracts, leases, or other legal agreements, in order to carry out this Act.

(2) RESTRICTION.—The contracts, leases, or other legal agreements made or entered into by the Commission shall not extend beyond the date of termination of the Commission.

(3) TERMINATION.—All supplies and property acquired by the Commission under this Act that remain in the possession of the Commission on the date of termination of the Commission shall become the property of the General Services Administration upon the date of the termination.

(c) INFORMATION.—

(1) IN GENERAL.—The Commission may secure directly from any Federal agency information necessary to enable it to carry out this Act. Upon request of the chairperson of the Commission, the head of the Federal agency shall furnish the information to the Commission.

(2) EXCEPTION.—Paragraph (1) shall not apply to any information that the Commission is prohibited to secure or request by another law.

(d) RULES AND REGULATIONS.—The Commission may adopt such rules and regulations as may be necessary to conduct meetings and carry out its duties under this Act. The Commission may also adopt such rules for the Advisory Committee.

(e) MAILS.—The Commission may use the United States mails in the same manner and under the same conditions as other Federal agencies, and the Committee on the Judiciary of the Senate may mail items on behalf of the Commission.

(f) NECESSARY AND PROPER POWERS.—The Commission may exercise such other powers as are necessary and proper in carrying out and effecting the purposes of this Act.

SEC. 7. STAFFING AND SUPPORT.

The Chairman of the Committee on the Judiciary of the Senate, the Chairman of the Committee on the Judiciary of the House of Representatives, and the Librarian of Congress shall provide the Commission and the Advisory Committee with such assistance, including staff support, facilities, and supplies at no charge, as may be necessary to carry out its duties.

SEC. 8. CONTRIBUTIONS.

(a) DONATIONS.—The Commission may accept donations of money, personal services, and property, both real and personal, including books, manuscripts, miscellaneous printed matter, memorabilia, relics, and other materials related to James Madison.

(b) USE OF FUNDS.—

(1) IN GENERAL.—Any funds donated to the Commission may be used by the Commission to carry out this Act. The source and amount of such funds shall be listed in the interim and final reports required under section 9.

(2) PROCUREMENT REQUIREMENTS.—

(A) IN GENERAL.—In addition to any procurement requirement otherwise applicable to the Commission, the Commission shall conduct procurements of property or services involving donated funds pursuant to the small purchase procedures required by section 303(g) of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 253(g)). Section 15(j) of the Small Business Act (15 U.S.C. 644(j)) shall not apply to such procurements.

(B) DEFINITION.—In this paragraph, the term ''donated funds'' means any funds of which 50 percent or more derive from funds donated to the Commission.

(c) VOLUNTEER SERVICES.—Notwithstanding section 1342 of title 31, United States Code, the Commission may accept and use voluntary and uncompensated services as the Commission determines necessary.

(d) REMAINING FUNDS.—Funds remaining upon the date of termination of the Commission shall be used to ensure the proper disposition of property donated to the Commission as specified in the final report required by section 9.

SEC. 9. REPORTS.

(a) INTERIM REPORT.—Not later than February 15, 2001, the Commission shall prepare and submit to the President and Congress an interim report detailing the activities of the Commission, including an accounting of funds received and expended by the Commission, during the period beginning on the date of enactment of this Act and ending on December 31, 2000.

(b) FINAL REPORT.—Not later than February 15, 2002, the Commission shall submit to the President and to Congress a final report containing—

(1) a summary of the activities of the Commission;

(2) a final accounting of funds received and expended by the Commission;

(3) the findings, conclusions, and recommendations of the Commission;

(4) specific recommendations concerning the final disposition of historically significant items donated to the Commission under section 8(a), if any; and

(5) any additional views of any member of the Commission concerning the Commission's recommendations that such member requests to be included in the final report.

SEC. 10. AUDIT OF FINANCIAL TRANSACTIONS.

(a) IN GENERAL.—The Inspector General of the General Services Administration shall audit financial transactions of the Commission, including financial transactions involving donated funds, in accordance with generally accepted auditing standards. In conducting an audit pursuant to this section, the Inspector General shall have access to all books, accounts, financial records, reports, files, and other papers, items, or property in use by the Commission, as necessary to facilitate the audit, and shall be afforded full facilities for verifying transactions with the balances or securities held by depositories, fiscal agents, and custodians.

(b) AUDIT REPORTS.—Not later than March 15, 2001, the Inspector General of the General Services Administration shall submit to the President and to Congress a report detailing the results of any audit of the financial transactions of the Commission conducted before January 1, 2001. Not later than March 15, 2002, such Inspector General shall submit to the President and to Congress a report detailing the results of any audit of the financial transactions of the Commission conducted during the period beginning on January 1, 2001, and ending on December 31, 2001.

SEC. 11. TERMINATION.

The Commission and the Advisory Committee shall terminate not later than 60 days following submission of the final report required by section 9.

SEC. 12. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this Act $250,000 for fiscal year 2001.

INTERSTATE TRANSPORTATION OF DANGEROUS CRIMINALS ACT OF 1999

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of Calendar No. 859, S. 1898.

The PRESIDING OFFICER. The clerk will report the bill by title.

The assistant legislative clerk read as follows:

A bill (S. 1898) to provide protection against the risks to the public that are inherent in the interstate transportation of violent prisoners.

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on the Juidiciary, with an amendment; as follows:

[Strike out all after the enacting clause and insert the part printed in italic.]

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Interstate Transportation of Dangerous Criminals Act of 2000'' or ''Jeanna's Act''.

SEC. 2. FINDINGS.

Congress finds the following:

(1) Increasingly, States are turning to private prisoner transport companies as an alternative to their own personnel or the United States Marshals Service when transporting violent prisoners.

(2) The transport process can last for days if not weeks, as violent prisoners are dropped off and picked up at a network of hubs across the country.

(3) Escapes by violent prisoners during transport by private prisoner transport companies have occurred.

(4) Oversight by the Attorney General is required to address these problems.

(5) While most governmental entities may prefer to use, and will continue to use, fully trained and sworn law enforcement officers when transporting violent prisoners, fiscal or logistical concerns may make the use of highly

specialized private prisoner transport companies an option. Nothing in this Act should be construed to mean that governmental entities should contract with private prisoner transport companies to move violent prisoners; however when a government entity opts to use a private prisoner transport company to move violent prisoners, then the company should be subject to regulation in order to enhance public safety.

SEC. 3. DEFINITIONS.

In this Act:

(1) CRIME OF VIOLENCE.—The term ''crime of violence'' has the same meaning as in section 924(c)(3) of title 18, United States Code.

(2) PRIVATE PRISONER TRANSPORT COMPANY.—The term ''private prisoner transport company'' means any entity, other than the United States, a State, or an inferior political subdivision of a State, which engages in the business of the transporting for compensation, individuals committed to the custody of any State or of an inferior political subdivision of a State, or any attempt thereof.

(3) VIOLENT PRISONER.—The term ''violent prisoner'' means any individual in the custody of a State or an inferior political subdivision of a State who has previously been convicted of or is currently charged with a crime of violence or any similar statute of a State or the inferior political subdivisions of a State, or any attempt thereof.

SEC. 4. FEDERAL REGULATION OF PRISONER TRANSPORT COMPANIES.

(a) IN GENERAL.—Not later than 180 days after the date of enactment of this Act, the Attorney General, in consultation with the American Correctional Association and the private prisoner transport industry, shall promulgate regulations relating to the transportation of violent prisoners in or affecting interstate commerce.

(b) STANDARDS AND REQUIREMENTS.—The regulations shall include the following:

(1) Minimum standards for background checks and preemployment drug testing for potential employees, including requiring criminal background checks, to disqualify persons with a felony conviction or domestic violence conviction as defined by section 921 of title 18, United States Code, for eligibility for employment. Preemployment drug testing will be in accordance with applicable State laws.

(2) Minimum standards for the length and type of training that employees must undergo before they can transport prisoners not to exceed 100 hours of preservice training focusing on the transportation of prisoners. Training shall be in the areas of use of restraints, searches, use of force, including use of appropriate weapons and firearms, CPR, map reading, and defensive driving.

(3) Restrictions on the number of hours that employees can be on duty during a given time period. Such restriction shall not be more stringent than current applicable rules and regulations concerning hours of service promulgated under the Federal Motor Vehicle Safety Act.

(4) Minimum standards for the number of personnel that must supervise violent prisoners. Such standards shall provide the transport entity with appropriate discretion, and, absent more restrictive requirements contracted for by the procuring government entity, shall not exceed a requirement of 1 agent for every 6 violent prisoners.

(5) Minimum standards for employee uniforms and identification that require wearing of a uniform with a badge or insignia identifying the employee as a transportation officer.

(6) Standards establishing categories of violent prisoners required to wear brightly colored clothing clearly identifying them as prisoners, when appropriate.

(7) Minimum requirements for the restraints that must be used when transporting violent prisoners, to include leg shackles and double-locked handcuffs, when appropriate.

(8) A requirement that when transporting violent prisoners, private prisoner transport companies notify local law enforcement officials 24 hours in advance of any scheduled stops in their jurisdiction.

(9) A requirement that in the event of an escape by a violent prisoner, private prisoner transport company officials shall immediately notify appropriate law enforcement officials in the jurisdiction where the escape occurs, and the governmental entity that contracted with the private prisoner transport company for the transport of the escaped violent prisoner.

(10) Minimum standards for the safety of violent prisoners in accordance with applicable Federal and State law.

(c) FEDERAL STANDARDS.—Except for the requirements of subsection (b)(6), the regulations promulgated under this Act shall not provide stricter standards with respect to private prisoner transport companies than are applicable, without exception, to the United States Marshals Service, Federal Bureau of Prisons, and the Immigration and Naturalization Service when transporting violent prisoners under comparable circumstances.

SEC. 5. ENFORCEMENT.

(a) PENALTY.—Any person who is found in violation of the regulations established by this Act shall—

(1) be liable to the United States for a civil penalty in an amount not to exceed $10,000 for each violation and, in addition, to the United States for the costs of prosecution; and

(2) make restitution to any entity of the United States, of a State, or of an inferior political subdivision of a State, which expends funds for the purpose of apprehending any violent prisoner who escapes from a prisoner transport company as the result, in whole or in part, of a violation of regulations promulgated pursuant to section 4(a).

Mr. LEAHY. Mr. President, I rise today to express my strong support for S. 1898, the Interstate Transportation of Dangerous Criminals Act, also known as ''Jeanna's bill.'' I worked with Senator DORGAN in developing this legislation, which passed the Judiciary Committee in September with unanimous bipartisan support. I praise Senator DORGAN's leadership, and am proud to be an original cosponsor.

Kyle Bell was sentenced to life in prison for the brutal murder of 11-year old Jeanna North. On October 13, 1999, Bell escaped, while being transferred interstate by a private prisoner transport company. He picked the locks on his handcuffs and leg irons, and slipped off the bus while it was stopped for gas in New Mexico. He was wearing his own street clothes and shoes. The guards did not notice that Bell was missing until nine hours later, and then delayed in notifying New Mexico authorities.

Kyle Bell's escape is not an isolated case. In recent years, there have been several escapes by violent criminals when vans operated by private prisoner transport companies broke down or guards fell asleep on duty. There have also been an alarming number of traffic accidents in which prisoners were seriously injured or killed because drivers were tired, inattentive or poorly trained.

Privatization of prisons and prisoner transportation services may be cost efficient, but public safety must come first. Jeanna's bill, S.1898, requires the Attorney General to establish some basic, common-sense guidelines for private companies that transport violent criminals across State lines, including:

minimum standards for pre-employment background checks;

minimum standards for training employees;

minimum standards for the identification, restraint, and safety of violent prisoners; and

a requirement that private prisoner transport companies notify local law enforcement in advance of any stops in their jurisdiction.

A violation is punishable by a $10,000 fine, plus restitution for the cost of recapturing any violent prisoner who escapes as the result of such violation. This should create a healthy incentive for companies to abide by the regulations and operate responsibly.

As Senator DORGAN has pointed out, a company hauling hazardous waste, cattle, or even circus animals has to meet certain minimum standards. Yet there are no requirements for hauling violent criminals around the country.

Jeanna's bill has been endorsed by a wide range of law enforcement and victims' rights groups, including the National Sheriff's Association, the National Association of Police Organizations, the Fraternal Order of Police, the California Correctional Peace Officers Association, the New York Correctional Officers and Police Benevolent Association, the National Organization of Parents of Murdered Children, the KlassKids Foundation, and many others. It will go a long way toward preventing more violent criminals from escaping. I am pleased that the Senate is finally passing this important legislation, and urge the House of Representatives to do the same.

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that the committee substitute be agreed to, the bill be read a third time and passed, the motion to reconsider be laid upon the table, and that any statements relating to the bill be printed in the RECORD.

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

The committee amendment in the nature of a substitute was agreed to.

The bill (S. 1898), as amended, was read the third time and passed.

AMENDING THE IMMIGRATION AND NATIONALITY ACT

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that the Senate now proceed to the immediate consideration of S. 3239, introduced earlier today by Senators HELMS and KENNEDY.

The PRESIDING OFFICER. The clerk will report the bill by title.

The assistant legislative clerk read as follows:

A bill (S. 3239) to amend the Immigration and Nationality Act to provide special immigrant status for certain United States international broadcasting employees.

There being no objection, the Senate proceeded to consider the bill.

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that the bill be read a third time and passed, the motion to reconsider be laid upon the table, and that any statements relating to the bill be printed in the RECORD.

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

The bill (S. 3239) was read the third time and passed, as follows:

S. 3239

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

SECTION 1. SPECIAL IMMIGRANT STATUS FOR CERTAIN UNITED STATES INTERNATIONAL BROADCASTING EMPLOYEES.

(a) SPECIAL IMMIGRANT CATEGORY.—Section 101(a)(27) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(27)) is amended—

(1) by striking ''or'' at the end of subparagraph (K);

(2) by striking the period at the end of subparagraph (L); and

(3) by adding at the end the following new subparagraph:

''(M) subject to the numerical limitations of section 203(b)(4), an immigrant who seeks to enter the United States to work as a broadcaster in the United States for the International Broadcasting Bureau of the Broadcasting Board of Governors, or for a grantee of the Broadcasting Board of Governors, and the immigrant's accompanying spouse and children.''.

(b) NUMERICAL LIMITATIONS.—

(1) IN GENERAL.—Section 203(b)(4) of the Immigration and Nationality Act (8 U.S.C. 1153(b)(4)) is amended by inserting before the period at the end the following: '', and not more than 100 may be made available in any fiscal year to special immigrants, excluding spouses and children, who are described in section 101(a)(27)(M)''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to visas made available in any fiscal year beginning on or after October 1, 2000.

SOCIAL SECURITY NUMBER CONFIDENTIALITY ACT OF 2000

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of H.R. 3218, which is at the desk.

The PRESIDING OFFICER. The clerk will report the bill by title.

The assistant legislative clerk read as follows:

A bill (H.R. 3218) to amend title 31, United States Code, to prohibit the appearance of Social Security account numbers on or through unopened mailings of checks or other drafts issued on public money in the Treasury.

There being no objection, the Senate proceeded to consider the bill.

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that the bill be read a third time and passed, the motion to reconsider be laid upon the table, and that any statements relating to the bill be printed in the RECORD.

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

The bill (H.R. 3218) was read the third time and passed.

PARLIAMENTARY ELECTIONS IN BELARUS

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be discharged from further consideration of S. Con. Res. 153 and the Senate then proceed to its immediate consideration.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report the resolution by title.

The assistant legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 153) expressing the sense of Congress with respect to the parliamentary elections held in Belarus on October 15, 2000, and for other purposes.

There being no objection, the Senate proceeded to consider the concurrent resolution.

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that the resolution be agreed to, the preamble be agreed to, the motion to reconsider be laid upon the table, and that any statements relating to the resolution be printed in the RECORD.

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

The resolution (S. Con. Res. 153) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. CON. RES. 153

Whereas on October 15, 2000, Aleksandr Lukashenko and his authoritarian regime conducted an illegitimate and undemocratic parliamentary election in an effort to further strengthen the power and control his authoritarian regime exercises over the people of the Republic of Belarus;

Whereas during the time preceding this election the regime of Aleksandr Lukashenko attempted to intimidate the democratic opposition by beating, harassing, arresting, and sentencing its members for supporting a boycott of the October 15 election even though Belarus does not contain a legal ban on efforts to boycott elections;

Whereas the democratic opposition in Belarus was denied fair and equal access to state-controlled television and radio and was instead slandered by the state-controlled media;

Whereas on September 13, 2000, Belarusian police seized 100,000 copies of a special edition of the Belarusian Free Trade Union newspaper, Rabochy, dedicated to the democratic opposition's efforts to promote a boycott of the October 15 election;

Whereas Aleksandr Lukashenko and his regime denied the democratic opposition in Belarus seats on the Central Election Commission, thereby violating his own pledge to provide the democratic opposition a role in this Commission;

Whereas Aleksandr Lukashenko and his regime denied the vast majority of independent candidates opposed to his regime the right to register as candidates in this election;

Whereas Aleksandr Lukashenko and his regime dismissed recommendations presented by the Organization for Security and Cooperation in Europe (OSCE) for making the election law in Belarus consistent with OSCE standards;

Whereas in Grodno, police loyal to Aleksandr Lukashenko summoned voters to participate in this illegitimate election for parliament;

Whereas the last genuinely free and fair parliamentary election in Belarus took place in 1995 and from it emerged the 13th Supreme Soviet whose democratically and constitutionally derived authorities and powers have been undercut by the authoritarian regime of Aleksandr Lukashenko; and

Whereas on October 11, the Lukashenko regime froze the bank accounts and seized the equipment of the independent publishing company, Magic, where most of the independent newspapers in Minsk are published: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring),

SECTION 1. SENSE OF CONGRESS ON BELARUS PARLIAMENTARY ELECTIONS.

Congress hereby—

(1) declares that—

(A) the period preceding the elections held in Belarus held on October 15, 2000, was plagued by continued human rights abuses and a climate of fear for which the regime of Aleksandr Lukashenko is responsible;

(B) these elections were conducted in the absence of a democratic electoral law;

(C) the Lukashenko regime purposely denied the democratic opposition access to state-controlled media; and

(D) these elections were for seats in a parliament that lacks real constitutional power and democratic legitimacy;

(2) declares its support for the Belarus' democratic opposition, commends the efforts of the opposition to boycott these illegitimate parliamentary elections, and expresses the hopes of Congress that the citizens of Belarus will soon benefit from true freedom and democracy;

(3) reaffirms its recognition of the 13th Supreme Soviet as the sole and democratically and constitutionally legitimate legislative body of Belarus; and

(4) notes that, as the legitimate parliament of Belarus, the 13th Supreme Soviet should continue to represent Belarus in the Parliamentary Assembly of the Organization for Security and Cooperation in Europe.

SEC. 2. SENSE OF CONGRESS ON DISAPPEARANCES OF INDIVIDUALS AND POLITICAL DETENTIONS IN BELARUS.

It is the sense of Congress that the President should call upon Aleksandr Lukashenko and his regime to—

(1) provide a full accounting of the disappearances of individuals in that country, including the disappearance of Viktor Gonchar, Anatoly Krasovsky, Yuri Zakharenka, and Dmitry Zavadsky; and

(2) release Vladimir Kudinov, Andrei Klimov, and all others imprisoned in Belarus for their political views.

SEC. 3. TRANSMITTAL OF RESOLUTION.

The Secretary of the Senate shall transmit a copy of this resolution to the President.

JAMES GUELFF BODY ARMOR ACT OF 2000

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Calendar No. 733, S. 783, by Senator DIANNE FEINSTEIN.

The PRESIDING OFFICER. The clerk will report the bill by title.

The assistant legislative clerk read as follows:

A bill (S. 783) to limit access to body armor by violent felons and to facilitate the donation of Federal surplus body armor to State and local law enforcement agencies.

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on the Judiciary with an amendment, as follows:

(Strike out all after the enacting clause and insert the part printed in italic.)

SECTION 1. SHORT TITLE.

This Act may be cited as the ''James Guelff Body Armor Act of 2000''.

SEC. 2. FINDINGS.

Congress finds that—

(1) nationally, police officers and ordinary citizens are facing increased danger as criminals use more deadly weaponry, body armor, and other sophisticated assault gear;

(2) crime at the local level is exacerbated by the interstate movement of body armor and other assault gear;

(3) there is a traffic in body armor moving in or otherwise affecting interstate commerce, and existing Federal controls over such traffic do not adequately enable the States to control this traffic within their own borders through the exercise of their police power;

(4) recent incidents, such as the murder of San Francisco Police Officer James Guelff by an assailant wearing 2 layers of body armor and a 1997 bank shoot out in north Hollywood, California, between police and 2 heavily armed suspects outfitted in body armor, demonstrate the serious threat to community safety posed by criminals who wear body armor during the commission of a violent crime;

(5) of the approximately 1,200 officers killed in the line of duty since 1980, more than 30 percent could have been saved by body armor, and the risk of dying from gunfire is 14 times higher for an officer without a bulletproof vest;

(6) the Department of Justice has estimated that 25 percent of State and local police are not issued body armor;

(7) the Federal Government is well-equipped to grant local police departments access to body armor that is no longer needed by Federal agencies; and

(8) Congress has the power, under the interstate commerce clause and other provisions of the Constitution of the United States, to enact legislation to regulate interstate commerce that affects the integrity and safety of our communities.

SEC. 3. DEFINITIONS.

In this Act:

(1) BODY ARMOR.—The term ''body armor'' means any product sold or offered for sale, in interstate or foreign commerce, as personal protective body covering intended to protect against gunfire, regardless of whether the product is to be worn alone or is sold as a complement to another product or garment.

(2) LAW ENFORCEMENT AGENCY.—The term ''law enforcement agency'' means an agency of the United States, a State, or a political subdivision of a State, authorized by law or by a government agency to engage in or supervise the prevention, detection, investigation, or prosecution of any violation of criminal law.

(3) LAW ENFORCEMENT OFFICER.—The term ''law enforcement officer'' means any officer, agent, or employee of the United States, a State, or a political subdivision of a State, authorized by law or by a government agency to engage in or supervise the prevention, detection, investigation, or prosecution of any violation of criminal law.

SEC. 4. AMENDMENT OF SENTENCING GUIDELINES WITH RESPECT TO BODY ARMOR.

(a) SENTENCING ENHANCEMENT.—The United States Sentencing Commission shall amend the Federal sentencing guidelines to provide an appropriate sentencing enhancement, increasing the offense level not less than 2 levels, for any offense in which the defendant used body armor.

(b) APPLICABILITY.—No amendment made to the Federal Sentencing Guidelines pursuant to this section shall apply if the Federal offense in which the body armor is used constitutes a violation of, attempted violation of, or conspiracy to violate the civil rights of any person by a law enforcement officer acting under color of the authority of such law enforcement officer.

SEC. 5. PROHIBITION OF PURCHASE, USE, OR POSSESSION OF BODY ARMOR BY VIOLENT FELONS.

(a) DEFINITION OF BODY ARMOR.—Section 921(a) of title 18, United States Code, is amended by adding at the end the following:

''(35) The term 'body armor' means any product sold or offered for sale, in interstate or foreign commerce, as personal protective body covering intended to protect against gunfire, regardless of whether the product is to be worn alone or is sold as a complement to another product or garment.''.

(b) PROHIBITION.—

(1) IN GENERAL.—Chapter 44 of title 18, United States Code, is amended by adding at the end the following:

''§ 931. Prohibition on purchase, ownership, or possession of body armor by violent felons

''(a) IN GENERAL.—Except as provided in subsection (b), it shall be unlawful for a person to purchase, own, or possess body armor, if that person has been convicted of a felony that is—

''(1) a crime of violence (as defined in section 16); or

''(2) an offense under State law that would constitute a crime of violence under paragraph (1) if it occurred within the special maritime and territorial jurisdiction of the United States.

''(b) AFFIRMATIVE DEFENSE.—

''(1) IN GENERAL.—It shall be an affirmative defense under this section that—

''(A) the defendant obtained prior written certification from his or her employer that the defendant's purchase, use, or possession of body armor was necessary for the safe performance of lawful business activity; and

''(B) the use and possession by the defendant were limited to the course of such performance.

''(2) EMPLOYER.—In this subsection, the term 'employer' means any other individual employed by the defendant's business that supervises defendant's activity. If that defendant has no supervisor, prior written certification is acceptable from any other employee of the business.''.

(2) CLERICAL AMENDMENT.—The analysis for chapter 44 of title 18, United States Code, is amended by adding at the end the following:

''931. Prohibition on purchase, ownership, or possession of body armor by violent felons.''.

(c) PENALTIES.—Section 924(a) of title 18, United States Code, is amended by adding at the end the following:

''(7) Whoever knowingly violates section 931 shall be fined under this title, imprisoned not more than 3 years, or both.''.

SEC. 6. DONATION OF FEDERAL SURPLUS BODY ARMOR TO STATE AND LOCAL LAW ENFORCEMENT AGENCIES.

(a) DEFINITIONS.—In this section, the terms ''Federal agency'' and ''surplus property'' have the meanings given such terms under section 3 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 472).

(b) DONATION OF BODY ARMOR.—Notwithstanding section 203 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 484), the head of a Federal agency may donate body armor directly to any State or local law enforcement agency, if such body armor is—

(1) in serviceable condition; and

(2) surplus property.

(c) NOTICE TO ADMINISTRATOR.—The head of a Federal agency who donates body armor under this section shall submit to the Administrator of General Services a written notice identifying the amount of body armor donated and each State or local law enforcement agency that received the body armor.

(d) DONATION BY CERTAIN OFFICERS.—

(1) DEPARTMENT OF JUSTICE.—In the administration of this section with respect to the Department of Justice, in addition to any other officer of the Department of Justice designated by the Attorney General, the following officers may act as the head of a Federal agency:

(A) The Administrator of the Drug Enforcement Administration.

(B) The Director of the Federal Bureau of Investigation.

(C) The Commissioner of the Immigration and Naturalization Service.

(D) The Director of the United States Marshals Service.

(2) DEPARTMENT OF THE TREASURY.—In the administration of this section with respect to the Department of the Treasury, in addition to any other officer of the Department of the Treasury designated by the Secretary of the Treasury, the following officers may act as the head of a Federal agency:

(A) The Director of the Bureau of Alcohol, Tobacco, and Firearms.

(B) The Commissioner of Customs.

(C) The Director of the United States Secret Service.

(e) NO LIABILITY.—Notwithstanding any other provision of law, the United States shall not be liable for any harm occurring in connection with the use or misuse of any body armor donated under this section.

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that the committee amendment be agreed to, the bill be considered read the third time and passed, the motion to reconsider be laid upon the table, and that any statements relating to the bill be printed in the RECORD.

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

The committee amendment in the nature of a substitute was agreed to.

The bill (S. 783), as amended, was read the third time and passed.

CELEBRATING THE BIRTH OF JAMES MADISON AND HIS CONTRIBUTIONS TO THE NATION

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that the Senate proceed to H. Con. Res. 396.

The PRESIDING OFFICER. The clerk will report the concurrent resolution by title.

The assistant legislative clerk read as follows:

A concurrent resolution (H. Con. Res. 396) celebrating the birth of James Madison and his contributions to the Nation.

There being no objection, the Senate proceeded to consider the concurrent resolution.

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that the resolution be agreed to, the preamble be agreed to, the motion to reconsider be laid upon the table, and that any statements relating to the resolution be printed in the RECORD.

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

The resolution (H. Con. Res. 396) was agreed to.

The preamble was agreed to.

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

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

TRIBUTE TO RETIRING COLLEAGUES

Mr. DODD. Mr. President, I will take a few minutes this evening to talk about a person who is a colleague in the sense that I have worked with him for 25 years in my office in Connecticut. He has recently retired. I will also discuss three colleagues here in the U.S. Senate who have announced their retirement. As we, hopefully, arrive at the closing of this session, I want to take a couple of moments to share my thoughts about these three colleagues. I will speak about two other colleagues tomorrow or the next day, if I can, so as not to consume too much time this evening because colleagues may want to be heard on other matters.

TRIBUTE TO STANLEY ISRAELITE

Mr. DODD. First, I want to pay tribute to a man that has literally been like a father, brother, and uncle to me, and a close confidant for a quarter of a century. I affectionately call him ''the coach.'' Stanley Israelite has been with me in my office from the very first day in January of 1975 when I was sworn into the House of Representatives, until just months ago when, at age 75, he retired from the service of the U.S. Senate and service to me as a Member of the House and the Senate.

There are many words to describe Stanley Israelite and the many roles in my life and the lives of countless others in Connecticut and the country that he has served as a friend, counselor, trusted advisor, and faithful public servant. While these words can describe what he has been, there are really no words to describe what he has meant, particularly to me and to literally hundreds of others who have been blessed to know him and have been affected by the work he has performed on their behalf. It is equally the case that there are no words to express my true feelings of deep gratitude for Stanley's service and my personal sadness that he is retiring from the U.S. Senate.

Mr. President, in a recent edition of the New London Day, a local paper in Connecticut, the headline read ''Israelite Enjoys Retirement for Day, Then Joins NCDC''—the Norwich Community Development Corporation. That one headline fairly well sums up Stanley's remarkable life of service. For almost 75 years, he has led a life of tireless devotion to the things that endure in this life: faith, family, compassion for the less fortunate, integrity, and great humility.

While many think of him as a quintessential public servant, Stanley Israelite's roots actually lie in the world of small business. His first occupation, after serving in the U.S. military, was helping to run his father's jewelry store in Norwich, Connecticut. He would later serve as an officer of the Norwich Chamber of Commerce and then became director of it. In fact, he was director when he joined me as a freshman member of the House. Subsequently, he was elected as a member of the City Council in his beloved hometown of Norwich, Connecticut, and was chosen to serve as commissioner to the Norwich Department of Public Utilities.

In his ''spare time,'' he was corporator of the William W. Backus Hospital in Norwich, the former Norwich Savings Society, and the Norwich Free Academy, one of the oldest, if not the oldest, public high schools in America.

In the 1970s, he served as head of the Norwich Community Development Corporation. In that role, he oversaw the establishment of the Norwich Industrial Park. I know a lot of industrial parks built today are rather commonplace, but this was one of the first and one of the most unique in the State of Connecticut and across the country. This facility embodies Stanley's vision of a thriving economic community in southeastern Connecticut, and he created it while maintaining the wonderful topography and environmental integrity of that part of the city of Norwich.

It represents, in many ways—in stone, metal, glass, and the environment that surrounds it—the deep commitment of this remarkable man to make life better for those around him. As one former State Senator recently said of Stanley's work on the Norwich Industrial Park, ''It's high time we name the park after him.'' I second that thought.

For the past 25 years, I have had the great privilege of knowing Stanley as a member of my staff. He served as my State director and senior advisor for a quarter century. But what truly distinguished Stanley was not the title that he held in my office, but his rock-solid sense of purpose. Stanley was with me on the very first day that I was sworn in as a new Member of Congress. Every single day, 7 days a week, I had at least one conversation with Stanley Israelite. I never made an important decision—very few decisions at all—without discussing them with Stanley and getting his solid advice as to how we ought to proceed. Early in my very first term, I remember being out with Stanley for dinner one night. In talking about the job and how the job ought to be done, he listened to me patiently, as he oftentimes did, go on at some length about the work and the projects we wanted to be involved in, the major issues affecting Electric Boat and all these important institutions in my congressional district. After I went on for some time, I turned to Stanley and asked him what he thought. I can almost hear him exactly. He said, ''I am going to tell you one thing about this job.'' He paused and he just said, ''Never forget the people.''

With those words, Stanley Israelite embarked on a 25-year career with me, on a path and a journey that has been a joy every single day. I am constantly reminded by Stanley and by his words and deeds that our job is to never forget the people. For 25 years, he has been a champion of those who too often are ignored, the underdogs, the ill, the elderly, the frail—those who didn't have anybody to speak for them. For Stanley, every person does count. No matter is too small for his attention. For him, a constituent's problem became his problem. Words like ''I can't help you,'' ''try another office,'' ''later,'' or ''no,'' simply were not in Stanley's vocabulary.

In November of 1995, U.S. News and World Report published what they call their ''Portraits of 12 Indispensable Americans.'' I am proud to tell you today that one of those 12 indispensable Americans was the man I speak about this evening, Stanley Israelite.

I ask unanimous consent that that profile of Stanley Israelite contained in the publication of U.S. News and World Report be printed in the RECORD.

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

THE SENATOR'S AIDE—HOUNDING THE BUREAUCRATS

(By James Popkin)

Lots of people's problems with their government aren't ideological, they're logistical. That's why many rely on the congressional aides like Stanley Israelite to help them fight their battles with government agencies.

At 70, Stanley Israelite is fighting a crusade to prove the cynics wrong. Since 1975, when the gravely voiced former Brooklynite first went to work for then Rep. Christopher Dodd (now a senator), Israelite has helped thousands of Connecticut citizens replace lost passports, track down late tax refunds, ship dearly departeds to grieving families overseas and even bail the occasional misbehaving Connecticut teenager out of Mexican jails.

All successful members of Congress have staffers like Israelite who can goose reluctant bureaucrats into action. Although Dodd happens to be a Democrat, effective constituent service is a congressional specialty that cuts across political lines. It's first and foremost a matter of good politics: Good service results in happy voters. But what distinguishes Israelite is his gusto for the job. And his not-so-artful technique. ''When I call an agency because somebody is waiting for her Social Security check or a guy is waiting for an FHA loan and the agency gives me some song and dance, I try to let them know I'm not gonna take any of their crap,'' he says. ''At times, I tell them I've discussed this problem with the senator. Sometimes, it isn't true.''

A former jewelry store owner and Chamber of Commerce honcho from Norwich, Conn., Israelite is Dodd's pipeline to many of the state's small-business owners. Harry Jackson, a life-long Republican who is the City Council president in Norwich, recalls how difficult it was to get a meeting with officials from the Environmental Protection Agency when the city wanted to build a new firehouse on federal land. ''Stan got us in there after just one phone call,'' says Jackson, who ultimately built the firehouse.

''Things happened.'' Don Daren says Israelite was a life-saver in 1981, when a state-based paper distributor was trying to secure a $900,000 umbrella loan from the Connecticut Development Authority. Daren, who owns the Arrow Paper Supply & Food Co., says it was going to take forever for the CDA to process his loan papers so he could buy a new warehouse. ''Stanley told them [CDA officials] my problem, and things happened right away,'' says Daren, whose business has grown from 36 workers then to nearly 200 today. ''He has his own constituency. People like Stanley.''

Ideally, says veteran Hartford Courant political columnist Don Noel, senators like Dodd would use their clout on Capitol Hill to fix bureaucracies and make them more consumer friendly—eliminating the need for taxpayer-financed ombudsmen like Israelite. But since that goal seems unattainable, Noel figures that Israelite plays a vital role. ''If you have something you need the senator to do for you, if anyone can do it, Stanley can,'' he says.

Israelite admits that he is motivated by a desire to help re-elect Dodd. But he adds: ''Part of what drives me is knowing that there's someplace where somebody can go when they are not getting anyplace.''

One of the great honors of my life has been to have Stanley by my side during very important moments—almost every important moment in the past 25 years. Many times when I received the applause as the elected official, the Congressman or the Senator, I knew the person who truly deserved the applause was Stan Israelite.

No tribute to Stanley would be complete without mentioning his wonderful family: his beloved and recently departed wife Pauline, who was as great and close a friend as Stanley; his son Michael and daughter-in-law Donna; his son John; his daughter Abby and son-in-law Bill Dolliver; his daughter Mindy and son-in-law Bill Wilkie; his siblings; and, not least, six wonderful grandchildren. To them I extend my heartfelt gratitude for sharing this remarkable man with me and so many others for a quarter century.

There are few words to describe Stanley that would adequately describe what he has done. No words will describe what he meant to countless individuals. For me, there is sadness that he has retired from my office in the Senate, but there is great comfort in knowing he will continue to work on behalf of the people of our State and his community, and will continue to be a close friend and incredibly important part of my life. So today, there is no need for goodbyes but only these words: Thank you, Coach.

When he departed, he said, ''I am leaving the Senate, but not CHRIS DODD.'' I can say this to Stanley: You may have left my office, but you will never be very far away when I need you for that sound counsel and good advice you gave me for a quarter century. I thank this wonderful man for his service to me, to our State, and to the country.

TRIBUTE TO RETIRING SENATORS

Mr. DODD. Mr. President, I want to talk about three colleagues that are retiring. There are five, actually, but I will get to them later. I don't want to do it all at once tonight. I will speak about three of them: Senators RICHARD BRYAN, BOB KERREY, and FRANK LAUTENBERG. Later I will talk about CONNIE MACK and Senator PAT MOYNIHAN, who have also made decisions to retire from the Senate. They will be casting their last votes as Members of the Senate in the next three days. I want to take a few minutes in these remaining hours to pay tribute to these three individuals who will be leaving the Congress at the end of this session.

All three of these individuals have served with great distinction in this body. All have made a mark on our Nation for which this country will be grateful for generations to come. All will be missed by those of us who will remain in this body, not to mention by the people of their respective States and people across this country.

Let me first speak, if I may, about my good friend DICK BRYAN of Nevada. Few, if any, of our colleagues have come to this institution having already achieved as much distinction in public service as DICK BRYAN.

Long before he set foot on the floor of this U.S. Senate, he had accomplished a great deal for the people of his beloved State of Nevada. He is the first person in the history of that State to have served as Attorney General, Governor, and then U.S. Senator.

Senator BRYAN did not come to the Senate to sit on passed laurels and achievements. He did what he has done in every position of public trust he has ever held, even going back to his term as the president of his eighth great class at Park Elementary School; he went to work on behalf of the people he was elected to represent.

He went to work for consumers. As the former chairman of the Consumer Affairs Subcommittee of the Commerce Committee, Senator BRYAN successfully fought to have airbags installed in all automobiles sold in the United States. Some viewed this as a highly risky cause to champion as a politician—promoting airbags. It is thought that a Senator should avoid at all costs having his or her name associated with something like airbags.

But Senator BRYAN was not deterred. And today, thanks to him, hundreds of lives are saved every year by a feature that is now standard issue in American automobiles. Every day, when tens of millions of Americans drive to work, school, or the store, they can thank DICK BRYAN for making sure that their trip will be a safer one than it otherwise would have been.

Senator BRYAN also worked with a large coalition of children's advocates to enact new protections for Internet privacy. He led the fight to strengthen the laws governing the credit reporting industry, which is so crucial to the ability of virtually every American to obtain a home, a car, and a loan for any other modern necessity. And he took the lead in crafting legislation to reduce telemarketing fraud, which preys on so many elderly and other vulnerable citizens.

Aside from his record as a consumer advocate, DICK BRYAN is perhaps best known for his work on behalf of his state and its residents. We are all familiar with the tenacity with which he and his colleague Senator REID have worked to prevent the Nevada Test Site at Yucca Mountain from being designated as an interim storage facility for the nation's nuclear waste. I have myself known the unique pleasure of being visited by Senator BRYAN and Senator REID about this matter.

I have also admired Senator BRYAN's efforts to protect Nevada's lands, particularly in the southern part of the state. Because of his efforts, all proceeds from the sale of lands in that part of the state must be spent within the state. That's a plan that no other state enjoys, and it is a tribute to DICK BRYAN's legislative skills.

I would be remiss if I failed to mention the important work that Senator BRYAN has performed as a member of the Senate Ethics Committee and the Senate Select Committee on Intelligence.

These are important and sensitive committees on which to serve. It is a

reflection of the high esteem in which he is held by his colleagues that he served on these committees—and did so, I might add, with discretion and with distinction.

In sum, Mr. President, RICHARD BRYAN has spent his two terms in the Senate working hard and working effectively—for consumers, for his constituents, for a stronger intelligence-gathering function by the United States, and for a stronger United States Senate. He has been an outstanding leader and a good friend. We wish him, his wife Bonnie, their children and grandchildren well as they begin the next phase of their life together.

TRIBUTE TO SENATOR KERREY

Mr. DODD. Mr. President, in a few short days, Senator KERREY will also be among our five colleagues bringing to an end their tenure in here in the Senate. I think all of us understand his decision and respect it, but I think we regret it.

Like Senator BRYAN, Senator KERREY is a former governor of his state. Like him, he has served in the Senate for two terms. And like Senator BRYAN, Senator KERREY has left a lasting mark on this institution, on his state, and on our country.

The outlines of this remarkable man's resume are known to many of us. BOB KERREY served with distinction in the Navy, and today is the only Member of Congress to have earned a Medal of Honor for his heroism in combat duty during the Vietnam war. He became a successful businessman in Omaha.

He was elected Governor of Nebraska in 1982. It was a time when few Democrats were running for—much less winning—state-wide offices, particularly in his part of the country. And it was a time when our entire country was mired in a recession, particularly in Nebraska and other farm states, which were suffering through the worst economic conditions since the Great Depression.

As Governor, BOB KERREY met the challenge of eliminating a serious budget deficit. In fact, he balanced his state's budget every year, helping to turn that deficit into a surplus. He also initiated innovative reforms in welfare, education, job training, and environmental protection.

In the opinion of his constituents and many others, BOB KERREY was proving himself to be an outstanding public servant. He established himself as someone willing to make tough decisions.

He showed that he has an ability to see ''around the corner'' and think ''outside the box'' by initiating thoughtful, creative, and effective policies for the benefit of the people of his beloved state of Nebraska.

But it can be said that public service has always needed BOB KERREY more than BOB KERREY has needed public service. He has never been one to assume that his gifts of leadership and his curiosity about life's meaning and purpose can only be satisfied by holding elected office. Despite his impressive record as Governor, and despite his strong public approval ratings, he declined to run for re-election and took leave of public life. He headed to southern California, where he taught a course on the Vietnam war to college students—readily admitting that one of the chief reasons for accepting that position was to wait out the worst months of the Nebraska winter on a warm beach.

Two years later, the people of Nebraska sent him to the United States Senate—to the good fortune not only of his constituents, but of his new colleagues and the American people. As a member of the Finance Committee, Agriculture Committee, Appropriations Committee, and Select Committee on Intelligence, he worked diligently to strengthen family farmers, small businesses, and our nation's vital intelligence-gathering agencies.

He also dedicated himself to perhaps the most important and intractable domestic policy question facing our nation: entitlement reform. He chaired the Bipartisan Commission on Entitlement and Tax Reform—which has produced what many regard as the definitive analysis of the entitlement system. He served on the National Commission on the Future of Medicare, proposing thoughtful ideas for health care reform. He also co-chaired the National Commission on Restructuring the Internal Revenue Service, where he developed some of the most sweeping reforms of IRS operations ever instituted.

Not all of Senator KERREY's ideas on entitlement reform have been adopted or even embraced. But each and every one of them has merited the careful consideration of our colleagues and of the country as a whole.

That in itself is the great tribute to the work of this fine Senator.

Like a sentry on the watch, his words of caution and warning will reverberate through the Halls of Congress long after his departure. He has persistently shone a light on the looming and inescapable demographic fact that retirees are growing in numbers that will soon overwhelm our present ability to sustain them under the umbrella of Social Security and Medicare.

He has done so not with the shrill self-righteousness that some bring to a cause about which they feel great passion. He has done so with conviction, humor, and humility. For his words of warning, and for the way in which he has uttered them, this body and our nation owe him a debt of gratitude.

Now he prepares to move on to academia, where he will become president of New School University in New York City. I come from a family of educators, and when BOB told me of his decision, my first reaction was: are you sure that you want to do this? If you think sitting through a markup or a hearing can be tedious, just wait until that first faculty meeting. And wait until you get a visit from an orange-haired undergraduate seeking special credit for his graffiti art. That will put your patience and problem-solving skills to the test.

But BOB will not be deterred. And I suspect that, as he has done throughout his career, he will shape his office and place more than it will shape him. He will bring his rare gifts of leadership to the higher education students and faculty with whom he will come in touch. I know I am joined by all of my colleagues in wishing him well, and I look forward to many more years of his friendship and his leadership. I don't believe America is through with BOB KERREY yet.

TRIBUTE TO SENATOR LAUTENBERG

Mr. DODD. Mr. President, I rise to pay tribute to another of our retiring colleagues, Senator LAUTENBERG.

FRANK LAUTENBERG is a remarkable man in a great many respects. He has lived the American dream, and devoted his life in public service to making the American dream alive and available to each and every American—regardless of race, creed, or station in life. He has made a lasting and indelible mark on the laws of our nation—and in the process made our nation a better place for all.

The son of immigrants, FRANK was born in Paterson, New Jersey. His family moved some twelve times during his boyhood in search of work. His father spent most of his time laboring in the silk mills of Paterson.

FRANK served in World War Two in the European theater. He attended Columbia University on the G.I. bill. After graduating from Columbia, he and two boyhood friends began a business. As chairman and CEO, it grew to become one of the largest computer services companies in the world.

FRANK became a very successful man financially. The time came when he decided to give something back to the country that had given him and his family so very much. For the past 18 years in the Senate, that is exactly what FRANK LAUTENBERG has done.

FRANK is one of those rare people who rises to a high place in life and never forgets where he came from. He did not pull up the ladder of opportunity once he had climbed it. He fought to keep it in place and make it stronger for those who came after him. He has always, I think, seen a bit of himself in the faces of the children and working people whom he has served.

It so happens that one of America's finest poets, William Carlos Williams also called Paterson, NJ his home. Williams was a doctor. He made house calls, carrying his black medical bag up and down the stairs of Paterson's tenements. He wrote poems at night, or scratched them out during brief intervals of his busy days tending to the sick and scared. He wrote once that there are ''No ideas but in things''. FRANK LAUTENBERG must intuitively graps the meaning of Williams poetry. For him, the noble ideas that have motivated his public service have taken shape in the things he had done—in the resources he has brought home to the people of his state, and in the laws he has written on behalf of all Americans.

In his eighteen years as a United States Senator, FRANK LAUTENBERG has amassed a remarkable record of public achievement. There are few areas of environmental, transportation, budget, and anti-crime policy that have not benefited from his careful mind and strong hand.

On the environment, FRANK helped write landmark legislation to cleanse our air, provide safer drinking water, and clean up more toxic waste sites. He authored measure to make America's beaches cleaner, and to ban the ocean dumping of sewage.

He has shaped our nation's transportation policy. FRANK understands as few others do that our nation can only grow and prosper to the degree that it is able to move people, goods, and services safely and efficiently. Along with Senator MOYNIHAN and others, his leadership has been instrumental in ensuring some modicum of balance in our funding for mass transit as opposed to roads and highways. He has been a leader in the ongoing effort to support Amtrak and the important cause of commuter and intercity passenger rail service, which can do so much to reduce traffic congestion and keep our air clean.

And no one has done more to promote transportation safety, on the road as well as in the air. FRANK LAUTENBERG authored the law to establish 21 as the legal drinking age, and to ban smoking on airplanes. And he is responsible more than anyone else for the landmark provision in this year's transportation appropriations bill lowering the legal standard for intoxication to .08 percent blood alcohol content. The drinking age law alone as saved an estimated 12,000 lives since its enactment in 1984. It's estimated that his ''.08'' measure will save an additional 600 lives each year in this country.

FRANK LAUTENBERG also understood that we must do more to protect law-abiding citizens from the scourge of gun violence. He authored the bill to close the gun-show loophole. He has fought for child-proof handguns. And his support for measures like the Brady bill was instrumental in bringing about a nationwide reduction in gun violence over the past 7 years.

Lastly, as ranking member of the Budget Committee, FRANK has played a valuable role in bringing about an end to budget deficits and putting our nation on the path to paying off our national debt. He has also worked to strengthen the solvency of Medicare and Social Security.

I said a while ago that FRANK LAUTENBERG proved to be a very successful businessman. He accumulated great financial wealth. No one would have faulted him if he just retired, having made that achievement and contribution for the private sector.

I think all of us, regardless of party and political persuasion, admire people who want to give something back and who are willing to jump into this arena of public life, running the risks that we all do when we place our name on ballots all cross this country. The fact that FRANK LAUTENBERG decided at the end of his private life to become a public citizen and make a significant contribution to his country stands as a wonderful model for others who have done well to follow and when they want to give something back.

Not everyone runs for public office, nor should they, but there are ways in which people can make contributions every day to improve the quality of life for people. FRANK LAUTENBERG is a living embodiment of that concept and that principle.

The colleagues I have talked about, the wonderful colleagues who have served so admirably and so well, DICK BRYAN, BOB KERREY, FRANK LAUTENBERG, and my friend, Stan Israelite, are examples of public servants who I will miss terribly every day. These are good Americans who have made a difference in the lives of all of us as citizens in this country.

I will find time to talk about my good friends, CONNIE MACK and PAT MOYNIHAN, but I see my colleagues on the floor. I thank them for their indulgence. I talked a little longer than I anticipated. I thank the Senators for their patience.

I yield the floor.

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

CONSULTING ON U.S.S. ''COLE'' ACTION

Mr. INHOFE. Mr. President, many on the Senate Armed Services Committee have been quite distressed over some of the uncertainties, some of the things that happened in conjunction with the tragedy of the U.S.S. *Cole*. Even though it is a delicate thing to talk about, there are people still around who believe that the President took some actions, such as sending the cruise missiles into Afghanistan and the cruise missiles into Sudan, without consultation with the Joint Chiefs of Staff, without consultation with the Intelligence Committee, the Senate Armed Services Committee, the House Armed Services Committee, something that was done and nobody knew it was going to happen. There are a lot of people who believe that might have been politically motivated.

I think it is very appropriate tonight to urge the President that if something should happen that we would have to take some kind of action in the next few days, in that there are only 13 days until a national election, make sure there are no suspicions out there. I want to get on record urging the President to work closely on any proposed action that could take place as a result of the U.S.S. *Cole* tragedy, to work closely on the matter, in full consultation with all members of the Joint Chiefs of Staff, with the top service commanders in chief, as well as the members of both the Senate Armed Services Committee, the House Armed Services Committee, and the Intelligence Committees. By doing this, we could preclude any types of suspicions, allowing us to participate in what would have to be a major decision.

The PRESIDING OFFICER. The Senator from Ohio.

FISCAL DISCIPLINE

Mr. VOINOVICH. Mr. President, one of the main reasons I ran for the Senate was to bring fiscal discipline to Washington. As the 106th Congress winds down this week, I look back with mixed feelings at the actions that have been taken over the last 2 years toward bringing our financial house in order. While for the first time we are not spending the Social Security surplus or the Medicare Part A surplus, I believe we could have done a much better job in reining in Federal spending.

Indeed, one fact that does not seem to draw too much attention is the fact that Washington increased overall nondefense domestic discretionary spending in fiscal year 2000 to $328 billion. That is a 9.3-percent boost over the previous fiscal year, and the largest single-year increase in nondefense discretionary spending since 1980. And I fear we will have another big increase in fiscal year 2001.

However, there is actually some good news to celebrate since the beginning of this Congress. As my colleagues may recall, President Clinton said in his State of the Union Address in 1999 that he wanted to save 62 percent of the surplus and spend the other 38 percent. Well, at the time, the entire surplus was the Social Security surplus.

It was Members on this side of the aisle in both the House and the Senate who exposed the President's plan as just another spending gimmick. We were also the ones who got busy advocating and fighting for a lockbox for

Social Security and Medicare. For all intents and purposes, we were successful in fiscal year 2000 in doing so, and we will do the same in fiscal year 2001.

Now the Vice President is out there on the campaign trail bending the truth and taking credit for lockboxing Social Security and Medicare. Everyone should be aware that it was the Clinton-Gore administration that sent a veto threat to the Senate regarding the Social Security lockbox amendment that the Senate considered in April of 1999.

Let me recite the direct quote from the veto threat:

> If the Abraham-Domenici amendment or similar legislation is passed by the Congress, the President's senior advisors will recommend to the President that he will veto this bill.

I suspect that senior advisors would include the Vice President.

Although Congress has agreed by consensus not to use the Social Security and Medicare surplus for more spending, Congress still has not been able to pass lockbox legislation. I am fearful, if things get tight in the future and we have a blip in the economy, Congress will revert to its old ways. So I am hoping next year that on a bipartisan basis we can pass lockbox legislation for the Social Security and Medicare surplus.

Probably the best news from fiscal year 2000 is that despite all the supplemental spending we did this past summer, we still achieved an $87 billion on-budget surplus in fiscal year 2000. That is a lot more than the $1 billion on-budget surplus we had at the end of fiscal year 1999. Without question, though, the American people are responsible for this surplus, and their success continues to generate better than expected revenues. However, Congress would have spent considerably more money, had it not been for a handful of us in the House and Senate who were willing to take the heat for condemning massive spending increases and budget gimmickry. Because this $87 billion on-budget surplus had not been spent, and not used for tax cuts, it is going to go to reduce the national debt.

In my view and in the view of many experts, using our on-budget surplus to pay down the national debt is the best way to ensure fiscal discipline and continue our economic prosperity. We need to continue that economic prosperity if we are going to deal with the problems of Social Security and Medicare in the future. We cannot be lulled by the booming economy and the fact that we have been able to utilize the $87 billion fiscal year 2000 on-budget surplus for debt reduction.

In addition, the way things are going right now in Washington, we may not even see a fiscal year 2001 on-budget surplus. That is because the projected $102 billion surplus is evaporating very quickly. With all the years of experience that I have had in public service, I have to say that I have never seen anything more fiscally irresponsible than the spending spree I have seen occur in Washington this year—but, in particular, these past weeks. The lack of willingness on the part of Congress to make the hard choices and restrain the urge to bring home the bacon is blowing a hole in the fiscal year 2001 surplus and a gigantic hole in the projected 10-year budget surplus.

I think back to 1997 when Congress passed the Balanced Budget Act, helping to put an end to the era of annual deficits. The Balanced Budget Act set spending targets for each fiscal year and was meant to teach Congress to prioritize its spending choices. Under the Balanced Budget Act, if Congress wanted to spend money, it had to find an offset to cover the additional spending. Fair enough, and it worked. It helped to balance the budget.

Today, with the surplus we have achieved and the surplus that everyone thinks we are going to have in the future, the discipline is gone. It is just an out-of-control feeding frenzy. Add the fact that the normal legislative process has gone out the window, and we are in a free fall. Right now, only a handful of individuals—the President and my colleagues who are on the Appropriations Committee—are making the decisions that will impact how much the Federal Government spends for the coming fiscal year. Once the decisions are made, they are packaged together, sent to the floor of the Senate and the House, and voted on: No debate, no amendments. In some circumstances, Members have not even seen the bills they are voting on.

Basically, it is a take-it-or-leave-it attitude. Since these bills contain the bacon, most Members go along and simply vote for them. For those Members who do, they will run home, bragging about how they got this or that for their districts or for their State, failing to understand that their constituents know there is no such thing as a free lunch. Make no mistake, the American people will fast appreciate the spending spectacle that is going on here in Congress. If you think they were mad in 1998 when Congress went on a similar spree—and I remember that because I was campaigning for the Senate in 1998 and I caught all kinds of flak from people because of what Congress had done—wait until they get wind of what is happening right now. And they will. We will definitely feel their wrath. But more important, we will experience their disappointment in letting them down.

This Senator is not going along with the ''pork-a-thon.'' I have voted against most of the appropriations bills that have come before the Senate, not because I am opposed to the Federal Government spending money on what is necessary, but because Congress has been unwilling to prioritize spending and unwilling to make the hard choices within the framework of the 2001 budget resolution.

In case my colleagues are not aware, let me explain briefly how big the increases are in the various appropriations bills.

The fiscal year 2001 Interior appropriations bill spends $18.8 billion, a 26-percent increase over fiscal year 2000; the Transportation appropriations bill, spends $16.8 billion in discretionary spending, a 23-percent increase over fiscal year 2000; the VA–HUD appropriations bill spends $82.5 billion, a 14-percent increase; the Treasury-Postal appropriations bill spends $15.6 billion, a 13-percent increase; the Energy and Water appropriations bill spends $24 billion, a 12-percent increase; the Agriculture appropriations bill spends $15 billion in discretionary spending, an 8-percent increase, and that is not including agriculture emergency spending.

For fiscal year 1999 to fiscal year 2001, nearly $23.25 billion in agriculture emergency spending has been provided by the Government—$23.25 billion in emergency spending. That is more than double the approximately $10.75 billion in emergency spending for the entire 10 year period before. In other words, in 3 years, we have doubled the emergency spending for agriculture over what we spent in the 10 previous fiscal years.

In April, the Senate spent over 50 hours debating and amending a budget resolution for fiscal year 2001. An agreement was reached on an overall spending amount of $600.3 billion in budget authority. I worked with Senators like PHIL GRAMM to add new points of order to bring more discipline to the process. But in light of recent events, I wonder what was the 50 hours of effort over? I find myself asking, Why should we have a budget resolution if we are just going to ignore it? Why even have a budget process if we are just going to operate as if the rules did not exist? Congress and the White House are spending money like drunken sailors, and we need to get on the wagon before it is too late and we spend it all.

CBO's projections over the next 10 years estimate that Federal spending will grow with the rate of inflation, but this does not reflect reality. In fiscal year 2000 alone, we increased discretionary spending by 8.3 percent, a rate much higher than the actual inflation rate. When you compare that with the spending increases of 14 percent, 23 percent, and 26 percent in just fiscal year 2001 alone, then you can see the kind of trouble we are getting ourselves into.

Add up all the numbers, include the appropriations bills that have passed and those that are anticipated to pass; include as much as $265 billion worth of tax reductions for the next 10 years;

and, of course, we cannot forget there are going to be additional interest costs that will be generated by Congress simultaneously increasing spending and lowering taxes. Just add it all up. When you do, you will find that Congress and the Clinton-Gore administration will have reduced the 10-year projected budget surplus by more than $600 billion. In a worst case scenario, the Concord Coalition estimates that Congress' accelerated pace of spending could wipe out up to $1.46 trillion of the non-Social Security surplus projected for the next 10 years—over a trillion dollars is what they project. What a terrible thing we are doing to the next administration and to the citizens of this Nation.

After the 106th Congress' drunken spending spree is over, the American people and the future President will be waking up to a tremendous hangover.

FISHERMEN'S PROTECTIVE ACT OF 1967 AMENDMENTS

Mr. VOINOVICH. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on the bill (H.R. 1651).

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the House agree to the amendment of the Senate to the bill (H.R. 1651) entitled ''An Act to amend the Fishermen's Protective Act of 1967 to extend the period during which reimbursement may be provided to owners of United States fishing vessels for costs incurred when such a vessel is seized and detained by a foreign country, and for other purposes'', with the following amendment:

Page 1, line 4, strike ''**SEC. 401. USE OF AIRCRAFT PROHIBITED.**'' and all that follows through ''**SEC. 402.**'' and insert ''**SEC. 401.**''.

Mr. VOINOVICH. I ask unanimous consent the Senate agree to the amendment of the House.

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

ORDERS FOR THURSDAY, OCTOBER 26, 2000

Mr. VOINOVICH. Mr. President, I ask unanimous consent that when the Senate completes its business today, it recess until the hour of 9:30 a.m. on Thursday, October 26. I further ask consent that on Thursday, immediately following the prayer, the Journal of proceedings be approved to date, the time for the two leaders be reserved for their use later in the day, and it will be the intention of the leader to begin consideration of the Older Americans Act, hopefully under an agreement. I further ask consent that at 11 o'clock there be a period of morning business until 12 noon, with the time equally divided between Senators BRYAN and DOMENICI, and that Senator BRYAN be in control of the first half of that time.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

PROGRAM

Mr. VOINOVICH. For the information of all Senators, the Senate will hopefully begin debate on the Older Americans Act at 9:30 a.m. At 11 a.m., the Senate will be in a period of morning business for 1 hour and then resume consideration of the Older Americans Act. The House is expected to consider the conference report to accompany the District of Columbia appropriations bill, which also contains the Commerce-Justice-State appropriations language, the Labor-HHS appropriations conference report, and the tax bill during tomorrow morning's session. It is hoped that the Senate can begin consideration of those bills as they are received from the House. Therefore, votes are expected in the afternoon on these bills, as well as a vote on a continuing resolution.

ORDER FOR RECESS

Mr. VOINOVICH. Mr. President, I ask unanimous consent that the Senate stand in recess under the previous order following the remarks of Senator REID from Nevada, who has been very patient. I thank Senator REID and the Chair very much for their patience this evening.

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

Mr. REID. Mr. President, it is my understanding we are to begin at 9:30 tomorrow. I ask unanimous consent that following the prayer and the Pledge of Allegiance, the Senator from Nevada be recognized for a half-hour tomorrow morning as in morning business.

The PRESIDING OFFICER. Is there objection?

Mr. VOINOVICH. Reserving the right to object.

The PRESIDING OFFICER. Is there objection?

Mr. REID. I withdraw the request, Mr. President.

The PRESIDING OFFICER. The request is withdrawn.

The Senator from Nevada.

Mr. REID. It is my understanding the Senator from Ohio has completed his work for the night.

The Senator from Ohio has finished for tonight?

Mr. VOINOVICH. Yes.

ISSUES BEFORE THE AMERICAN PEOPLE AND GOVERNOR BUSH

Mr. REID. Mr. President, we have an interesting number of issues before this body. We have talked on various occasions, not the least of which has been today, about what we have not done: A real Patients' Bill of Rights; a prescription drug coverage through Medicare; a minimum wage increase; tax-deductibility for college-level education, including lifelong learning; education funds to modernize our schools, to have afterschool programs, to have more teachers; commonsense gun safety legislation; long-term tax credits for families caring for elderly parents; and affordable housing. These issues—any one of them—could have been completed with the intercession of the Governor of Texas who is running for President.

The campaign, that will be completed in 12 or 13 days, is a campaign of ideas. What I would like to do tonight is spread across the RECORD of this Senate some of the ideas of George W. Bush, the Governor of the State of Texas. I say this because I think we should understand there are a number of policies that are being advocated by the Vice President and by the Governor of Texas.

So what I want to do today is quote verbatim, statements that have been made by George W. Bush. I will not be able to complete all of his statements tonight, but I am going to spend some time reading direct quotes of George W. Bush. Maybe I will return tomorrow or the day after to complete the statements of the Governor of the State of Texas.

The first quote comes from October 23, 2000. That was last Monday. Here is the direct quote:

> I don't want nations feeling like that they can bully ourselves and our allies. I want to have a ballistic defense system so that we can make the world more peaceful, and at the same time I want to reduce our own nuclear capacities to the level commiserate with keeping the peace.

October 18, 2000, another direct quote:

> Families is where our nation finds hope, where wings take dream.

He also said, on that same occasion, in LaCrosse, WI:

> If I'm the president, we're going to have emergency-room care, we're going to have gag orders.

He also said, and I quote:

> Drug therapies are replacing a lot of medicines as we used to know it.

Another direct quote:

> It's one thing about insurance, that's a Washington term.

Direct quote:

> I think we ought to raise the age at which juveniles can have a gun.

This is the Governor of the State of Texas, the man running for President of the United States, who has said these things.

The next direct quote:

> Mr. Vice President, in all due respect, it is—I'm not sure 80 percent of the people get the death tax. I know this: 100 percent will get it if I'm the president.

Next direct quote:

> Quotas are bad for America. It's not the way America is all about.

Direct quote.

October 18, in St. Louis, the same day that he said, ''Families is where our nation finds hopes, where wings take dream,'' he said:

If affirmative action means what I just described, what I'm for, then I'm for it.

In Greensboro, NC, on October 10 of this year, he said:

Our priorities is our faith.

October 11 of the year 2000:

I mean, there needs to be a wholesale effort against racial profiling, which is illiterate children.

The direct quote from Gov. George W. Bush: ''I mean, there needs to be a wholesale effort against racial profiling, which is illiterate children.''

Greensboro, NC, the day before—that is, October 10—when he was commenting on the Vice President's tax plan:

It's going to require numerous IRA agents.

The Governor of the State of Texas said, on October 4, in Reynoldsburg, OH:

I think if you know what you believe, it makes it a lot easier to answer questions. I can't answer your question.

This was in response to a question about whether he wished he could take back any of his answers in the first debate. The direct quote is: ''I think if you know what you believe, it makes it a lot easier to answer questions. I can't answer your question.''

I do not think that takes any discussion to figure out what he just said, because I do not think he knows what he just said.

In Boston, on October 3 of the year 2000, he said:

I would have my secretary of treasury be in touch with the financial centers, not only here but at home.

Saginaw, MI, September 29, 2000:

I know the human being and fish can coexist peacefully.

Quote: ''I know the human being and fish can coexist peacefully.''

Redwood, CA, September 27, 2000:

I will have a foreign-handed foreign policy.

Again, these are direct quotes from the Governor of the State of Texas, the man who has been nominated to be President of the United States.

Los Angeles, September 27:

One of the common denominators I have found is that expectations rise above that which is expected.

Beaverton, OR, September 25, this year:

It is clear our nation is reliant upon big foreign oil. More and more of our imports come from overseas.

Direct quote, MSNBC, September 20, 2000:

Well, that's going to be up to the pundits and the people to make up their mind. I'll tell you what is a president for him, for example, talking about my record in the state of Texas. I mean, he's willing to say anything in order to convince people that I haven't had a good record in Texas.

September 9, on the Oprah show:

I am a person who recognizes the fallacy of humans.

Interview with Paula Zahn, September 18, 2000:

A tax cut is really one of the anecdotes to coming out of an economic illness.

I have read these over several times. I still am stunned by what has been said by the man running for President of the United States.

Orange, CA, September 15, 2000:

The woman who knew that I had dyslexia—I never interviewed her.

Westminster, CA, September 13:

The best way to relieve families from time is to let them keep some of their own money.

The same interview:

They have miscalculated me as a leader.

Orlando, FL, September 12, 2000:

I don't think we need to be subliminable about the differences between our views on prescription drugs.

This is a campaign of ideas, Mr. President, a discussion of policies, a discussion of having a vision of what this country needs, someone who can discuss them in a logical manner.

Pittsburgh, PA, September 8:

This is what I'm good at. I like meeting people, my fellow citizens, I like interfacing with them.

Westland, MI, September 8:

That's Washington. That's the place where you find people getting ready to jump out of the foxholes before the first shot is fired.

Detroit, September 7, 2000:

Listen, Al Gore is a very tough opponent. He is the incumbent. He represents the incumbency. And a challenger is somebody who generally comes from the pack and wins, if you're going to win. And that's where I'm coming from.

Houston, TX, September 6:

We'll let our friends be the peacemakers and the great country called America will be the pacemakers.

Scranton, PA, September 6:

We don't believe in planners and deciders making decisions on behalf of Americans.

Allentown, PA, September 5:

I regret that a private comment I made to the vice presidential candidate made it through the public airways.

New York Times, September 2:

The point is, this is a way to help inoculate me about what has come and is coming.

CNN online chat:

As governor of Texas, I have set high standards for our public schools, and I have met these standards.

Same interview:

Well, I think if you say you're going to do something and don't do it, that is trustworthiness.

Des Moines, IA, August 21:

I don't know whether I'm going to win or not. I think I am. I do know I am ready for the job. And, if not, that's just the way it goes.

Same, Des Moines, IA:

This campaign not only hears the voices of entrepreneurs and the farmers and the entrepreneurs, we hear the voices of those struggling to get ahead.

Des Moines, IA, August 21:

We cannot let terrorists and rogue nations hold this nation hostile or hold our allies hostile.

I have a different vision of leadership. A leadership is something who brings people together.

That is from Bartlett, TN, August 18.

August 11, Associated Press:

I think he needs to stand up and say if he thought the president were wrong on policy and issues, he ought to say where.

Salinas, CA, August 10:

I want you to know that farmers are not going to be secondary thoughts to a Bush administration. They will be in the forethought of our thinking.

Today Show interview, August 1:

And if he continues that, I'm going to tell the nation what I think about him as a human being and as a person.

Washington Post, July 15. This was a comment to New Jersey's Secretary of State, the Honorable DeForest Soaries, Jr.:

You might want to comment on that, Honorable.

Seattle Post-Intelligencer, June 23, 2000:

This case has had full analyzation and has been looked at a lot. I understand the emotionality of death penalty cases.

Cleveland, OH, June 29:

States should have the right to enact reasonable laws and restrictions particularly to end the inhuman practice of ending a life that otherwise could live.

This is another Cleveland quote from a different time, July 1:

Unfairly but truthfully, our party has been tagged as being against things. Anti-immigrant, for example. And we're not a party of anti-immigrants. Quite the opposite. We're a party that welcomes people.

Wayne, MI, June 28:

The fundamental question is, Will I be a successful president when it comes to foreign policy? I will be, but until I'm the president, it's going to be hard for me to verify that I think I'll be more effective.

NPR radio, June 16:

The only things that I can tell you is that every case I have reviewed I have been comfortable with the innocence or guilt of the person that I've looked at. I do not believe we've put a guilty . . . I mean innocent person to death in the State of Texas.

Hardball, MSNBC, discussion on abortion, May 31 of this year:

I'm gonna talk about the ideal world, Chris. I've read—I understand reality. If you're asking me as the president, would I understand reality, I do.

June 9, 2000, Wilton, CT:

There's not going to be enough people in the system to take advantage of people like me.

April 3, U.S. News and World Report:

I think anybody who doesn't think I'm smart enough to handle the job is underestimating.

This is interesting. This is also on Hardball. Governor Bush:

First of all, Cinco de Mayo is not the independence day. That's dieciseis de Septiembre, and . . .

Chris Matthews says:

What's that in English?

Governor Bush:

Fifteenth of September.

Mr. President, I took 2 years of high school Spanish, and I know that is not September 15.

From Albuquerque, NM, on May 31:

Actually, I—this may sound a little West Texan to you, but I like it. What I'm talking about—when I'm talking about myself, and when he's talking about myself, all of us are talking about me.

Again, he said:

Actually I—this may sound a little west Texan to you, but I like it. What I'm talking about—when I'm talking about myself, and when he's talking about myself, all of us are talking about me.

Here is another direct quote from the Albuquerque on May 31:

This is a world that is much more uncertain than the past. In the past, we were certain, we were certain it was us versus the Russians in the past. We were certain, and therefore we had huge nuclear arsenals aimed at each other to keep the peace. That's what we were certain of. You see, even though it's an uncertain world, we're certain of some things. We're certain that even though the ''evil empire'' may have passed, evil still remains. We're certain there are people that can't stand what America stands for. We're certain there are madmen in this world, and there's terror and there's missiles, and I'm certain of this, too: I'm certain to maintain the peace, we better have a military of high morale, and I'm certain that under this administration, morale in the military is dangerously low.

He was talking with Paula Zahn on May 18 about Rudy Giuliani, the mayor of New York City:

He has certainly earned a reputation as a fantastic mayor, because the results speak for themselves. I mean, New York is a safer place for him to be.

This was in the New York Times on March 4, 2000:

The fact that he relies on facts—says things that are not factual—are going to undermine his campaign.

On his meeting with JOHN MCCAIN, in the Dallas Morning News on May 10, 2000, he said:

I think we agree, the past is over.

This is from Reuters, May 5, 2000:

It's clearly a budget. It's got a lot of numbers in it.

Here is an interview Governor Bush did with Jim Lehrer on The NewsHour, on April 27, 2000:

Governor BUSH: Because the picture on the newspaper. It just seems so un-American to me, the picture of the guy storming the house with a scared little boy there. I talked to my little brother, Jeb—I haven't told this to many people. But he's the Governor of—I shouldn't call him my little brother—my brother, Jeb, the great Governor of Texas.

JIM LEHRER: Florida.

Governor BUSH: Florida. The State of Florida.

On April 26, 2000, he said:

I hope we get to the bottom of the answer. It's what I'm interested to know.

On Meet The Press on April 15, he said:

Laura and I really don't realize how bright our children is sometimes until we get an objective analysis.

On April 6, 2000, the Associated Press reports this quote:

You subscribe politics to it. I subscribe freedom to it.

That was a question about whether he and AL GORE were making the Elian Gonzalez case a political issue.

This appeared in The Los Angeles Times on April 8, 2000:

I was raised in the West. The west of Texas. It's pretty close to California. In more ways than Washington, DC, is close to California.

On March 28, 2000 in Reston, Virginia, he said:

Reading is the basics for all learning.

This was at Fritsche Middle School in Milwaukee on March 30, 2000:

We want our teachers to be trained so they can meet the obligations, their obligations as teachers. We want them to know how to teach the science of reading. In order to make sure there's not this kind of Federal—Federal cufflink.

Mr. President, I will make my final quote for tonight. We have several pages more we will do at a subsequent time.

In the Washington Post of March 24, 2000, this is his quote:

Other Republican candidates may retort to personal attacks and negative ads.

Mr. President, I read these direct quotes. It would have been very easy to editorialize on every one of them. I chose not to do that. I chose, though, to spread across the record of this Senate statements made by Governor George W. Bush which should lead some to believe that if this man is going to be heavily involved in policy not only of this Nation, but this world, that they should be aware of some of the statements he has made. We want this to be a Government where people are clear on the issues, understand the issues. We have difficult, very complex problems not only domestically, but internationally. I think these quotes speak for themselves.

Mr. President, it is my understanding the Senator from Iowa is here and wishes to speak.

Mr. HARKIN. I ask the Senator to yield to me for a second.

Mr. REID. How much time do I have left?

The PRESIDING OFFICER. The Senator was given as much time as he may consume.

Mr. REID. I will yield the Senator some time.

Mr. HARKIN. I thank the Senator for mentioning some of those quotes. I didn't hear them all because I was on my way to the floor from my office.

Mr. REID. I was only able to get to a few of them. I only spent about 40 minutes talking on the direct quotes from the Governor of Texas. There will be more.

The PRESIDING OFFICER. The Senator from Nevada can only yield for a question at this point in time.

Mr. REID. It is my understanding he was asking me a question.

Mr. HARKIN. Yes. I appreciate the Senator's comments and reading those quotes. I wonder, did the Senator listen to the third and final debate?

Mr. REID. I didn't miss a single word of that debate.

Mr. HARKIN. I want to ask the Senator, did he hear the quote by about Governor Bush—there was a question asked about agriculture. Vice President GORE answered the question and it came to Governor Bush. He started talking about using food as a weapon. He made this quote—he said:

We have got to stop using food. It hurts the farmers.

Does the Senator remember that quote?

Mr. REID. I listened with amazement. In responding to my friend from Iowa, following the second debate, the Vice President, during that debate, said that there was a young lady in Florida that wasn't able to get a desk. The Republican spin doctors came back the next day and said that wasn't true, she was only out of a desk for a day. In fact, she missed 7 days because of not having room in that classroom, for whatever reason. I was so amazed that the press picked up on what the Vice President said, which to me indicated that was just one of the minor problems that we have in education.

I heard a day or two after the debate from Governor Bush. He said this. I heard it. He said: Well, I did fine in the debate because the expectations were so low of me that all I had to do was show up and say my name is George W. Bush and win the debate.

I say to my friend from Iowa, that is about how the American press has treated it. All he had to do was show up and tell his name, because if they looked into some of his statements—for one, the statement that the Senator from Iowa asked me about regarding food—it seems to me for our farmers who are suffering so much in our country today that is something the press might want to pick up on.

Does the Senator have another question?

Mr. HARKIN. No.

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

The PRESIDING OFFICER. The Senator does not have the right to do that. Under the previous order, the Senate will recess until tomorrow morning at 9:30.

Mr. REID. I did not hear the Chair.

The PRESIDING OFFICER. Under the previous order, the Senator from Nevada was allowed time to speak, and after he spoke, the Senate is to be in recess until tomorrow at 9:30 a.m.

Mr. REID. I want to complete my statement. I will finish that in a hurry. This is a parliamentary inquiry to the Chair: We are going to come in at 9:30 tomorrow morning?

The PRESIDING OFFICER. The Senator is correct.

Mr. REID. And we are to pick up the older Americans legislation.

Mr. HARKIN. Mr. President, will the Senator yield?

Mr. REID. I am happy to yield for a question.

Mr. HARKIN. Mr. President, I asked for 15 minutes at the end of the time. For some reason it got mixed up and I was not included on the list. It is my intention to ask unanimous consent that I be recognized to speak for 15 minutes before the Senate goes out on recess.

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

Mr. HARKIN. I thank the Chair.

SHORTAGE OF AIRLINE PASSENGER SPACE

Mr. HARKIN. Mr. President, one of the most serious issues facing our national air transport system is the shortage of space—both in the air and on the ground at key airports. We've seen this most clearly this past summer in the backups at Chicago O'Hare and in much of the airspace in the Northeast.

Americans have developed a tremendous appetite for air travel for both leisure and business needs. In the last few years, with our economy so strong, the result has been an increasing number of packed planes all year round, especially during the peak summer travel season.

But for many Americans trying to enjoy some vacation time, this summer was a season of discontent filled with bad weather, aging air traffic control systems and airline-employee difficulties. Countless Americans spent hours sitting on the tarmac at O'Hare waiting to take off, or sitting in the airport lounge, waiting for their planes to arrive. Thousands of Americans found themselves delayed, stranded and disappointed. A once-reliable system has become increasingly unreliable.

Some of these events are unavoidable. Clearly, there are times when bad weather requires us to delay or cancel flights. But when an airport is near capacity, even the tiniest alteration in landing and takeoff timing can quickly turn into considerable delays.

We've been seeing the warning signs for years. The National Civil Aviation Review Commission, chaired by the current Secretary of Commerce, Norm Mineta, warned us three years ago about our looming air travel crisis.

In fact, the very first sentence of the Commission's report reads as follows:

Without prompt action, the United States' aviation system is headed toward gridlock shortly after the turn of the century. If this gridlock is allowed to happen, it will result in a deterioration of aviation safety, harm the efficiency and growth of our domestic economy, and hurt our position in the global marketplace.

Mr. President, the future is now. As we have turned the corner into the 21st Century, the predicted air traffic control crisis is clearly upon us.

I believe FAA Administrator Jane Garvey has done a terrific job. However, there are a number of steps that the FAA and the airlines must take—in both the short and long run—to modernize the air traffic control system and reduce congestion, particularly as it affects the heavily traveled northeast air corridors between New York, Boston, and Washington, DC, and Chicago and other key Midwestern airports.

In the short term, the FAA needs to make better use of existing capacity. This means better communication between the FAA and airlines when bad weather ties up key airports and decisions must be made about reducing or rerouting air traffic. Right now, airlines have no coordinated plans on bad weather days, and they're left to guess whether their competitors will cancel or slow their flights or not.

Now I recognize that airlines can't simply pick up the phone and talk to each other about capacity decisions. Such discussions would run afoul of our nation's antitrust laws. But Congress and FAA should consider whether they should grant some form of very limited immunity so that airlines can discuss with the FAA the most efficient way to cope with bad weather.

Another short term solution involves alternative routings. I understand that the airlines, working cooperatively with FAA, have begun flying many routes at lower altitudes. This practice is costly since flying at lower altitude burns more fuel—but it should help increase airspace capacity. FAA also needs to explore the possibility of accessing airspace previously reserved for military use. Much of this military airspace can be made available to commercial operations on a short-term basis during severe weather.

The FAA must also add additional air traffic controllers. And FAA must make sure that these controllers have the most modern, up-to-date tools available to do their jobs.

The FAA needs to take full advantage of GPS technology to allow more direct routings between airports. FAA also needs to develop technology to allow pilots and air traffic controllers to communicate more effectively with each other. One such technology is advanced data links which could reduce controllers' workload and improve their ability to create and communicate alternative routines in severe weather. It would be far more accurate and efficient for many air traffic control commands to be given to pilots in written form. The airlines and the FAA are currently undergoing tests along those lines, but I believe they must move forward more quickly.

Finally, we in Congress must continue to increase FAA research and operating budgets. We need to expand programs that examine the problems of aging aircraft. And we need to invest more in technologies that will give both pilots and air traffic controllers the very best equipment for making safe decisions. We've got to fully fund NASA aviation programs like the one designed to better detect wake-vortex trailing behind aircraft. Such technology can allow the FAA to narrow the decades old 7-mile separation standard and free up more airspace.

But these actions alone will not be sufficient. Our current system can barely handle the roughly 600 million passengers that currently travel each year. Yet, it is projected that the system will need to handle an expected 1 billion annual passengers within the next decade. Indeed, our demand for air travel seems ready to overrun our overburdened system. In some cases, we do need to add additional runway capacity.

Let's look specifically at Chicago's O'Hare International Airport. O'Hare is a place that I—and hundreds of thousands of fellow Iowans who land or connect through there every year—know well. On a blue-sky day, it's one of the best, most efficient airports in America. However, when the rain clouds or thunderstorms roll in, O'Hare can become one gigantic travel obstruction.

When O'Hare backs up, the result is a monumental ripple effect on the entire air traffic control system from Los Angeles to Boston. Because of its central location and population base, Chicago O'Hare has developed into the first or second largest hub airport in this country. It is the only hub that has two major airlines which maintain competing hub operations. This is good for the citizens of Chicago and Illinois, and it is also good for the people of Iowa and surrounding states that use O'Hare to connect to distant destinations.

We in Iowa can connect to our final destinations through such hubs as Minneapolis-St. Paul, Cincinnati, St. Louis or Denver. However, the largest share of Iowans choose to go through O'Hare because it is the largest and most convenient hub for our citizens. O'Hare also provides far more international connections than those other airports. In fact, well over 50 airlines operate there. In the past 12 months, more than 360,000 of my fellow Iowans have flown through O'Hare.

So the problems at O'Hare are not just a Chicago issue, they are a Midwestern issue, and they are a national issue.

This situation calls for immediate action. I strongly believe that the most important step we can take to begin to

alleviate our national airline crisis is to provide additional facilities for planes to land and take off at Chicago's O'Hare airport. I believe O'Hare should logically have additional parallel runways to provide expanded capacity.

As we move into this new century, we need to ensure that the critical pathways of our air transport system are not encumbered by local disagreements, which constrain the needs of interstate commerce. In addition, if we want to foster increased competition between airlines and see continued service to O'Hare from the smaller commercial airports like Burlington and Waterloo in Iowa, and if we want to expand services to cities like Sioux City, then we must provide additional take off and landing space for new airlines.

Some have suggested building a new airport south of Chicago to relieve the problems at O'Hare. I feel that this is a poor policy choice. This proposed new airport has yet to attract any airline tenants who would pay for it. Furthermore, this proposed airport would drain customers away from Chicago's Midway Airport, which is the 9th busiest airport in America and provides point to point flights to over 50 cities. In addition, in order to build this new airport, we would have to take 24,000 acres of farmland out of production. Building another airport in Chicago does not solve our current problems at O'Hare.

The solution is new runways at O'Hare. O'Hare certainly has the space for them. We know that building new runways is far more cost-effective than spending billions of dollars on a new airport. And new runways would mean an immediate reduction in delays at O'Hare. These new runways would allow simultaneous landings during all weather periods—something the current configuration does not allow.

Normally, in order for a runway to be built, approval must be granted by the operator of the airport—the City of Chicago in the case of O'Hare—and the FAA. However, under Illinois law, the Governor of Illinois, through his Department of Transportation, must also approve such a plan. Speaking as a friendly neighbor from Iowa, I am sending a letter to both Mayor Richard M. Daley and Governor George H. Ryan asking that they approve new runways in the interest of improving our entire national air transport system.

While I am not privy to all of the local concerns surrounding O'Hare, I know that all airports confront noise mitigation problems. I also know that Chicago O'Hare has the best-funded and most extensive sound mitigation program of any airport in the country. I applaud the Mayor for that far-sighted undertaking. As a member of the Appropriations Committee, I offer my assistance to the Mayor and my distinguished colleagues from Illinois to ensure that appropriate Federal dollars are channeled into that effort.

I would say to Governor Ryan, who, I understand, favors a new airport, that I do not see much in the way of Federal assistance for new airport construction in the foreseeable future. Airports today are built and/or rehabilitated by airport tenants and their passengers. I believe that the most efficient way to minimize our tax dollars is to maximize our current facilities and continue to upgrade our air traffic control system.

Earlier this year, the Senate passed overwhelmingly and the President signed, the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century, commonly known as Air21. As many of my colleagues know, I worked closely with Senators GRASSLEY, MCCAIN, HOLLINGS, ROCKEFELLER and DURBIN to draft the provision in the Air21 legislation that phases out the artificial slot-constraints at O'Hare by July 1, 2002. The intent of our effort was to increase small and mid-sized communities' access to the national air transportation system via O'Hare and to provide for increased competition at that premier connecting hub. This increased access is critical for business wishing to settle and grow in small and mid-sized communities.

While we succeeded in eliminating the barrier posed by slots, it is clear to me that O'Hare's runway, gate, and terminal space constraints continued to keep small and mid-sized communities from fully realizing the benefits of the Air21 legislation. I was extremely pleased to hear about the substantial progress in Chicago's World Gateway program. This program calls for $3.2 billion in infrastructure investments over the next several years at O'Hare—including 20 new gates and 2 new terminals. My understanding is that the two major carriers at O'Hare—United Airlines and American Airlines—have reached agreement with the City on this. I congratulate Mayor Daley on his work in bringing that agreement to closure. I also applaud American and United for their far-sighted investment in O'Hare. I only request that every effort be made to accelerate that program and to assure that space is allocated to smaller aircraft that serve smaller cities so that small town America gets a fair shake.

Without new runways, we will still be constrained by weather and air traffic control problems. It is time to remove this barrier to small and mid-sized community access to O'Hare. And it is time to expand our current national air traffic system in an effective, cost-efficient, cost-efficient way. We have neither the time nor the money nor the political will to build a new airport. Instead, we need to maximize the resources we already have. In the end, we may have to find a federal solution to this national problem.

New runways would make O'Hare and our entire national air transport system run more smoothly. I am certain that the hundreds of thousands of Iowans and others across the country who travel through O'Hare each year would appreciate this improvement. As would all those whose travel plans to other hubs and destinations are upset because aircraft are tied up at O'Hare. There is no more efficient, effective solution to aircraft delays in the Midwest and much of the Northeast than providing additional runway capacity at O'Hare.

RETIREMENT OF SENATOR LAUTENBERG

Mr. HARKIN. Mr. President, I wish to make a few brief remarks about one of our colleagues and a good friend of mine who is retiring this year.

Senator LAUTENBERG is a perfect example of the American dream come true. He grew up the son of immigrants, joined the Army Signal Corps in Europe during World War II, and then attended Columbia University on the G.I. bill. After graduation, Senator LAUTENBERG helped found a payroll services company called Automatic Data Processing. He soon became the firm's CEO, and, with 33,000 employees, his company is now one of the largest computing services companies in the world.

But Senator LAUTENBERG knew that the American dream isn't just about making it to the top. It's about giving back once you get there. That's why he ran for the United States Senate, and that's why, during his eighteen years in this Chamber, he's fought hard to make our country better for all Americans. He has fought hard to leave the ladder of opportunity down for others to climb. He's fought to improve transportation. His legislation and leadership has built and modernized highways and bridges and Amtrak rails across this country, and he's worked hard to make sure our planes and trains and cars are safe.

FRANK LAUTENBERG has fought to clean up our environment. Over the course of his career, he's worked on legislation to improve the Superfund program, redevelop Brownfields, force industry to cut down on pollution, clean up our beaches and protect our air and water. And he's fought to balance our budget. Senator LAUTENBERG focuses his sharp, business mind on the work of the Budget Committee, where he is ranking member and he helped move us from record deficits to record surpluses.

And Senator LAUTENBERG has taken on special interests like few others. He took on the gun lobby when he authored the domestic violence gun ban and other laws to fight gun violence. And he's one of the strongest supporters of the Brady bill in this Congress. He took on the liquor lobby

when he became the lead sponsor of the bill that raised the drinking age to twenty-one. And he sponsored the recent provision in the transportation appropriations bill to lower the blood alcohol content standard to .08—a provision that's going to save hundreds of lives each year. And he's taken on big tobacco. When you fly on a commercial flight now, and you can actually take a breath without choking on smoke from other passengers, you can thank Senator FRANK LAUTENBERG, because he wrote the law that bans smoking on airplanes.

You know, after he got that bill passed, I was flying out to Iowa, and several flight attendants came up to me and said, ''Senator, can you please thank Senator LAUTENBERG for us. We can finally work now without all that smoke.'' I hear that to this very day, the distinguished Senator from New Jersey always gets first class service even when he sits in coach. I still can't quite believe that Senator LAUTENBERG is leaving us. But I hope that wherever he goes, he'll find a new way to use his energy, intelligence, and talent to serve the American people. Our country can't afford to lose someone of his caliber.

My wife Ruth and I have been privileged to be friends of FRANK since we first came to the Senate in 1985. We have been privileged to travel on many trips, on many congressional delegations with Senator LAUTENBERG, as he confronted our enemies abroad and spoke with our friends abroad, to strengthen our U.S. position both in our economic endeavors with other countries and in our military position overseas.

We will miss him from this body, but I of course will not miss him as a friend. I sincerely hope that whatever FRANK LAUTENBERG does in the future, he will make himself available for further public service. Someone of his caliber and of his talent, of his compassion, and of his interest in making sure we leave the ladder of opportunity down for all Americans to climb, someone such as that we can't afford to lose from public life.

So, FRANK, we wish you Godspeed, the best in all your endeavors, the best of health and happiness in your future life. But please, if duty calls for public service, I know you will answer.

I thank the Presiding Officer for affording me the opportunity to make these comments this evening.

RECESS UNTIL 9:30 A.M. TOMORROW

The PRESIDING OFFICER. Under the previous order, the Senate stands in recess until 9:30 a.m., Thursday, October 26, 2000.

Thereupon, the Senate, at 8:23 p.m., recessed until Thursday, October 26, 2000, at 9:30 a.m.

NOMINATIONS

EXECUTIVE NOMINATIONS RECEIVED BY THE SENATE OCTOBER 25, 2000:

DEPARTMENT OF COMMERCE

JAMES A. DORSKIND, OF CALIFORNIA, TO BE GENERAL COUNSEL OF THE DEPARTMENT OF COMMERCE, VICE ANDREW J. PINCUS, RESIGNED.

CHEMICAL SAFETY AND HAZARD INVESTIGATION BOARD

LOIS N. EPSTEIN, OF NEW YORK, TO BE A MEMBER OF THE CHEMICAL SAFETY AND HAZARD INVESTIGATION BOARD FOR A TERM OF FIVE YEARS, VICE DEVRA LEE DAVIS, RESIGNED.

DEPARTMENT OF THE INTERIOR

KENNETH LEE SMITH, OF ARKANSAS, TO BE ASSISTANT SECRETARY FOR FISH AND WILDLIFE, DEPARTMENT OF THE INTERIOR, VICE DONALD J. BARRY, RESIGNED.

OVERSEAS PRIVATE INVESTMENT CORPORATION

GEORGE DARDEN, OF GEORGIA, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE OVERSEAS PRIVATE INVESTMENT CORPORATION FOR A TERM EXPIRING DECEMBER 17, 2003. (REAPPOINTMENT)

GEORGE DARDEN, OF GEORGIA, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE OVERSEAS PRIVATE INVESTMENT CORPORATION FOR THE REMAINDER OF THE TERM EXPIRING DECEMBER 17, 2000, VICE ZELL MILLER.

UNITED STATES INSTITUTE OF PEACE

MARIA OTERO, OF THE DISTRICT OF COLUMBIA, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE UNITED STATES INSTITUTE OF PEACE FOR A TERM EXPIRING JANUARY 19, 2003, VICE THEODORE M. HESBURGH, TERM EXPIRED.

HOUSE OF REPRESENTATIVES—*Wednesday, October 25, 2000*

The House met at 10 a.m. and was called to order by the Speaker pro tempore (Mr. PEASE).

DESIGNATION OF THE SPEAKER PRO TEMPORE

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

WASHINGTON, DC,
October 25, 2000.

I hereby appoint the Honorable EDWARD A. PEASE to act as Speaker pro tempore on this day.

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

PRAYER

The Reverend Dr. Ronald F. Christian, Director, Lutheran Social Services, Fairfax, Virginia, offered the following prayer:

Almighty God, we acknowledge that Your mercy is great and it covers a multitude of our shortcomings. Your steadfast love is for each one and is unconditionally available to all. Your faithfulness is from generation to generation and is no respecter of persons.

Therefore, O God, we seek Your guidance in our work and our words. We need Your wisdom for our debates and our decisions. And we humbly pray for peace in our time, for peace in our community, and for peace in our world. 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.

Mr. MCNULTY. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on agreeing to the Speaker's approval of the Journal.

The SPEAKER pro tempore. The question is on the Speaker's approval of the Journal.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. MCNULTY. 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. Pursuant to clause 8, rule XX, further proceedings on this question will be postponed.

The point of no quorum is considered withdrawn.

PLEDGE OF ALLEGIANCE

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

Mr. FOLEY led the Pledge of Allegiance as follows:

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

MESSAGE FROM THE SENATE

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

H.R. 4315. An act to designate the facility of the United States Postal Service located at 3695 Green Road in Beachwood, Ohio, as the ''Larry Small Post Office Building''.

H.R. 4450. An act to designate the facility of the United States Postal Service located at 900 East Fayette Street in Baltimore, Maryland, as the ''Judge Harry Augustus Cole Post Office Building''.

H.R. 4451. An act to designate the facility of the United States Postal Service located at 1001 Frederick Road in Baltimore, Maryland, as the ''Frederick L. Dewberry, Jr. Post Office Building''.

H.R. 4625. An act to designate the facility of the United States Postal Service located at 2108 East 38th Street in Erie, Pennsylvania, as the ''Gertrude A. Barber Post Office Building''.

H.R. 4786. An act to designate the facility of the United States Postal Service located at 110 Postal Way in Carrollton, Georgia, as the ''Samuel P. Roberts Post Office Building''.

H.R. 4831. An act to designate the facility of the United States Postal Service located at 2339 North California Avenue in Chicago, Illinois, as the ''Roberto Clemente Post Office''.

H.R. 4853. An act to designate the facility of the United States Postal Service located at 1568 South Green Road in South Euclid, Ohio, as the ''Arnold C. D'Amico Station''.

H.R. 5229. An act to designate the facility of the United States Postal Service located at 219 South Church Street in Odum, Georgia, as the ''Ruth Harris Coleman Post Office Building''.

H.R. 5273. An act to clarify the intention of the Congress with regard to the authority of the United States Mint to produce numismatic coins, and for other purposes.

The message also announced that the Senate has passed with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 2462. An act to amend the Organic Act of Guam, and for other purposes.

H.R. 5314. An act to amend title 10, United States Code, to facilitate the adoption of retired military working dogs by law enforcement agencies, former handlers of these dogs, and other persons capable of caring for these dogs.

The message also announced that the Senate agrees to the amendment of the House to the amendment of the Senate to the bill (H.R. 4788) ''An Act to amend the United States Grain Standards Act to extend the authority of the Secretary of Agriculture to collect fees to cover the cost of services performed under that Act, extend the authorization of appropriations for that Act, and improve the administration of that Act, to reenact the United States Warehouse Act to require the licensing and inspection of warehouses used to store agricultural products and provide for the issuance of receipts, including electronic receipts, for agricultural products stored or handled in licensed warehouses, and for other purposes.''

The message also announced that the Senate has passed bills, joint resolutions, and concurrent resolutions of the following titles in which the concurrence of the House is requested:

S. 1762. An act to amend the Watershed Protection and Flood Prevention Act to authorize the Secretary of Agriculture to provide cost share assistance for the rehabilitation of structural measures constructed as part of water resource projects previously funded by the Secretary under such Act or related laws.

S. 2811. An act to amend the Consolidated Farm and Rural Development Act to make communities with high levels of out-migration or population loss eligible for community facilities grants.

S. 3164. An act to protect seniors from fraud.

S. 3194. An act to designate the facility of the United States Postal Service located at 431 North George Street in Millersville, Pennsylvania, as the ''Robert S. Walker Post Office.''

S. 3230. An act to reauthorize the authority for the Secretary of Agriculture to pay costs associated with removal of commodities that pose a health or safety risk and to make adjustments to certain child nutrition programs.

S. J. Res. 36. Joint resolution recognizing the late Bernt Balchen for his many contributions to the United States and a lifetime of remarkable achievements on the centenary of his birth, October 23, 1999.

S. J. Res. 55. Joint resolution to change the date for counting the electoral votes in 2001.

S. Con. Res. 150. Concurrent resolution relating to the reestablishment of representative government in Afghanistan.

S. Con. Res. 155. Concurrent resolution expressing the sense of Congress that the Government of the United States should actively

support the aspirations of the democratic political forces in Peru toward an immediate and full restoration of democracy in that country.

The message also announced that the Senate agrees to the amendment of the House to the bill (S. 964) ''An Act to provide for equitable compensation for the Cheyenne River Sioux Tribe, and for other purposes.''

The message also announced that in accordance with sections 1928a–1928d of title 22, United States Code, as amended, the Chair, on behalf of the Vice President, appoints the Senator from Rhode Island (Mr. CHAFEE) as a member of the Senate Delegation to the North Atlantic Treaty Organization Parliamentary Assembly during the Second Session of the One Hundred Sixth Congress, to be held in Berlin, Germany, November 17–22, 2000.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair will entertain 15 one-minute requests per side.

THE ADMINISTRATION HAS DEMORALIZED OUR MILITARY

(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, yesterday the Washington Times detailed the story of Shane Walsh, a former first lieutenant in the United States Army. And I say former first lieutenant because Shane Walsh has left the Army. His reason for leaving? Well, the Army he thought it would be and the Army he found it to be were two completely different things.

Lieutenant Walsh detailed the demoralizing situation facing our military today. For example, he said how M1A1 tanks sit abandoned with broken starter motors or unused simply because there is not enough money left to fuel them. His story is not unique. Our military is severely burdened by low morale and it continues to lose large numbers of servicemen and women today and every day.

The refusal of the Clinton-Gore administration to recognize this and to provide the necessary resources for our military, while still deploying them far and wide, has caused this desperate and disturbing situation.

Thankfully, this Republican Congress is truly committed to ensuring our military readiness today and in the future, and we are putting our military back on track with the needed resources to keep it strong and to keep qualified people like Shane Walsh in the military.

TRIBUTE TO JOHN H. KRAMER, DISTINGUISHED PUBLIC SERVANT

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

Mr. HOLDEN. Mr. Speaker, I rise today to pay tribute to a distinguished public servant from my Congressional District, former Berks County Sheriff John Kramer. John has been a legend in local politics in my district for many years and has become my close personal friend and mentor.

John served as Chief Deputy Sheriff in Berks County, Pennsylvania, until 1975, when he was elected to his first term as county Sheriff. John won the primary election by nearly 10,000 votes, and later that year defeated his opponent by 20,000 votes in the general election.

Following that first election in 1975, John was reelected Berks County Sheriff four times, and in three of those elections was top voter of any candidate for office in the county. In 1995, after 20 years in office, he announced he wanted to retire and would not seek a sixth term.

John was also a sports figure. He bought the Rising Sun Hotel from his father in 1955 and founded the Rising Sun Athletic Association in 1965. The association sponsored bowling, basketball and softball teams. The Sunners softball team won the national softball championship in 1975, and in 1976 the team became co-world champion.

In office and in politics, John Kramer valued loyalty. He enjoyed bipartisan support and was well respected by Republicans and Democrats alike.

He is a fine supporter of the Reading Phillies and Philadelphia Phillies and counts among his friends Mike Schmidt, Pete Rose and Gregg Luzinski.

John and his lovely wife, Doris, have been married for 47 years and reside in Reading, Pennsylvania.

TRIBUTE TO THE HONORABLE TILLIE FOWLER, MEMBER OF CONGRESS

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

Mr. FOLEY. Mr. Speaker, due to a scheduling conflict last night, I was unable to join my colleagues in a salute to the gentlewoman from Florida (Mrs. FOWLER), so today I join my colleague, the gentlewoman from Florida (Ms. ROS-LEHTINEN), in saluting this wonderful advocate for the people of the great State of Florida.

The gentlewoman from Florida (Mrs. FOWLER) came from Jacksonville to not only be an integral part of this august body but she came to represent what is the best in America: She took care to make certain our military was well equipped, she made certain her home of Jacksonville was looked after, and she rose to the top ranks of this Congress as a member of the leadership team.

So as we prepare to adjourn the 106th Congress, I salute the gentlewoman from Florida (Mrs. FOWLER), I salute her husband and family for allowing her to serve this great institution and our great State, and I know while her career may end in this House as we adjourn, hopefully this week, her sacrifice and her help for this Nation will continue long after this Congress adjourns. We all join Floridians everywhere in saluting her.

BRING OUR CHILDREN HOME

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

Mr. LAMPSON. Mr. Speaker, Uchechi Anyanwu is a U.S. citizen born of Nigerian nationals who were here with U.S. green cards. She had a younger sister, Ogechi, also born in the U.S. Because of marital problems, the family went back to Nigeria. When they arrived there, the father informed the mother that the marriage was over, took possession of the mother's passport and the children. He wanted to get a divorce in Nigeria to avoid having to pay child support.

The mother was able to escape with her family's help. When she came back to the United States, the mother immediately got temporary custody. The father came back to the U.S. without the children. The mother and father appeared before a judge in August of 1997 and the judge ordered the return of the children. He refused, and has been in jail ever since.

The children were allegedly with a paternal aunt and uncle in Lagos, Nigeria. In November 1997, the mother got word that the younger daughter, Ogechi, died of malnutrition. The uncle was jailed for 2½ months for the murder of his niece, but then was released.

Interpol has verified the child's death, but the burial site is unknown. Interpol has checked at the aunt's and uncle's home for the surviving child, but has not found her there. Uchechi's mom has hired an attorney in Logos, who took all her money and disappeared.

Mr. Speaker, do we have to wait until children die before this Congress takes notice of children being taken across our borders? It is time to bring our children home.

OLDER AMERICANS ACT IS IMPORTANT TO FLORIDIANS

(Ms. ROS-LEHTINEN asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. ROS-LEHTINEN. Mr. Speaker, I am pleased to be a strong supporter of the reauthorization of the Older Americans Act. The Older Americans Act has been responsible for allowing millions of seniors across our country to remain in their own homes and living independently, allowing our aged citizens to keep their dignity and self-respect.

Florida is home to the Nation's largest senior population, and they rely on the many provisions of the Older Americans Act for nutrition, transportation and counseling. Josefina Carbonell, of the Little Havana Activities and Nutrition Center, reminds me of this each and every day. Gracias, Josefina.

There is a new and important authorization of the National Family Caregivers Support Program that gives help to family members who provide in-home care to older seniors. I am pleased that the funding formula has been reformed in order to ensure that States with large senior populations, such as Florida, will receive their fair funding formula.

The biggest winners, of course, are our seniors, who deserve to enjoy their golden years.

COLORADO SUPREME COURT MAKES POOR DECISION

(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, the Colorado Supreme Court threw out the 5-year mandatory prison sentences for rapists and child molesters. Thus, over 100 rapists are now out on the street. Unbelievable. Naturally, many people are up in arms, and who can blame them.

If that is not enough to reward criminals, my colleagues, the victims of these creeps were not even notified. Not even notified. Beam me up, Mr. Speaker. The Supreme Court of Colorado needs their heads examined by a proctologist.

I yield back all the victims of the Colorado Supreme Court. Think about that.

VICE PRESIDENT'S ATTACK OF GOVERNOR BUSH'S SOCIAL SECURITY PLAN IS FALSE

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

Mr. SMITH of Michigan. Mr. Speaker, I heard again yesterday Mr. GORE's attack on Governor Bush; that he was spending over the next 10 years the same $1 trillion twice, once to start up an investment account so that retirees could end up with more money, and once on Social Security benefits. I just wanted to set the record straight.

Over the next 10 years, there will be $7.8 trillion coming in to the Social Security Trust Fund. Benefits, or the cost during the next 10 years, is going to be $5.4 trillion. That leaves a balance, a surplus, of $2.4 trillion, and $1 trillion out of that $2.4 trillion is what Governor Bush is suggesting to use during the transition to start setting up personal retirement savings accounts that will supplement Social Security and add to benefits. It will stay in Social Security.

I think our goal has got to be to deal honestly with this problem; to get a better return on investments than the 1.9 percent that the average retiree now gets from the money sent in from the employer and employee.

IMMIGRATION BILL DISCRIMINATES

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

Mr. RODRIGUEZ. Mr. Speaker, I want to appeal to the Republican side to look at the immigration law from 1996. The 1996 law on immigration took away all discretion. The 1996 law took away all due process. The 1996 law splits apart families. The 1996 law took away all compassion.

We need to repeal the most punitive aspects of the 1996 immigration law. We need to restore fairness and equity to the system of immigration and naturalization. We need to give parity to Central Americans who fled for their lives. We need to allow for families to reside together, where they will be able to apply for an application without having to leave this country. We need to make sure and make clear that this law will be changed. And we need to make sure that both Customs and the Commerce, Justice, State bills do not pass until we make sure this immigration law is taken care of.

I ask the Republican side that everything be done to make sure that equal treatment be taken into consideration in this particular piece of legislation. I ask for consideration in amending the 1996 piece of legislation.

REPUBLICAN ACCOMPLISHMENTS

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

Mr. BRADY of Texas. Mr. Speaker, this is the time of year when history gets rewritten in politics; when people like President Clinton take credit for welfare reform that he vetoed repeatedly. Who was actually responsible for getting the compass going in the right direction can be quite confusing. For that reason, I would like to set the record straight.

I think the American people can be proud of the progress the Republican Congress has shown. Just a few years before we got here, this administration forecast budget deficits of $200 billion or more as far as the eye could see, and they said that the deficit is not a problem; that it is not an issue for us.

Well, Republicans reversed that. In 1998, we balanced the budget for the first time in decades. The next year we stopped a 40-year raid on Social Security, where our Social Security surplus was being diverted to other programs instead of being saved for retirement. And this year, because of that fiscal responsibility, we have a budget surplus. That only means we have to work harder to be fiscally responsible and not allow the White House to go on another spending spree.

We think the best responsibility is paying down the debt.

□ 1015

DEMOCRATS ARE FIGHTING FOR SCHOOL CONSTRUCTION AND MODERNIZATION

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

Mr. ALLEN. Mr. Speaker, Republicans in Washington, D.C., are always talking about what small business wants and it always comes down to what Washington Republicans want. But when I talk to small business men and women in Maine, the two most important issues to them are the education and training of their workforce and the cost of their health care.

The strong economy has meant that it is harder to find and keep qualified employees. But remember, the Republicans in this Congress tried and failed to eliminate the Federal Department of Education and the assistance that goes to local school boards.

It is Democrats who are fighting for school construction and modernization, which will improve education, hold down property taxes, and give our businesses, large and small, a better trained workforce.

On health care, too many small business men and women in Maine can now only afford to buy catastrophic health insurance with an annual $5,000 deductible. They are seeing 10 percent to 40 percent increases in their premiums. They will not get help from the Republicans in Congress because the majority here will not even support providing a guaranteed Medicare prescription drug benefit for our seniors.

For small business, Democrats stand for continued economic growth, support for education and health care, and fiscally responsible tax cuts.

REPUBLICANS STAND FOR LOCAL CONTROL OF EDUCATION

(Mr. HAYWORTH asked and was given permission to address the House

for 1 minute and to revise and extend his remarks.)

Mr. HAYWORTH. Mr. Speaker, we should rejoice in our constitutional republic when there are differences of opinion. And I welcome the comments from my friend the gentleman from Maine (Mr. ALLEN). Although I think that harsh political attacks, even taking a look at where we are on the calendar, may be somewhat out of place here.

Attacking prosperity is curious. Attacking local control of public education is even more curious. Mr. Speaker, ''curiouser and curiouser'' said Alice through the looking glass.

The fact is we stand for local control, putting parents in charge of education. And, yes, we invite our friends to put people in front of politics and join with us in a bipartisan way to make sure there is full health care deductibility, to make sure that there are solutions not decreed by Washington bureaucrats but by the people at home and the business owners and parents in the home and teachers in the classroom.

That is where our strength remains, not in the bureaucracies of Washington, D.C.

WE HAVE NOT DONE OUR WORK

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

Mr. LEWIS of Georgia. Mr. Speaker, we have not done our work. The Republican controlled Congress has not finished its work.

Where is the Patients' Bill of Rights? Where is a prescription drug benefit? Where is the minimum wage legislation? Where are the 100,000 new teachers? Where is the new school construction? Where is the juvenile justice bill?

The majority party has not done its work. We have not been fair to the American people. They deserve better. They should get better. They need our help, and Congress has done nothing.

We are nearing the end of another ''do nothing'' Congress that has not done anything, not anything, not one thing for the American people. We should be ashamed to leave this place, be ashamed to close this Congress and not to be finished with the American people's agenda.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. PEASE). Members and staff are reminded that the use of personal electronic communication devices on the floor of the House is a violation of the rules of the House and Members are to disable wireless telephones when entering the chamber.

PEOPLE OF SUDAN DESERVE TO LIVE IN PEACE

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

Mr. PITTS. Mr. Speaker, as conflict rages in the Middle East and the world's attention is drawn to the crisis, it is vital that we do not forget other peoples around the world who suffer extreme violence.

One Sudanese man recently said, ''We feel in Sudan that the world condemns us to die. Why? Our situation the world sees for 18 years, but no one seems to see help. We need mercy.''

A number of Members of Congress have stood on the House floor to describe the horrors occurring in Sudan. Yet, for some reason, this administration believes that the issue of Sudan ''is not marketable to the American people.''

Why in the world are we ignoring the plight of millions of Muslims, Christians, and those of tribal religions whose homes, places of worship, and schools are being bombed? What kind of civilized government bombs a clearly marked hospital or church?

Mr. Speaker, the people of Sudan deserve to live in peace. Our administration must ensure that food aid is not used as a weapon by the Khartoum government against the people of the South and we must support the IGAD peace process.

EDUCATION FUNDING HOLDING CONGRESS UP

(Mr. GREEN of Texas asked and was given permission to address the House for 1 minute.)

Mr. GREEN of Texas. Mr. Speaker, I thank the coach from Georgia for sending me in.

Mr. Speaker, it is great to be here today. Except the problem I have is that we were supposed to be finished on October 3. This Congress has provided billions and billions of dollars for projects all over the country. And yet, what is holding us up? Education funding.

I want to congratulate my Republican colleagues for saying, we will do something for school construction around the country. But what about smaller class sizes?

Five years ago, when the Republicans took control, they wanted to eliminate the Department of Education. In fact, they have candidates all over the country saying that is what they want to do.

They are willing to now, instead of abolishing it up here, they just want to transfer funds to private schools. Over 90 percent of our children get their education through public schools. Let us do not take the funds away from them.

My children went to public schools. They graduated. They went to college. They had a great public education. My wife teaches math in a public high school in Houston, Texas. We have great public schools. But we do not do it by taking money away from them and sending dollars to private schools like my Republican colleagues want to do.

We need smaller class sizes. We need help with buildings. We need to work with our local school boards and our State legislators to say, okay, what works in Texas, we can help and we will send them funds to do it.

EDUCATION IS FIRST, LAST AND ALWAYS ABOUT CHILDREN

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

Mr. TIAHRT. Mr. Speaker, education is first, last and always about children. The education debate is not about money. It is about Federal versus local control of schools and our children's future.

Republicans emphasize local education flexibility, not a Federal straitjacket so parents and teachers can decide if they need to hire more teachers or upgrade skills of their existing teachers. We promote basic academics and encourage parental involvement, not replace the role of children's parents in their lives. We support locally designed accountability standards, not mandated Federal testing.

We have tried to drive at least 95 cents of every Federal dollar directly to the classroom, not bureaucracies bloated by expanding the Federal role in neighborhood schools.

Mr. Speaker, the liberals have made it clear that in a Democrat Congress the education focus would once again shift back to the vision of big government, Washington-knows-best approach to dealing with local education issues.

Americans know better. They care about education and they are concerned about whether students are learning, whether they can read at grade level, and whether they are learning to add and subtract.

Under Republican leadership, we have placed the focus and quality on results with parents and teachers in control.

EDUCATION IS AN AMERICAN PROBLEM

(Mr. FORD asked and was given permission to address the House for 1 minute.)

Mr. FORD. Mr. Speaker, to all of my colleagues, it is interesting when I hear and all of us in this debate about Federal versus local. Let us just deal with the facts for one moment.

Ninety-four cents of every dollar raised and spent for public education is raised and spent at the local level. Virtually all the policy setting authority for all of our schools across the country, in my district in Memphis and in

districts all across this country, is done at the State and local level.

If we want to point fingers or blame people, we have to blame locals for our problem. But I am not in the business of blaming. What my local school districts suggest they want, Democrats, Republicans, conservatives and liberals, big government people and little government people, are actual solutions. They want help.

They have problems because kids are learning in trailer homes in my colleagues' districts and in our districts all across the country. They have problems because they have kids learning in closets and bathrooms in schools all across this country.

Now, we can sit here and pretend that this debate is meaningful and useful about Federal or local, liberal or conservative, Democrat or Republican. Reality is that there are kids that are not learning, there are kids that are caught in bathrooms and closets and trailer homes all across this country, because we would rather debate whether it is a local or Federal problem.

This is an American problem. I hope all of my colleagues will do the right thing and pass the education bill.

SAVING SOCIAL SECURITY

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

Mr. STEARNS. Mr. Speaker, Republicans will honor and strengthen Social Security. We will protect all benefits for today's seniors and ensure that Social Security is available for their grandchildren.

The administration has done nothing to save Social Security in the last 8 years even though the massive baby boom generation will begin drawing benefits 8 years from now.

When Social Security first started, there were 42 workers to support each retiree. In a few decades, there will be only two workers per retiree. As a result, Social Security benefits will exceed contributions beginning in the year 2015 and the system will go bankrupt in the year 2037.

The Vice President touts his plan for Social Security, but his plan would do nothing to improve the program's long-term solvency and will lead to higher taxes or cuts in benefits. In fact, the Vice President's plan would leave the basic structure of Social Security untouched, essentially gambling that future generations would be able to pay the bills when the baby boom generation begins to retire in full force. This is not good. Help is on the way with a Republican White House and a Republican Congress.

GOVERNOR BUSH'S TAX PROPOSAL

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

Mr. SHERMAN. Mr. Speaker, we are engaged in a great fiscal debate, a debate that is clouded by fuzzy fiscal figures. We are told by the Governor of Texas that he will provide tax relief to every American who pays taxes. This is simply not true.

Fifteen million Americans pay FICA tax that is pulled out of their wages, and these 15 million Americans who pay FICA tax but do not pay income tax will not get a single penny of relief from the Governor's proposal.

Second, he tells us that he will provide only $223 billion of tax relief to the richest one percent of Americans. He does this by ignoring his own estate tax repeal, which will cost $50 billion a year, $500 billion over 10 years, meaning that his plan will actually provide well over $700 billion to the wealthiest one percent of Americans.

Mr. Speaker, this debate is important. We need to look through the fuzzy fiscal facts and see it clearly.

BALANCED BUDGET SURPLUS

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

Mr. CHABOT. Mr. Speaker, for 30 years when Democrats controlled the House of Representatives they talked about a balanced budget. But it was only talk. The debt continued to rise and we did not have a balanced budget.

For many years they talked about welfare reform. But it never happened. For years Democrats talked about middle class tax relief. But they raised taxes on everybody in America, not just the middle class, but everybody.

Then, 6 years ago, Republicans took over the House and we finally saw a balanced budget, we finally saw welfare reform, even though the President vetoed it twice before finally signing it into law and taking credit for it. And we have seen welfare rolls come down across country.

Now that we have a balanced budget, we have a surplus. Republicans want to use that surplus to save Social Security and Medicare and give prescription drugs to seniors, to pay down the debt, and to cut taxes on everybody, especially the middle class.

That is the right thing to do for America.

CALLING ON PUBLIC RADIO TO DISCONTINUE POLITICAL ADS

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

Mr. TAUZIN. Mr. Speaker, Americans were shocked this morning to realize that today public radio is beginning to air political advertisements. It seems that public radio has interpreted their mandate to include reasonable access to Federal candidates to allow the placement of Democratic political advertisements on public radio.

Now, I think they have interpreted the law wrong. But I am calling upon public radio to immediately take those political ads down. The law requires, in effect, that they cannot charge for political advertising.

The Democrat candidates are apparently taking advantage of tax-free paid support to public radio by placing their ads free of charge on public radio. That ought to end today. If it does not end today, I will call upon every candidate in political elections to bring their ads to public radio and next year we will think about taking away their mandate entirely.

SOCIAL SECURITY PENSION AND VETERANS' ADMINISTRATION CHECKS

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

Mr. HILL of Montana. Mr. Speaker, last week we passed a continuing resolution for 1 week. The purpose of that continuing resolution was to keep the Government going for another week while we negotiated some thorny issues over how much we are going to spend and what tax relief was going to be for the American people. But that resolution had a very important provision because it authorized the Clinton administration to prepare the November 1 Social Security pension checks and the Veterans' Administration checks.

□ 1030

It is very important for those seniors and those people who are reliant on those checks to know that they are going to be there on November 1. What is important is that the majority of the Democrats, and virtually all of the Democrat leadership, came to this floor and voted against the resolution to keep those checks going. What that means is that the Democrats want to make Social Security a political issue, and it is the Republicans who are saying we are going to make sure that the people who are dependent on those checks have the security they are intended to provide.

Mr. Speaker, today we will vote again on a continuing resolution. It will be interesting to see whether the Democrats really care about security, or they are after a political issue. I ask my colleagues to support this continuing resolution.

BIPARTISAN SPIRIT CAN MAKE PRESCRIPTION DRUG BENEFITS A REALITY

(Mr. ROGAN asked and was given permission to address the House for 1

minute and to revise and extend his remarks.)

Mr. ROGAN. Mr. Speaker, House Republicans are committed to achieving results, not setting up roadblocks. Already we have passed a plan to provide prescription drug coverage that is voluntary, affordable, and available to all. When we tried to work with Democrats on this issue, they got up and walked out of the Chamber.

It is time to put partisan politics aside and work to get a prescription drug plan signed into law. Vice President GORE campaigns for a plan to force seniors into a one-size-fits-all, government-run HMO. Recently, Mr. GORE told seniors a phony story about his own mother-in-law to win their support for this flawed drug plan. Now he and his friends in this Chamber are inventing stories about Medicare to frighten seniors.

Mr. Speaker, the Republican Congress has put the Nation's financial house in order, we stopped the raid on Social Security, and we are paying down the national debt. Now a prescription drug benefit is possible. If the President and our friends on the other side of the aisle would adopt a bipartisan spirit, we would be able to offer these benefits next year.

SENIORS DEMAND GUARANTEED MEDICARE PRESCRIPTION DRUG BENEFIT

(Ms. JACKSON-LEE of Texas asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Mr. Speaker, there is a difference, and I am glad my colleague just called for a bipartisan approach to solving the problems for all Americans.

Mr. Speaker, I would just ask my colleague to pose the question to senior citizens throughout this country: Do they want the opportunity to dial up their HMO or pharmaceutical company and beg for an opportunity to buy low-cost prescription drugs, or do they want a guaranteed benefit by Medicare? I venture to say that my seniors who have seen HMOs close their doors in their community, who are crying out for health care, would argue: ''Give me a guaranteed Medicare prescription drug benefit. One that allows me to get the same cost and prices that are given to our hospitals and other large institutions.''

Mr. Speaker, it is very simple. Give them an opportunity to pay their rent and buy their food and still have good health care. I hope my colleagues see the light and are willing to pass a real prescription drug benefit, a real Patients' Bill of Rights that allows the patient-physician relationship to be restored and for HMOs to find their place.

Lastly, Mr. Speaker, it is a shame, too, that we cannot pass a hate crimes bill.

LISTEN TO OUR SENIORS

(Mrs. JOHNSON of Connecticut asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. JOHNSON of Connecticut. Mr. Speaker, I say to the President, ''Listen to our seniors.'' My seniors are being hurt by their Medicare+Choice plans leaving the market. They are hurt because through these plans they get better benefits than Medicare offers, and millions of seniors in these plans are sicker and poorer than most of our senior citizens and can't afford Medigap prices.

You are closing down their plans, by having increased their reimbursements 2 percent a year for 3 years, and now offering 3 percent when costs are trending up at 8 to 10 percent, as well as giving every single Medicare provider a bigger increase. Your policy is simply forcing them out of the market.

Mr. Speaker, I would say to the President that the plans have already left the less densely populated areas and in the next round are going to leave areas like New York City and its boroughs, leaving millions of seniors stranded. And, cruelly, these seniors cannot buy Medigap insurance either, because they cannot afford it or they would be excluded because of preexisting conditions.

Mr. Speaker, I again say to the President, ''Mr. President, help our seniors by giving the managed care plus choice plans a decent increase this year. And next year, let us reform Medicare so that the benefits are better for all seniors and the reimbursements fairer and simpler.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. PEASE). The Member is reminded that remarks in debate are to be addressed to the Chair.

SECURING OUR CHILDRENS' FUTURE

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

Mr. GARY MILLER of California. Mr. Speaker, imagine an America where all children receive a world class education and an opportunity to achieve their dreams in a safe school in every community. Imagine an America where the best and brightest teach America's children and every child can read by the third grade. Imagine an America where 95 percent of students graduate from high school and every high school graduate has access to a college education.

Mr. Speaker, House Republicans are committed to this vision for our children and making these dreams a reality.

Children are America's top priority. Republicans are open to innovation and new solutions to old problems. Republicans have made a solid commitment to education, but the Clinton-Gore administration and Democrats in Congress want the Federal Government to decide what local schools can and cannot do. This is what separates the two parties on education policy.

Wake up America. Every child, regardless of family income, deserves a quality education. We need to increase the role of parents in the day-to-day education of their children and decrease the role of Washington. Republicans are committed to securing America's future for our children and grandchildren.

THE JOURNAL

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, the pending business is the question of the Speaker's approval of the Journal of the last day's proceedings.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. MCNULTY. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 332, nays 51, not voting 49, as follows:

[Roll No. 544]

YEAS—332

Abercrombie	Bliley	Collins
Ackerman	Blumenauer	Combest
Allen	Blunt	Condit
Andrews	Boehlert	Conyers
Archer	Boehner	Cook
Armey	Bonilla	Cooksey
Baca	Bonior	Cox
Bachus	Bono	Coyne
Baird	Boswell	Cramer
Baker	Boucher	Cubin
Baldacci	Boyd	Cummings
Baldwin	Brady (TX)	Cunningham
Ballenger	Brown (FL)	Davis (FL)
Barcia	Bryant	Davis (IL)
Barr	Burr	Davis (VA)
Barrett (NE)	Buyer	Deal
Barrett (WI)	Callahan	DeGette
Bartlett	Calvert	DeLauro
Barton	Camp	DeMint
Bass	Canady	Deutsch
Bentsen	Capps	Diaz-Balart
Bereuter	Cardin	Dicks
Berkley	Carson	Dingell
Berman	Castle	Doggett
Berry	Chabot	Dooley
Biggert	Chambliss	Doolittle
Bilirakis	Clayton	Doyle
Bishop	Clement	Dreier
Blagojevich	Coble	Dunn

Edwards
Ehlers
Ehrlich
Emerson
Eshoo
Evans
Everett
Ewing
Farr
Fletcher
Foley
Ford
Fossella
Fowler
Frank (MA)
Frelinghuysen
Frost
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goodlatte
Gordon
Goss
Graham
Granger
Green (WI)
Gutierrez
Hall (OH)
Hall (TX)
Hansen
Hastings (WA)
Hayes
Hayworth
Herger
Hill (IN)
Hinchey
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Horn
Hostettler
Houghton
Hoyer
Hunter
Hutchinson
Hyde
Inslee
Isakson
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
Johnson (CT)
Johnson, E.B.
Johnson, Sam
Jones (NC)
Jones (OH)
Kanjorski
Kaptur
Kelly
Kennedy
Kildee
Kilpatrick
Kind (WI)
King (NY)
Kingston
Kleczka
Knollenberg
Kolbe
Kuykendall
LaFalce
LaHood
Lampson
Lantos
Larson
Latham
LaTourette
Leach
Lee
Levin
Lewis (CA)
Lewis (KY)
Linder
Lipinski
Lofgren
Lowey
Lucas (KY)
Lucas (OK)
Luther
Maloney (CT)
Maloney (NY)
Manzullo
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCrery
McHugh
McInnis
McIntyre
McKeon
McKinney
Meehan
Menendez
Millender-McDonald
Miller (FL)
Miller, Gary
Minge
Mink
Moakley
Mollohan
Moore
Moran (VA)
Myrick
Nadler
Napolitano
Neal
Nethercutt
Northup
Norwood
Nussle
Obey
Olver
Ortiz
Ose
Owens
Oxley
Packard
Pascrell
Pastor
Paul
Payne
Pease
Pelosi
Petri
Phelps
Pickering
Pitts
Pombo
Pomeroy
Portman
Pryce (OH)
Quinn
Radanovich
Rahall
Rangel
Regula
Reyes
Reynolds
Rivers
Rodriguez
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Royce
Rush
Ryan (WI)
Ryun (KS)
Salmon
Sanders
Sandlin
Sanford
Saxton
Scarborough
Schakowsky
Scott
Sensenbrenner
Serrano
Sessions
Shays
Sherman
Sherwood
Shimkus
Shows
Shuster
Simpson
Sisisky
Skeen
Skelton
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Souder
Spence
Spratt
Stearns
Stenholm
Strickland
Stump
Sununu
Tancredo
Tanner
Tauzin
Taylor (NC)
Terry
Thomas
Thornberry
Thune
Thurman
Tiahrt
Tierney
Toomey
Towns
Traficant
Turner
Udall (CO)
Upton
Vitter
Walden
Walsh
Wamp
Watkins
Watt (NC)
Waxman
Weiner
Weldon (FL)
Weldon (PA)
Wexler
Weygand
Whitfield
Wilson
Wolf
Woolsey
Wynn
Young (FL)

NAYS—51

Aderholt
Becerra
Bilbray
Borski
Brady (PA)
Capuano
Clay
Clyburn
Costello
Crane
DeFazio
English
Etheridge
Fattah
Filner
Green (TX)
Gutknecht
Hefley
Hill (MT)
Hilliard
Hooley
Hulshof
Kucinich
Lewis (GA)
LoBiondo
McDermott
McNulty
Miller, George
Moran (KS)
Oberstar
Pallone
Pickett
Ramstad
Riley
Sabo
Sanchez
Sawyer
Schaffer
Slaughter
Stark
Sweeney
Tauscher
Thompson (CA)
Thompson (MS)
Udall (NM)
Velázquez
Visclosky
Waters
Weller
Wicker
Wu

NOT VOTING—49

Brown (OH)
Burton
Campbell
Cannon
Chenoweth-Hage
Coburn
Crowley
Danner
Delahunt
DeLay
Dickey
Dixon
Duncan
Engel
Forbes
Franks (NJ)
Goode
Goodling
Greenwood
Hastings (FL)
Hilleary
John
Kasich
Klink
Largent
Lazio
McCollum
McGovern
McIntosh
Meek (FL)
Meeks (NY)
Metcalf
Mica
Morella
Murtha
Ney
Peterson (MN)
Peterson (PA)
Porter
Price (NC)
Shadegg
Shaw
Stabenow
Stupak
Talent
Taylor (MS)
Watts (OK)
Wise
Young (AK)

□ 1056

Mr. HILLIARD changed his vote from ''yea'' to ''nay.''

So the Journal was approved.

The result of the vote was announced as above recorded.

CONFERENCE REPORT ON H.R. 4811, FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 2001

Mr. DIAZ-BALART. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 647 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 647

Resolved, That upon adoption of this resolution it shall be in order to consider the conference report to accompany the bill (H.R. 4811) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2001, and for other purposes. All points of order against the conference report and against its consideration are waived. The conference report shall be considered as read.

The SPEAKER pro tempore (Mr. PEASE). The gentleman from Florida (Mr. DIAZ-BALART) is recognized for 1 hour.

□ 1100

Mr. DIAZ-BALART. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentleman from Ohio (Mr. HALL), pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

House Resolution 647 provides for the consideration of the conference report to accompany H.R. 4811, the Foreign Operations appropriations bill for fiscal year 2001. The rule waives all points of order against the conference report and against its consideration and provides that the conference report shall be considered as read.

Mr. Speaker, I would like to commend the gentleman from Florida (Chairman YOUNG) and the gentleman from Alabama (Chairman CALLAHAN), the gentlewoman from California (Ms. PELOSI), the ranking member, for their hard work. I share the view expressed by the gentleman from Arizona (Chairman CALLAHAN) that this is a good bill; and as he stated last night in the Committee on Rules, the funding is too high for some, too low for others. It strikes an appropriate balance.

The bill contains $14.897 billion in funding, slightly below the President's request of $15.13 and includes an appropriation of $5 billion to reduce the public debt.

Mr. Speaker, I am very pleased that the bill appropriates $1.9 billion for military financing for Israel, as well as $840 million for economic assistance to Israel.

I also believe it is very important that we are increasing the child survival and disease program fund and providing $435 million for heavily indebted poor countries.

Mr. Speaker, I am also pleased that we are increasing funding for the agency for international development by $300 million over the prior fiscal year, bringing next year's funding to $3.08 billion.

I support this rule. The underlying legislation is very important. Obviously, much work has gone into this legislation. Mr. Speaker, again, I thank the gentleman from Florida (Mr. YOUNG), chairman of the full committee, and the gentleman from Alabama (Mr. CALLAHAN), chairman of the subcommittee, as well as the gentlewoman from California (Ms. PELOSI), the ranking member, for their hard work on this important legislation. I urge my colleagues to adopt both the rule and the underlying legislation.

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

Mr. HALL of Ohio. Mr. Speaker, I yield myself such time as I may consume.

I want to thank the gentleman from Florida (Mr. DIAZ-BALART) for yielding me the time. As the gentleman just explained to my colleagues, this rule waives all points of order against the conference report on the foreign operations bill.

I consider these programs funded by this bill to be our first line of national defense. I believe the goodwill and friendship created by these programs helps prevent international tensions that, if left unresolved, might lead to more serious conflict. I think that we have many, many examples like this.

I think the greatest example before us today is North Korea. Mr. Speaker, I was saying a little bit about North Korea that it is a great example of what this bill is all about, because we, over the past 4 years through the world food program, have donated somewhere

between 70 percent and 75 percent of all food aid, and humanitarian aid has brought us a tremendous amount of goodwill in North Korea.

It has really eased tensions, and I think it has, it has brought peace to a peninsula that has not had peace in a long time. That is an example of goodwill. That is an example of foreign aid that goes to save lives, that has really caught the attention of North Korea, South Korea, and so many countries of the world.

Mr. Speaker, moreover, this bill represents the spirit of American generosity and our commitment to the welfare of our fellow world citizens. This bill empowers individuals. It reduces hunger. It fights disease. It saves lives the world over.

I regret that many Americans do not see it that way. For that reason, the bill is very difficult to write. I applaud the gentleman from Alabama (Mr. CALLAHAN), the chairman of the Subcommittee on Foreign Operations, Export Financing and Related Programs, and the gentlewoman from California (Ms. PELOSI), the ranking Democratic member, for the work on this bill.

It has been difficult, but the result is a compromise that has support on both sides of the aisle. I am particularly pleased that many programs, as well as the overall total in the conference report, are increased over the levels in the original, inadequate House-passed bill.

One of the most important improvements in the funding is for debt relief. The conference report fully funds the President's request for $435 million, including $210 million in emergency supplemental funding. This is well over the original House bill. This money will help developing nations that are struggling to overcome crushing debts. This funding is critically important to allow these countries to get a fresh, debt-free start.

The bill increases the Child Survival and Disease Programs Fund to $248 million, more than last year's level, and this is $77 million more than the original House bill. Included in this figure is $110 million for UNICEF, the same as last year's level.

These programs give hope to the most vulnerable of the world's population, the children. These programs are aimed at improving the health of the children, enabling them to become healthy and productive adults.

I am also pleased that the bill prohibits foreign aid to any government which is aiding the rebels in Sierra Leone by providing military support or by assisting the illicit diamond trade in that country.

Overall, the bill provides $14.9 million for foreign operations, and that is $1.8 billion more than the bill we originally passed on the House floor in July. It is a 14 percent increase, and I am grateful for that. Still, it represents a 2 percent cut below the President's request. Also, it is less than the total appropriated last year, including supplemental and emergency funding.

Our Nation is the wealthiest in the world. We have the resources to help others and save lives, and I regret that getting the amount we finally achieved in this bill is such a struggle.

I do believe that the gentleman from Alabama (Mr. CALLAHAN) and the gentlewoman from California (Ms. PELOSI) have done the best they can in today's political environment. They have crafted this bill with compassion and understanding of the world's poor and needy people.

My regret over the low funding of the bill in no way diminishes my esteem for them and their work. In addition, I believe it is inappropriate to include in this bill the language that raises the overall spending cap for appropriations bills. This important provision should be considered separately.

Therefore, I will ask, or somebody on this side will ask, to defeat the previous question. If the previous question is defeated, I will ask to consider a concurrent resolution introduced by the gentleman from Wisconsin (Mr. OBEY).

This resolution would have the effect of amending the conference report to drop the language dealing with the spending caps. Furthermore, the resolution prohibits the House from adjourning until the spending caps are raised.

Mr. Speaker, I yield 2 minutes to the gentleman from New Jersey (Mr. PALLONE).

Mr. PALLONE. Mr. Speaker, I rise in opposition to the rule, but I want to commend my colleagues on the subcommittee for their help with regard to the provisions related to Armenia and specifically the gentlewoman from California (Ms. PELOSI), the gentleman from Alabama (Mr. CALLAHAN), the chairman, and the gentleman from Michigan (Mr. KNOLLENBERG) for the work that they did on these provisions.

We are very happy with the fact that the level of assistance to Armenia at a minimum will be $90 million, which is more than what the administration had requested.

We also have the provisions in the bill that the House language provides funding for confidence-building measures and other activities in furtherance of the peaceful resolution of regional conflicts, particularly with regard to Nagorno-Karabagh. As many of my colleagues know, this is a conflict that has been going on for some time, and we certainly want to do everything we can to provide for confidence-building measures in that region.

Mr. Speaker, in addition to that, section 907 of the Freedom Support Act, which prohibits direct U.S. assistance to Azerbaijan because of the continued blockade of Armenia, the language from the previous year is maintained in that regard. I think that is very important, because we need to continue to send the message that this should not be direct assistance as long as the blockade of Armenia continues.

Lastly, I wanted to say that there is language in the report, language that says that in the event that Armenia is selected as the host site for the SESAME project, which is essentially a physics project, the Synchrotron Light Source Particle Accelerator Project, there is report language that says that $15 million of the funds made available for Armenia should support this or a comparable project.

I mention this, not only because the project itself is very important for the economic development of Armenia and I think the whole Caucasus's region, but also because it is an example of the type of development project that we would like to see more of. We would like to see more of U.S. assistance in the future, not as much the emphasis on humanitarian aid, more on development aid, and this is a good example.

Mr. HALL of Ohio. Mr. Speaker, I yield 5 minutes to the gentleman from Texas (Mr. STENHOLM).

Mr. STENHOLM. Mr. Speaker, I want to make it clear at the onset that my objection to this rule or to this bill has nothing to do with the Committee on Appropriations. The gentleman from Florida (Mr. YOUNG), the chairman of the Committee, and the gentleman from Wisconsin (Mr. OBEY) have done their work.

The problem that I have was already mentioned and that is raising the caps on this particular bill. It makes no sense whatsoever. This is something that we should have done 6 months ago and would have avoided the problems that we now have.

What are the problems we now have? Eight of the nine appropriations bills that Congress has passed and sent to the President would spend more than the President requested. The nine bills that have been sent to the President would result in $11.4 billion in outlays above the President's request.

The discretionary spending caps proposed by this rule would allow Congress to increase discretionary spending above the amount requested by the President, by $13 billion in budget authority and $8 billion in outlays. Now, the blame game has been going on and the finger pointing has been going on for weeks and will continue. But let us be real clear, and anyone that chooses to challenge me on these numbers, I will yield to them. This is the fourth year in a row that the Republican-controlled Congress has passed appropriations bills with higher discretionary spending outlays than the President has requested.

Mr. Speaker, although the Republican Congress cut discretionary spending with bipartisan help substantially in 1996, the first year after gaining the

majority, total discretionary spending outlays in the 5 years that Republicans have controlled the Congress have exceeded the President's request by $4 billion in outlays.

By contrast, the Democratically controlled Congress appropriated less than Presidents Reagan and Bush requested during 7 years of the 12 years in office. Over the 12 years of the Reagan-Bush administrations, Congress appropriated $42 billion less than the President requested.

The 106th Congress is on pace to increase discretionary spending by at least 5.2 percent above the rate of inflation. This is the largest increase in discretionary spending. Hear me, the largest increase in discretionary spending since the Budget Act of 1974 was passed.

According to the Bipartisan Concord Coalition, if discretionary spending continues to increase at the same rate that it has over the last 3 years under Republican Congress, nearly two-thirds of the projected $2.3 billion surplus will be wiped out. By approving this rule, Congress will be voting to increase the discretionary spending caps for fiscal year 2001 by $96 billion in budget authority and $67 billion in outlays.

The Blue Dogs have proposed that in exchange for increasing discretionary spending caps for the next year to a more realistic level, Congress should set new caps to impose meaningful discipline on discretionary spending for the next 5 years and avoid this problem. This is not the Committee on Appropriations' problem. This was a leadership decision.

□ 1115

This is not an appropriations problem, this is a leadership problem. By the leadership putting a budget on the floor that everyone knew could not be sustained, we find ourselves in this position here on October 25. The same will occur next year if we do not choose to put some fiscal discipline into how we deal with budgets in this place. The discretionary caps for fiscal year 2001 provided no discipline in the appropriation process, none; and that is why we are here.

Now, after fiscal year 2002, the discretionary caps expire. By the way, the caps next year that Congress will be looking at will be $551 billion in BA, almost $100 billion below what we are talking about passing for this year.

Now, let me remind everybody again: the President proposed to spend $624 billion this year in BA and $637 billion in outlays. The Republicans suggested $600 billion, which was a ridiculous amount; and they could not find votes on their own side. The Blue Dogs suggested 617 and 733. Now, today, with this vote, everyone that votes for this rule is voting to increase the caps over and above what the President requested and over and above what we would have had bipartisan cooperation for in holding the fiscal discipline in this body.

The Blue Dogs suggested a number. The leadership in this House said under no circumstances will we do anything other than what we are wanting. Now this is what they are going to get. They will vote for increasing these caps, and so stop going out in campaigns all over the country and blaming Democrats for being the high spenders. It does not wash. It will not wash. I would be glad to yield to anyone that suggests that anything that I am saying is not 100 percent the truth. Quit talking about big-spending Democrats. Let us start talking about a big-spending Congress. Let us start talking about someone that had a grand strategy that would bring us almost to the election year in keeping us here by trying to come up with a false impression of what the budget will be.

Vote against this rule because of the caps, and then let us do our job.

Mr. HALL of Ohio. Mr. Speaker, I yield 4 minutes to the gentlewoman from Texas (Ms. JACKSON-LEE).

Ms. JACKSON-LEE of Texas. Mr. Speaker, I thank the gentleman for yielding me this time. I thank him for his work. I thank the gentleman from Florida (Mr. DIAZ-BALART) of the Committee on Rules on the Republican side for bringing this bill to the floor. I thank the gentleman from Wisconsin (Mr. OBEY) and the gentlewoman from California (Ms. PELOSI) and certainly the distinguished gentleman from Alabama (Mr. CALLAHAN) for his work.

I wish that we were discussing this weeks ago when we were piling up a lot of pork all over these bills, particularly roads and bridges which all of us need, and various other entities, because I consider this bill a bill that spells relief. And I hope that there will be a way that we handle our fiscal responsibilities in a proper manner, but we also realize the importance of this initiative.

First of all, this bill protects and allows us to be the responsible world leader and promoter of democracy that is so very important. It also says that we value the needs of women around this world as it relates to legitimately based family planning. The agreement also applauds the fact that there is now a sense of freedom in the former Yugoslavia, Serbia. It authorizes up to $100 million for assistance to Serbia; and having been in Kosovo and Albania and having seen Milosevic up close and knowing what he did to those people and that region, this is good news that we have an opportunity to stabilize that area.

I support the $2.3 billion for development aid, including $963 million for child survival and disease fund. The worst thing that we can find in developing nations are the number of children that are dying, the lack of opportunity, the poor health. This will be remedied in a large degree.

Let me also thank the leaders as well who I worked with of the Congressional Black Caucus, the gentlewoman from California (Ms. WATERS); the gentleman from Massachusetts (Mr. FRANK); the gentleman from Iowa (Mr. LEACH); and I know there are many others, including the gentlewoman from California (Ms. LEE) on the Marshall Plan. There is money in here to begin talking about fighting worldwide AIDS, but there is $435 million in debt relief. This is a jubilee day for all of the religious denominations from the Jewish community to the Catholic community, the Muslim community, the Protestant community, if I might cite the general conference of Seventh-day Adventists who have been missionaries in the fields in these developing nations for many, many years. This is a fine day if this bill is passed, because we begin to start telling countries that we can build schools, we can build hospitals, we can build housing, we can tend to those who are devastatingly ill, we can begin nutrition plans, begin agricultural plans, we can do this because we do not have to pay the enormous amount of debt.

I would say that there is a 20-month delay on this for us to determine whether this can be implemented. I hope we move this along rather quickly. I hope we do not put a high bar for these developing nations so that they can, in fact, do what they need to do. I have worked very closely; in fact, as a freshman member, I added $1 million to the African Development Fund Bank. I am delighted that it is now funded at $100 million.

Mr. Speaker, the reason why there is the old adage, teach them to fish and they will be able to eat for days and days and years and years as opposed to giving them a fish. This is what the African Development Fund Bank does. It, in fact, gives them the ability to build small enterprises. It is an excellent program, and I support it.

I was a strong supporter of peacekeeping missions and I am gratified that we are engaged in peace, but I am also gratified on this point, Mr. Speaker.

The Congo, unfortunately, gets no money. I am hoping that we can find peace in the Congo in that region based upon African nations coming together and realizing that this country, the former Zaire, has to be in the midst of creating its own peace and not war. Then I am delighted that there is language dealing with prohibiting any country that provides support to Sierra Leone's Revolutionary United Front for any other country from helping, to prohibiting any money going to those countries that would destabilize those regions.

Mr. Speaker, this is an important bill; and I hope that it passes.

Mr. DIAZ-BALART. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from Florida (Mr. SCARBOROUGH).

Mr. SCARBOROUGH. Mr. Speaker, I want to commend the gentleman from Alabama (Mr. CALLAHAN) for his hard work on this bill. I know they have tried to forge an effective compromise.

I do want to touch on a few things that I think are important as we go through this debate. The gentlewoman from Texas just said that this was a ''jubilee day'' for people of all religious faiths because of debt forgiveness, because now we can build schools across the world, and because children can now get vaccines. But I think it is important for us to recognize today that this money is not going to build schools. This money is going to bankers for debt relief.

So let us not sing that jubilee song too loudly.

Secondly, she implored that we not set the bar so high. Let me tell my colleagues something. Part of the problem is, and part of the reason that I oppose this bill, is that most of these countries are in debt today because their economic systems are in chaos and the IMF has not held them accountable. In fact, when a provision was attempted to be inserted on the Senate side that would have required these countries receiving debt forgiveness to open up their markets to world trade, it was rejected.

I would ask everybody to look at the countries whose debts are being forgiven today, and compare it to a Heritage Foundation and Wall Street Journal report on the Index of Economic Freedom. Heritage and the Wall Street Journal compile this list by judging economic freedom in 161 countries on factors like trade policy, fiscal burden of government, government intervention in the economy, monetary policy, capital flow in foreign investment, banking, wages and prices, property rights, regulation, and the black market.

And, surprise of surprises: the 30 countries whose debts are being forgiven are the least free economically, restrict trade and have more centralized, socialistic-type governments that control the economies of the debtor nations.

Under some circumstances, I might not have a problem forgiving these debts. But today we are forgiving debt without requiring the type of reforms that would prevent these countries from coming back to us to ask for debt forgiveness again in 4 or 5 years. We know they are going to come back, because we are not requiring economic reform in these countries. It is a lesson we should have learned over and over again.

I know this bill is going to pass. But after everybody votes for this debt forgiveness plan, I ask that they go back and look at the Wall Street Journal's and Heritage's Index of Economic Freedoms.

Again, it is no coincidence that these 30 countries that are going to be bailed out by American tax dollars today, through their banks, are the same ones that are the most restrictive economically. Before this happens again, I hope we demand reforms in the way that the IMF loans money and the way these countries have the debt forgiven by American taxpayers.

Mr. HALL of Ohio. Mr. Speaker, I yield 10 minutes to the gentleman from Wisconsin (Mr. OBEY), the ranking minority member on the Committee on Appropriations and the former chairman. He has also been a great proponent of humanitarian aid for many years, and he has played a major part in helping a lot of people all over the world.

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

Let me say that I think the bill that has been developed, the underlying bill, the foreign operations appropriations bill is a quite responsible bill; and I congratulate everyone who is involved, especially the gentleman from Alabama (Mr. CALLAHAN), and the gentlewoman from California (Ms. PELOSI).

I want to talk, however, about something which has been attached to this bill in the form of the Stevens amendment, because I think that amendment brings us face-to-face with what has essentially been the institutional dishonesty which has plagued this Congress going back to 1981.

What happened in 1981 and in many years since is that after the passage of the Budget Act, which imposed a new budget organization plan on the Congress, the Congress, beginning with 1981, began to pass a series of fictional budget resolutions. They are outlines which the Congress has to pass of expected budget activities; and after those outlines are passed, then we can proceed to pass the actual appropriation bills.

What has happened since 1981 is that the Congress has adopted fixed targets for spending based on assumptions that are totally false or at variance with what we really expected to happen down the line. Because those assumptions about what will happen next in the Congress are so at variance with the truth, those assumptions have allowed the Congress to then pretend that it had room in the budget to pass very large tax cuts, which we did in 1981; to pass very large spending increases, which we did in 1981. We essentially doubled the military budget on borrowed money.

The Congress pretended, at the time, that it was not doing it on borrowed money; it pretended it was paying for it. So for 18 years, we have been digging out from the deficits caused by the failure of those initial budget assumptions to really tell Congress ahead of time what would happen to the deficit if certain actions were taken.

Now we face the same situation again. We had a budget deal in 1997, and both the administration and the Congress agreed they were going to jump off the cliff and assume certain things were going to happen over the next few years; and they did. And as a result, this Congress proceeded under a budget resolution which, in the end, had to be hugely amended in order to fit our actions into those budget fixes.

Now we have this situation. The permanent budget ceiling under which we have been operating for appropriated money is $541 billion.

□ 1130

The budget resolution, which sort of bent that original number, the budget resolution that we have been operating under is about $600 billion. Now the Stevens amendment is an attempt to bring that number into some relationship to reality. The Stevens amendment requires that we change that number to $637 billion in discretionary spending for the next year.

Then guess what happens next year? Next year, the number reverts, and it goes back down to $551 billion. Is there one person on this floor who believes that, having raised that cap from $541 billion to $600 billion to $637 billion this year, that the Congress next year is going to cut enough money to get down to $551 billion in discretionary spending? Anybody who believes that the Congress is going to do that needs three straightjackets and a visit to the funny farm. It just is not going to happen that way.

So my objection to the Stevens amendment is not in what it attempts to do. It attempts to bring this institution closer to the truth. My problem is that it contains an implied lie for the next fiscal year. This is not the fault of the author of the amendment. He is just trying to get through the day 1 year at a time.

But the problem is that, by keeping that number in place in the out years, this institution, in effect, continues to lie to the American people about what we expect to be spent in future years.

So under these circumstances, there is not a Member of this body who has a right to question the veracity of either candidate for President so long as we continue to follow these fictions.

So that is why I am going to vote no on the rule. That is why I am going to vote no on the previous question, so that we can separate out this question and have an honest discussion of what our expectations are, not just for this year, but for the years to come.

I also have another concern. This Congress has added billions of dollars in appropriation bills which have passed above the President's request in several instances. Some of that spending I voted for and some of it I voted

against. Now this ceiling is being adjusted to take into account all of that spending and also supposedly to make room for the other bills which have yet to be passed.

The major bill which has yet to be passed is the Labor, Health and Education bill. That is the bill that sums up our concern about people in the shadows of life: the weak, the young, the old, the sick. I am not at all certain that the assumptions that will be made about this number will enable us to meet our responsibilities on that bill.

I do not want to be seen as endorsing this number which would, in essence, bless all of the additional spending that has been approved by this Congress so far this year, but then put us in a position where when Education comes before us, we then say, ''Oh, no, no, no, no, no, no, no, there is not enough room under the budget ceiling.''

Oh, yes, we made enough room for the Energy and Water bill. We made enough room for the Defense bill. We made enough room for the Agriculture bill and the Transportation bill. But, oh, no, no, no, no, no, no, no, no room in the inn to meet our responsibilities on class size, on teacher training, on after-school centers, on Pell Grants, on educations for disabled children. That is my concern with this process.

So I want to vote for the foreign aid bill. If there is a responsible coalition, a majority of people in both caucuses for that bill, I intend to do so. But I would ask people to vote no on the previous question on the rule so that we can have a more honest, for once, discussion with our constituents about what this Congress is really spending this year and does really intend to spend in the coming years.

Mr. DIAZ-BALART. Mr. Speaker, I yield such time as he may consume to the gentleman from Florida (Mr. YOUNG).

Mr. YOUNG of Florida. Mr. Speaker, I thank the gentleman from Florida for yielding me the time.

Mr. Speaker, I wanted to say that I intend to vote for the previous question, and I intend to vote for the rule. This rule is basically the same rule that we have adopted for every appropriations bill. There is nothing unusual in the rule.

So we should do what we have done in all other instances. We ought to pass the rule so that we can get about the consideration of the bill on Foreign Operations.

On the previous question, the issue that the gentleman from Wisconsin (Mr. OBEY) has indicated he will oppose the previous question so that he can offer an amendment to the rule which would provide a vehicle for us to eliminate the language in the bill relative to the budget caps.

Now, I do not have a strong disagreement with the gentleman from Wisconsin (Mr. OBEY) on the budget caps, because I think he and I both agreed earlier in the year that the budget resolution was not realistic, that it did not really provide for the priorities of the Congress and for the priorities of the President of the United States.

But, nevertheless, the Congress adopted a budget resolution at a specific number. Well, obviously, as we took up the bills and as we passed it through the House, which we have passed all of them through the House, Mr. Speaker, and I cannot say that often enough, we have passed all those bills through the House, but then we have to negotiate with our colleagues in the other body because their priorities very often are different than our priorities. Once we resolve that, then we have priorities from the President of the United States whose priorities are different.

So we have one overall number, but three sets of priorities; and they do not all fit into that over-all number.

So the gentleman from Wisconsin (Mr. OBEY) and I do not disagree on that. We have made that fairly clear throughout the year. So now we come to the point of getting real. It has been suggested on several occasions in the debates before that these budget numbers are not real.

Well, now we are at the point where we are getting real because the appropriations bills have all passed the House. We bring today the next, after the Foreign Operations bill today, there are only two other appropriations vehicles out there for us to take up and consider, pass and send to the President. So we are at crunch time.

A lot of those issues were real thorny and controversial, most of which have nothing at all to do with appropriations, most of which are something not related at all to appropriations, but appropriations bills are being used as vehicle just to deal with these philosophical or these political or these authorizing-type issues.

As the House passed the bills, we knew that we would be exceeding the caps. So in the House on the appropriation bills, we waived the caps. But this provision from this bill that the gentleman from Wisconsin (Mr. OBEY) objects to, it is a provision that would apply to the Senate.

The other body needs this language because they have advised us that, without increasing the budget number, the caps, that they would not be able to consider any further appropriations bills.

Mr. OBEY. Mr. Speaker, will the gentleman yield?

Mr. YOUNG of Florida. Yes, I yield to the gentleman from Wisconsin.

Mr. OBEY. Mr. Speaker, I thank the gentleman for yielding to me.

Mr. Speaker, I want to clear up one thing. It is not that I am objecting to the Stevens amendment. What I am trying to do is raise concerns about how it is going to be applied, whether it will be applied evenly to all bills, including Labor-HHS.

Secondly, what I object to is the fiction that, after this cap gets raised to $637 billion, that somehow this Congress expects next year to drop back down to $551 billion. I think that the Committee on the Budget's procedures are forcing this Congress to live under a ludicrous fiction which, in essence, is a public lie which none of us should be participating in.

Mr. YOUNG of Florida. Mr. Speaker, the gentleman from Wisconsin (Mr. OBEY) and I have agreed with each other many times that the budget process is far from perfect. We attempted to make some changes earlier this year, but we were not successful with legislation that would have made some changes. But he and I do not disagree on that.

But the point is, in order for the Senate to continue to proceed with consideration of further appropriations bills, they need this budget cap raised. Because under their rules, they have to do this. In the House, we do not have to. This does not affect the House. We have already taken care of that problem in our House. But in the other body, they need to do this and they need a 60-Member vote in order to accomplish it.

So if we do not do it on this bill, we are going to have to do it on the next bill, which hopefully we will have on the floor tomorrow if a couple of unsettled issues are settled, and that is the Commerce Justice bill, that would be applied to another bill. The Commerce Justice bill the Senate has not passed. So it has got to be connected to another bill, which we expect to be the District of Columbia appropriations bill, which both Houses have passed.

So we really need to do this. It is not a matter of whether one likes it or whether one does not like it. But if we are going to conclude our work, not in the House, but if we are going to conclude our work in the other body, we have to do this. So we might as well do it now, get it over with, and get on about our business. Hopefully, before the week is over, we will conclude the consideration of the District of Columbia and Commerce State Justice bill and then the Health and Education bill hopefully before the week is over.

But we need to move this bill out of the way so we can make room on our schedule for the next two vehicles. Then, Mr. Speaker, the appropriations process will have been completed. It has been delayed this year for a number of reasons. I will not take the time to express my opinion as to why the delays took place, but there have been delays, many of which were not under the jurisdiction of the Committee on Appropriations. But, nevertheless, there have been delays.

We need to move this rule today. We need to move this bill today. Then we have two other vehicles. Then our colleagues will be able to return to their districts and spend a few days on the campaign trail.

Mr. HALL of Ohio. Mr. Speaker, I yield 3 minutes to the gentleman from Missouri (Mr. GEPHARDT), the minority leader.

Mr. GEPHARDT. Mr. Speaker, I rise on this rule today to let the American people know of the subterfuge that is going on in these waning days of the Congress.

If this rule passes, we will have a bill which amends the budget law to raise the spending limits that now enforce our discretionary budget to reflect the leadership's wanderlust for spending over the past 2 months. This is the day of reckoning for Republicans to wake up and admit the budget resolution they set forth earlier this year was based on a false premise.

But in typical fashion, the leadership has decided to determine unilaterally the fiscal priorities of this Congress without a bipartisan agreement on education funding. No money for new teachers, no money for school repairs or expansion, no money for after-school.

I ask Members to support the Democratic effort to defeat the previous question so we can appropriately decide the scope of our education investment and then set the new spending levels accordingly.

I deeply regret that we have reached this point in the larger budget process. This is no way to run a budget process, a Congress, or a country. This body does not meet. We do not negotiate. We do not discuss. Republican leaders take off 5 days at a time; and as a result, our basic work is undone because we are not here doing our work. The result is one of the biggest budget disasters that anybody can remember.

My colleagues on the other side have been so busy throwing money at projects just to get out of town that we have already spent $11.4 billion over the President's request, $11.4 billion over what the President asked for, and they still have not spent a dime to hire a new teacher or build a new school.

They have not spent a dime on quality teaching or after-school programs because they have refused to make education the priority of this Congress.

□ 1145

We now pass a new CR every day because we are so far into the fiscal year and so far behind in our work. We should be focused on legislation to lift up every public school. This should be the true focus and passion of this Congress.

Instead, just yesterday Republican leaders rejected the bipartisan Johnson-Rangel bill supported by 228 Members, Democrats and Republicans, to help districts with school construction, and they came up with their own plan that is a day late and a dollar short. Their plan creates incentives that delay school construction, and half the benefit does not even go to school districts but to bond holders. Private investors. Not children, not principals, not teachers, but bond holders.

We are calling on the leadership to pass the bipartisan school construction measure to help modernize our schools. This bill reduces the burden on local taxpayers struggling to finance new construction for their communities. We urge Republican leaders to set aside their opposition and provide enough funding for teachers, emergency school repairs, after-school programs and teacher training, and to put all these measures into the education bill so the President can sign a bill that improves our schools this year.

Let us not block progress on education. Let us impose order on this irresponsible budget process. Let us do the work of the American people on education. Stop the delays, stop the foot dragging, stop the electioneering and accomplish something meaningful for our children. We can still salvage something important from this budget process. Let us get it done, and let us get it done this week.

Mr. DIAZ-BALART. Mr. Speaker, I yield 5 minutes to the gentleman from Alabama (Mr. CALLAHAN), the distinguished chairman of the subcommittee that has produced this legislation; and again I want to commend him for his hard work on it.

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

I am very surprised to hear the minority leader come before this body, a man who knows the inner workings of this body probably more than anyone else, and try to confuse this body with unrelated facts to what we are talking about.

Let us step back from all this rhetoric that we just heard and look at where we are. The minority leader ought to be here praising what we have accomplished by bringing this bill to the floor today. The minority and the majority worked together. We did not sit in some back room, like we did last year, and negotiate this with the White House or the President's representative and to come forth with something in the middle of the night. We have negotiated this bill for the last 6 months and without outside interference, which is something that the minority leader ought to be encouraging. We bring before our colleagues today an agreed-upon foreign operations bill for the fiscal year 2001.

My colleague can confuse all he wants with his lack of addressing issues in this bill on educational matters. I am surprised that the minority leader did not say we do not fix the notch-baby problem either. There are a lot of things that we do not do, but there are a lot of things we ought not be doing. What we are doing is bringing before the Members a bill, a consensus bill of both the minority and the majority that is a responsible bill to provide for the needs of the State Department and our foreign affairs for the next fiscal year.

It is not everything I wanted. It is not everything the minority ranking member wanted. But it is a good bill, and it has been manufactured in this institution without the involvement of the White House.

Mr. OBEY. Mr. Speaker, will the gentleman yield?

Mr. CALLAHAN. I yield to the gentleman from Wisconsin.

Mr. OBEY. Mr. Speaker, I think the gentleman misheard the distinguished minority leader. I did not hear a single word of criticism about the gentleman's work product.

Mr. CALLAHAN. Reclaiming my time, Mr. Speaker, I think we heard a message, though, that is going out to all our Members over C-SPAN television confusing the fact about education and all these other issues which have nothing to do with where we are here today.

This simply says, as the chairman of our committee brought to the attention of the membership, that it facilitates the Senate by passing some rider to our bill that facilitates this bill to come up in the United States Senate. So I would respectfully not want to argue with the ranking member of our full committee, but I would say that none of the things that the minority leader mentioned has anything to do with this bill.

So I am urging the Members of this House, Republicans and Democrats, to vote for the previous question and to vote for the rule and let us get on with the business of the day, doing it like we are supposed to do it, between and amongst ourselves, without the tremendous pressure and input in a backroom deal with the President of the United States.

Mr. DIAZ-BALART. Mr. Speaker, I yield 4 minutes to the gentleman from California (Mr. CUNNINGHAM).

Mr. CUNNINGHAM. Mr. Speaker, I rise in support of the rule.

Mr. Speaker, Democrats have been chastised by their own leadership if they cosponsor bills, especially on Medicare. The whole partisanship in the direction instead of working together, while the President and our leadership and our appropriators are setting down with the President trying to negotiate these bills; and the President is sitting down trying to work with us, our colleagues on this side, their leadership, is so far extreme and so intent on taking back the majority that gridlock is the answer for them.

I would say when the gentleman from Missouri talks about increased costs

going into this bill, I would remind people that the U.S.S. *Cole* that just went through a terrorist attack, that incident is going to cost $150 million to repair the *Cole*. It is going to take $4.5 million for a company out of Norway to come and transport the *Cole* so we can repair that ship.

The Chief of Naval Operations has put in a report, I have it and I will submit it for the RECORD, that says that because of all of the deployments that this administration has had us go on, $260 billion worth, which has come out of Defense, we have tired out our equipment and we have tired out our people. What they have had to do with equipment is take ship repair money and transfer it over for our submarine and our carrier refueling, nuclear refueling.

We have 22 ships tied up at the ports both in the Atlantic and Pacific fleets. They cannot go anywhere because they have had two and three times deferred maintenance. They cannot go anywhere. Before, they put them out to sea, hoping that they would not be in a war. Some did not have Ra-domes, some did not have radars, some did not have crash control or damage control, but yet they have put them out just to complete the mission. Well, they are gone.

Right now the CNO, and I am certain that my colleagues on the Democrat side have some ship repair industry in their districts, is $283 million short in ship repair because they have had to shift it over to nuclear refueling for subs and carriers because of all these deployments. I think that is wrong.

The gentleman from Missouri talked about construction for schools. If the gentleman from Missouri would waive Davis-Bacon, which costs 35 percent more to build our schools because they have to pay the union wage, most of us would support it. The gentleman from California (Mr. BILBRAY), in San Diego, has had $5 million by the unions before his opponent ever put in a nickel. Five million dollars. And they talk about campaign finance reform. What a joke.

I went to 18 districts over the last month. I went to 18 districts, and the minimum amount spent by these union bosses was $1 million against our vulnerable candidates. Would my colleagues waive Davis-Bacon for their union bosses? Do they care about school construction, or do they care about the schools?

Alan Bersin, San Diego superintendent, a Clinton appointee, asked me if I would support a local school bond. I said absolutely. It is the most Republican thing I could be asked to do, because we do not end up with only 48 cents out of a dollar going to the classroom. We end up with a 100 percent or at least 90 percent because we do not have to go through the bureaucracy of here in Washington, D.C. The leadership on that side wants to put the money here in Washington and have the bureaucracy eat up over half of it. We are saying no. Let us waive Davis-Bacon, let us build school construction, let us put it in school bonds, and let us get 90 cents out of a dollar and not pay off the union bosses and make it competitive.

Mr. HALL of Ohio. Mr. Speaker, I yield myself such time as I may consume to simply say that I think many of us support the foreign aid bill, the substance of it. There is no question about it. We do have a problem with one aspect of the rule itself, and that is what I would like to address before I yield back the balance of my time.

Mr. Speaker, I will urge a ''no'' vote on the previous question. If the previous question is defeated, I will offer a substitute rule. The rule will adopt a concurrent resolution striking the spending caps sections from the conference report. It will make in order the foreign affairs conference report after the Senate also adopts the concurrent resolution. It will require the issue of caps be addressed before we adjourn sine die.

Mr. Speaker, I include for the RECORD the text of the amendment that I would offer along with extraneous material, as follows:

PREVIOUS QUESTION AMENDMENT—CONFERENCE REPORT ON FOREIGN OPERATIONS APPROPRIATIONS ACT, FY 2001

Strike out all after the resolving clause, and insert the following:

''That upon adoption of this resolution, the House shall be considered to have adopted a concurrent resolution introduced by Representative Obey on October 25, 2000, directing the Clerk of the House of Representatives to make corrections in the enrollment of the bill (H.R. 4811) making appropriations for Foreign Operations, Export Financing, and Related Programs for the fiscal year ending September 30, 2001, and for other purposes.

Sec. 2. Only upon receipt of a message from the Senate informing the House of the adoption of the concurrent resolution, it shall be in order to consider the conference report on the bill (H.R. 4811) making appropriations for Foreign Operations, Export Financing, and Related Programs for the fiscal year ending September 30, 2001, and for other purposes, and all points of order against the conference report and against its consideration are hereby waived. The conference report shall be considered as having been read when called up for consideration.''

Sec. 3. For the remainder of the 106th Congress, it shall not be in order in the House of Representatives to consider a sine die adjournment resolution until the House disposes of a bill or joint resolution to be introduced by Representative Obey adjusting the discretionary spending caps for fiscal year 2001.

H. CON. RES. 436

Resolved by the House of Representatives (the Senate concurring), That, in the enrollment of the bill H.R. 4811, the Clerk of the House of Representatives shall make the following corrections:

(1) In section 101(a), insert before ''are hereby enacted into law'' the following: ''and as modified in accordance with subsection (c),''.

(2) In section 101(b), insert before the period at the end the following: '', modified in accordance with subsection (c)''.

(3) At the end of section 101, add the following new subsection:

''(c) The modification referred to in subsections (a) and (b) to the text of the bill referred to in subsection (a) is as follows: title VII is modified by striking section 701.''.

THE VOTE ON THE PREVIOUS QUESTION: WHAT IT REALLY MEANS

This vote, the vote on whether to order the previous question on a special rule, is not merely a procedural vote. A vote against ordering the previous question is a vote against the Republican majority agenda and a vote to allow the opposition, at least for the moment, to offer an alternative plan. It is a vote about what the House should be debating.

Mr. Clarence Cannon's Precedents of the House of Representatives, (VI, 308–311) describes the vote on the previous question on the rule as ''a motion to direct or control the consideration of the subject before the House being made by the Member in charge.'' To defeat the previous question is to give the opposition a chance to decide the subject before the House. Cannon cites the Speaker's ruling of January 13, 1920, to the effect that ''the refusal of the House to sustain the demand for the previous question passes the control of the resolution to the opposition'' in order to offer an amendment. On March 15, 1909, a member of the majority party offered a rule resolution. The House defeated the previous question and a member of the opposition rose to a parliamentary inquiry, asking who was entitled to recognition. Speaker Joseph G. Cannon (R-Illinois) said: ''The previous question having been refused, the gentleman from New York, Mr. Fitzgerald, who had asked the gentleman to yield to him for an amendment, is entitled to the first recognition.''

Because the vote today may look bad for the Republican majority they will say ''the vote on the previous question is simply a vote on whether to proceed to an immediate vote on adopting the resolution . . . [and] has no substantive legislative or policy implications whatsoever.'' But that is not what they have always said. Listen to the Republican Leadership Manual on the Legislative Process in the United States House of Representatives, (6th edition, page 135). Here's how the Republicans describe the previous question vote in their own manual: ''Although it is generally not possible to amend the rule because the majority Member controlling the time will not yield for the purpose of offering an amendment, the same result may be achieved by voting down the previous question on the rule . . . When the motion for the previous question is defeated, control of the time passes to the Member who led the opposition to ordering the previous question. That Member, because he then controls the time, may offer an amendment to the rule, or yield for the purpose of amendment.''

Deschler's Procedure in the U.S. House of Representatives, the subchapter titled ''Amending Special Rules'' states: ''a refusal to order the previous question on such a rule [a special rule reported from the Committee on Rules] opens the resolution to amendment and further debate.'' (Chapter 21, section 21.2) Section 21.3 continues: ''Upon rejection of the motion for the previous question on a resolution reported from the Committee on Rules, control shifts to the Member leading the opposition to the previous

question, who may offer a proper amendment or motion and who controls the time for debate thereon.''

The vote on the previous question on a rule does have substantive policy implications. It is one of the only available tools for those who oppose the Republican majority's agenda to offer an alternative plan.

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

Mr. DIAZ-BALART. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I thank the gentleman from Ohio for his courtesy. I think we have had a very interesting debate. I want to reiterate that the underlying legislation is extremely important; the foreign aid legislation. The rule is fair, and I urge my colleagues to support it.

I thought it was interesting that we heard, during the debate, criticism of the budget process by our friends on the other side of the aisle, a budget process that was created when they were in the majority. Now they criticize it. We heard that we spend too much money, and yet they say that a number of their priorities are not met; that they need more money. They have said that we have taken too long, and yet then we hear that they would be comfortable if they had more time. So, obviously, that is the essence of debate: Honest disagreement.

I again want to commend the chairman, the gentleman from Alabama (Mr. CALLAHAN), for what I consider a very good work product and to reiterate what we heard from the chairman, the gentleman from Florida (Mr. YOUNG). It is time to pass this legislation and move on to the other two appropriations conference reports that we need to pass as well.

Mr. Speaker, I urge the adoption of the resolution as well as the conference report, I yield back the balance of my time, and I move the previous question on the resolution.

The SPEAKER pro tempore (Mr. PEASE). The question is on ordering the previous question.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. HALL of Ohio. 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.

Pursuant to clause 9 of rule XX, the Chair will reduce to 5 minutes the minimum time for electronic voting, if ordered, on the question of agreeing to the resolution.

The vote was taken by electronic device, and there were—yeas 210, nays 197, not voting 25, as follows:

[Roll No. 545]

YEAS—210

Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bereuter
Biggert
Bilbray
Bilirakis
Bliley
Blunt
Boehlert
Boehner
Bonilla
Bono
Brady (TX)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Cannon
Castle
Chabot
Chambliss
Coble
Coburn
Collins
Combest
Cook
Cooksey
Cox
Crane
Cubin
Cunningham
Davis (VA)
Deal
DeLay
DeMint
Diaz-Balart
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Everett
Ewing
Fletcher
Foley
Fossella
Fowler
Frelinghuysen
Gallegly
Ganske
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
Latham
LaTourette
Leach
Lewis (CA)
Lewis (KY)
Linder
LoBiondo
Lucas (OK)
Manzullo
Martinez
McCrery
McHugh
McInnis
McKeon
Metcalf
Miller (FL)
Miller, Gary
Moran (KS)
Morella
Myrick
Nethercutt
Ney
Northup
Norwood
Nussle
Ose
Oxley
Packard
Paul
Pease
Petri
Pickering
Pitts
Pombo
Porter
Portman
Pryce (OH)
Quinn
Radanovich
Ramstad
Regula
Reynolds
Riley
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Ryan (WI)
Ryun (KS)
Salmon
Sanford
Saxton
Scarborough
Schaffer
Sensenbrenner
Sessions
Shaw
Shays
Sherwood
Shimkus
Shuster
Simpson
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Spence
Stearns
Stump
Sununu
Sweeney
Tancredo
Tauzin
Taylor (NC)
Terry
Thomas
Thornberry
Thune
Tiahrt
Toomey
Traficant
Upton
Vitter
Walden
Walsh
Wamp
Watkins
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson
Wolf
Young (AK)
Young (FL)

NAYS—197

Abercrombie
Ackerman
Allen
Andrews
Baca
Baird
Baldacci
Baldwin
Barcia
Barrett (WI)
Becerra
Bentsen
Berkley
Berman
Berry
Bishop
Blagojevich
Blumenauer
Bonior
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brown (FL)
Capps
Capuano
Cardin
Carson
Clay
Clayton
Clement
Clyburn
Condit
Conyers
Costello
Coyne
Cramer
Crowley
Cummings
Davis (FL)
Davis (IL)
DeFazio
DeGette
DeLauro
Deutsch
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Forbes
Ford
Frank (MA)
Frost
Gejdenson
Gephardt
Gonzalez
Gordon
Green (TX)
Gutierrez
Hall (OH)
Hall (TX)
Hill (IN)
Hilliard
Hinchey
Hinojosa
Hoeffel
Holden
Holt
Hooley
Hoyer
Inslee
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson, E.B.
Jones (OH)
Kanjorski
Kaptur
Kennedy
Kildee
Kilpatrick
Kind (WI)
Kleczka
Kucinich
LaFalce
Lampson
Lantos
Larson
Lee
Levin
Lewis (GA)
Lipinski
Lofgren
Lowey
Lucas (KY)
Luther
Maloney (CT)
Maloney (NY)
Markey
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McDermott
McIntyre
McKinney
McNulty
Meehan
Meek (FL)
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
Reyes
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
Tanner
Tauscher
Taylor (MS)
Thompson (CA)
Thompson (MS)
Thurman
Tierney
Towns
Turner
Udall (CO)
Udall (NM)
Velázquez
Visclosky
Waters
Watt (NC)
Waxman
Weiner
Wexler
Weygand
Woolsey
Wu
Wynn

NOT VOTING—25

Brown (OH)
Campbell
Chenoweth-Hage
Danner
Delahunt
Dickey
Edwards
Engel
Franks (NJ)
Hastings (FL)
John
Klink
Largent
Lazio
McCollum
McGovern
McIntosh
Meeks (NY)
Mica
Peterson (PA)
Shadegg
Stupak
Talent
Watts (OK)
Wise

□ 1217

Mr. FORBES changed his vote from ''yea'' to ''nay.''

So the previous question was ordered.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. BARRETT of Nebraska). The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. CALLAHAN. Mr. Speaker, pursuant to House Resolution 647, I call up the conference report on the bill (H.R. 4811) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2001, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to House Resolution 647, the conference report is considered as having been read.

(For conference report and statement, see proceedings of the House of October 24, 2000, at page H10759.)

The SPEAKER pro tempore. The gentleman from Alabama (Mr. CALLAHAN)

and the gentlewoman from California (Ms. PELOSI) each will control 30 minutes.

The Chair recognizes the gentleman from Alabama (Mr. CALLAHAN).

GENERAL LEAVE

Mr. CALLAHAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the conference report to accompany H.R. 4811, and that I may include tabular and extraneous material.

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

There was no objection.

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

Mr. Speaker, I am pleased to bring to the House the fiscal year 2001 conference report for Foreign Operations, Export Financing, and Related Programs.

It includes no new taxes. It protects the national security, and it does nothing to threaten the solvency of the Social Security system.

This is my sixth and final year, under the rules, as chairman of this subcommittee; and I want to take this opportunity to thank the subcommittee, the entire subcommittee, including the gentlewoman from California (Ms. PELOSI), our ranking member, and all of the staff who have worked so well with me during this last 6 years.

Mr. Speaker, I am especially proud that we reached our compromise agreement within the Congress as required by the Constitution and without participation at the White House. As some may recall at this very moment last year, we were negotiating with the White House on the year 2000 appropriation bill for foreign operations. In the middle of the night, a document was brought to me that I totally disagreed with that was negotiated by Jack Lew, the President's representative to the Congress on these issues. So incensed was I, Mr. Speaker, that I refused to handle the bill and voted against my own bill.

This year we did it right. Even though there are some things in this bill that I do not totally agree with, there are some things and most things I do agree with.

What I am especially proud of is that we were able to work with the minority and that we worked out, as the Constitution says, an agreement between the House and the Senate minority and the majority; and we bring before this House today a bill that was handled by the House of Representatives and the United States Senate and not consummated in some back room negotiating with some bureaucrat from the White House. I am especially pleased with that.

Mr. Speaker, this bill totals $14.9 billion in discretionary budget authority. It includes $14.4 billion in regular funding and just under $500 million in supplemental funding. These supplements were originally requested for the fiscal year 2000, but have been included in this conference report to meet urgent needs in Southern Africa and Eastern Europe and to provide part of the debt relief package for heavily indebted poor countries.

If we include the President's regular budget request for fiscal year 2001, plus the request for the fiscal year 2000 supplementals that are included in the conference agreement, the President's total request was $15.8 billion. This conference report is almost $900 million below the President's request. We are also at $1.5 billion below the fiscal 2000 enacted level.

While we did cut funding significantly below the President's request, we were able to provide full funding for debt relief and provide $42 million more than he requested for overseas refugees. This bill contains $435 million for debt relief, as well as important reforms affecting the International Monetary Fund. I remain skeptical but hopeful that the HIPC program will actually help poor people as intended. I ask all of the religious leaders who supported HIPC to work with the committee to make sure that it lives up to the promises that were made.

The conference agreement also includes $315 million in funding to combat HIV/AIDS and $60 million to limit tuberculosis, both of which are very important priorities for Members on both sides of the aisle.

I am especially proud of the $295 million provided for the child survival and maternal health, the program that has helped Rotary International help eliminate polio. It is the best thing this Congress has done in the last 5 years since I have been chairman.

The conference report continues to phase out economic assistance to Israel, while providing an increase of $60 million to meet Israel's current military needs. Of the total funding in this bill, over $5.2 billion, or 35 percent of it, is dedicated to the Middle East. As usual, we prohibit funding for the PLO and the Palestinian Authority. While funds are available for the West Bank/Gaza program of AID, they are subject to the overall Middle East spending cap. Based on a freeze on Middle East spending, with the exception of the increase in military assistance for Israel, the administration's request for this program is cut by approximately 25 percent.

The conference report also restores funding for foreign military financing grants for our allies and friends around the world. The Waters and Lee amendments that were adopted on the House floor would have resulted in the elimination of our military assistance to the countries of Eastern Europe and to the Baltic States. Those amendments also cut funding for Israel. Given what is going on in the Middle East, we could not accept cuts in Israel's military assistance that were approved by the House and have to have provided full funding.

□ 1230

We have provided up to $100 million in assistance for Serbia. While that aid is conditioned upon Serbian cooperation with the prosecution of war criminals and other matters, we suspend the application of these provisions until March 31, 2001, in order to give the new democratic government in Serbia time to consolidate its gains. Until that time, we expect the Department of State will use existing authority under the appropriations accounts for Eastern Europe to weigh provisions of law that could unduly complicate the provision of assistance to Serbia, such as section 564 of the conference report.

We also provide $89 million in assistance for Montenegro and $65 million in assistance for Croatia and urge support for Macedonia based on its cooperation during the Kosovo air campaign.

The conference agreement also provides $25 million for the International Fund for Ireland in support of the Good Friday peace agreement. This is a $5.4 million appropriation above the President's request, but I believe it is important that we continue to provide as much support as possible to bring peace to Ireland.

Mr. Speaker, I ask that all Members support the passage of this conference report.

Mr. Speaker, I include the following for the RECORD:

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS BILL, 2001 (H.R. 4811)

(Amounts in thousands)

	FY 2000 Enacted	FY 2001 Request	House	Senate	Conference	Conference vs. enacted
TITLE I - EXPORT AND INVESTMENT ASSISTANCE						
EXPORT-IMPORT BANK OF THE UNITED STATES						
Subsidy appropriation	759,000	963,000	742,500	768,000	865,000	+106,000
(Direct loan authorization)	(1,350,000)	(960,000)	(960,000)	(960,000)	(865,000)	(-485,000)
(Guaranteed loan authorization)	(10,400,000)	(15,040,000)	(15,040,000)	(15,040,000)	(13,535,000)	(+3,135,000)
Administrative expenses	55,000	63,000	55,000	58,000	62,000	+7,000
Negative subsidy	-15,000	-15,000	-15,000	-15,000	-15,000	.....
Total, Export-Import Bank of the United States	799,000	1,011,000	782,500	811,000	912,000	+113,000
OVERSEAS PRIVATE INVESTMENT CORPORATION						
Noncredit account:						
Administrative expenses	35,000	39,000	37,000	38,000	38,000	+3,000
Insurance fees and other offsetting collections	-303,000	-283,000	-283,000	-283,000	-283,000	+20,000
Subsidy appropriation	24,000	24,000	24,000	24,000	24,000	.....
(Direct loan authorization)	(130,000)	(127,000)	(127,000)	(127,000)	(127,000)	(-3,000)
(Guaranteed loan authorization)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	.....
Total, Overseas Private Investment Corporation	-244,000	-220,000	-222,000	-221,000	-221,000	+23,000
TRADE AND DEVELOPMENT AGENCY						
Trade and development agency	44,000	54,000	46,000	46,000	50,000	+6,000
Total, title I, Export and investment assistance	599,000	845,000	606,500	636,000	741,000	+142,000
(Loan authorizations)	(12,880,000)	(17,127,000)	(17,127,000)	(17,127,000)	(15,527,000)	(+2,647,000)
TITLE II - BILATERAL ECONOMIC ASSISTANCE						
FUNDS APPROPRIATED TO THE PRESIDENT						
Agency for International Development						
Child survival and disease programs fund	715,000	659,250	886,000	.....	963,000	+248,000
UNICEF	(110,000)	.....	(110,000)	.....	(110,000)	.....
Global health	.....	.....	.....	651,000	.....	.....
Development assistance	1,228,000	948,822	1,258,000	1,368,250	1,305,000	+77,000
Development Fund for Africa	.....	532,928	.....	.....	.....	.....
International disaster assistance	202,880	220,000	165,000	220,000	165,000	-37,880
Emergency funding	25,000	.....	.....	.....	.....	-25,000
Transition initiatives	.....	.....	40,000	.....	50,000	+50,000
(By transfer)	.....	.....	.....	.....	(5,000)	(+5,000)
Micro & Small Enterprise Development program account:						
Subsidy appropriation	1,500	.....	1,500	.....	1,500	.....
(Guaranteed loan authorization)	(30,000)	.....	(30,000)	.....	(30,000)	.....
Administrative expenses	500	.....	500	.....	500	.....
Urban and environmental credit program account:						
Subsidy appropriation	1,500	.....	.....	.....	.....	-1,500
(Guaranteed loan authorization)	(14,000)	.....	.....	.....	.....	(-14,000)
Administrative expenses	5,000	.....	.....	.....	.....	-5,000
Development credit programs account:						
Subsidy appropriation	.....	.....	1,500	.....	1,500	+1,500
(By transfer)	(3,000)	(15,000)	(2,000)	.....	(5,000)	(+2,000)
(Guaranteed loan authorization)	(40,000)	(213,000)	(49,700)	.....	(49,700)	(+9,700)
Administrative expenses	.....	8,000	6,495	4,000	4,000	+4,000
Subtotal, development assistance	2,179,380	2,369,000	2,358,995	2,243,250	2,490,500	+311,120
Payment to the Foreign Service Retirement and Disability Fund	43,837	44,489	44,489	44,489	44,489	+652
Operating expenses of the Agency for International Development	520,000	520,000	509,000	510,000	520,000	.....
(By transfer)	.....	.....	.....	.....	(1,000)	(+1,000)
Operating expenses of the Agency for International Development Office of Inspector General	25,000	27,000	27,000	25,000	27,000	+2,000
Total, Agency for International Development	2,768,217	2,960,489	2,939,484	2,822,739	3,081,989	+313,772
Other Bilateral Economic Assistance						
Economic support fund:						
Camp David countries	1,695,000	1,535,000	1,535,000	1,535,000	1,535,000	-160,000
Other	650,500	778,000	673,900	685,000	760,000	+109,500
Subtotal, Economic support fund	2,345,500	2,313,000	2,208,900	2,220,000	2,295,000	-50,500
Emergency funding	450,000	.....	.....	.....	.....	-450,000
International Fund for Ireland	19,600	.....	25,000	.....	25,000	+5,400
Assistance for Eastern Europe and the Baltic States	535,000	610,000	535,000	635,000	600,000	+65,000
Emergency funding	50,000	.....	.....	.....	.....	-50,000
Assistance for the Independent States of the former Soviet Union	839,000	830,000	740,000	775,000	810,000	-29,000
Total, Other Bilateral Economic Assistance	4,239,100	3,753,000	3,508,900	3,630,000	3,730,000	-509,100

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS BILL, 2001 (H.R. 4811) — continued

(Amounts in thousands)

	FY 2000 Enacted	FY 2001 Request	House	Senate	Conference	Conference vs. enacted
INDEPENDENT AGENCIES						
Inter-American Foundation						
Appropriation	.....	20,000	.....	.....	.....	.....
(By transfer)	(5,000)	.....	(10,000)	.....	(12,000)	(+7,000)
Total	(5,000)	(20,000)	(10,000)	.....	(12,000)	(+7,000)
African Development Foundation						
Appropriation	.....	16,000	.....	.....	.....	.....
(By transfer)	(14,400)	.....	(16,000)	(14,400)	(16,000)	(+1,600)
Total	(14,400)	(16,000)	(16,000)	(14,400)	(16,000)	(+1,600)
Peace Corps						
Appropriation	245,000	275,000	258,000	244,000	265,000	+20,000
Department of State						
International narcotics control and law enforcement	305,000	312,000	305,000	220,000	325,000	+20,000
Assistance for counternarcotics activities (emergency funding)	1,018,500	.....	.....	.....	.....	-1,018,500
Assistance to Plan Colombia	.....	256,000	.....	.....	.....	.....
Migration and refugee assistance	625,000	658,212	645,000	615,000	700,000	+75,000
United States Emergency Refugee and Migration Assistance Fund	12,500	20,000	12,500	15,000	15,000	+2,500
Nonproliferation, anti-terrorism, demining and related programs	216,600	346,740	241,600	215,000	311,600	+95,000
Total, Department of State	2,177,600	1,592,952	1,204,100	1,065,000	1,351,600	-826,000
Department of the Treasury						
International affairs technical assistance	1,500	7,000	2,000	5,000	6,000	+4,500
Debt restructuring	123,000	262,000	238,000	75,000	238,000	+115,000
United States community adjustment and investment program	10,000	10,000	.....	.....	.....	-10,000
Subtotal, Department of the Treasury	134,500	279,000	240,000	80,000	244,000	+109,500
Total, title II, Bilateral economic assistance	9,564,417	8,896,441	8,150,484	7,841,739	8,672,589	-891,828
Appropriations	(8,020,917)	(8,896,441)	(8,150,484)	(7,841,739)	(8,672,589)	(+651,672)
Emergency funding	(1,543,500)	.....	.....	.....	.....	(-1,543,500)
(By transfer)	(22,400)	(15,000)	(28,000)	(14,400)	(39,000)	(+16,600)
(Loan authorizations)	(84,000)	(213,000)	(79,700)	.....	(79,700)	(-4,300)
TITLE III - MILITARY ASSISTANCE						
FUNDS APPROPRIATED TO THE PRESIDENT						
International Military Education and Training	50,000	55,000	47,250	55,000	55,000	+5,000
Foreign Military Financing Program:						
Grants:						
Camp David countries	3,220,000	3,280,000	3,237,505	3,280,000	3,280,000	+60,000
Other	200,000	258,200	30,495	239,000	265,000	+65,000
Subtotal, grants	3,420,000	3,538,200	3,268,000	3,519,000	3,545,000	+125,000
(Limitation on administrative expenses)	(30,495)	(33,000)	(30,495)	(33,000)	(33,000)	(+2,505)
FMF program level	(3,420,000)	(3,538,200)	(3,268,000)	(3,519,000)	(3,545,000)	(+125,000)
Total, Foreign Military Financing	3,420,000	3,538,200	3,268,000	3,519,000	3,545,000	+125,000
Emergency Funding	1,375,000	.....	.....	.....	.....	-1,375,000
Special Defense Acquisition Fund:						
Offsetting collections	-6,000	.....	.....	.....	.....	+6,000
Peacekeeping operations	153,000	134,000	117,900	85,000	127,000	-26,000
Total, title III, Military assistance	4,992,000	3,727,200	3,433,150	3,659,000	3,727,000	-1,265,000
(Limitation on administrative expenses)	(30,495)	(33,000)	(30,495)	(33,000)	(33,000)	(+2,505)
TITLE IV - MULTILATERAL ECONOMIC ASSISTANCE						
FUNDS APPROPRIATED TO THE PRESIDENT						
International Financial Institutions						
World Bank Group						
Contribution to the International Bank for Reconstruction and Development:						
Global Environment Facility	35,800	175,567	35,800	50,000	108,000	+72,200
Contribution to the International Development Association	775,000	835,570	566,600	750,000	775,000	.....
Contribution to Multilateral Investment Guarantee Agency	4,000	16,000	4,900	4,000	10,000	+6,000
(Limitation on callable capital subscriptions)	(20,000)	(80,000)	(24,500)	(80,000)	(50,000)	(+30,000)
Total, World Bank Group	814,800	1,027,137	607,300	804,000	893,000	+78,200

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS BILL, 2001 (H.R. 4811) — continued

(Amounts in thousands)

	FY 2000 Enacted	FY 2001 Request	House	Senate	Conference	Conference vs. enacted
Contribution to the Inter-American Development Bank:						
Paid-in capital	25,611					-25,611
(Limitation on callable capital subscriptions)	(1,503,719)					(-1,503,719)
Contribution to the Inter-American Investment Corporation	16,000	34,000	8,000	10,000	25,000	+9,000
Contribution to the Enterprise for the Americas Multilateral Investment Fund		25,900	10,000		10,000	+10,000
Total, contribution to the Inter-American Development Bank	41,611	59,900	18,000	10,000	35,000	-6,611
Contribution to the Asian Development Bank:						
Paid-in capital	13,728					-13,728
(Limitation on callable capital subscriptions)	(672,745)					(-672,745)
Contribution to the Asian Development Fund	77,000	125,000	72,000	100,000	72,000	-5,000
Total, contribution to the Asian Development Bank	90,728	125,000	72,000	100,000	72,000	-18,728
Contribution to the African Development Bank:						
Paid-in capital	4,100	6,100	3,100	6,100	6,100	+2,000
(Limitation on callable capital subscriptions)	(64,000)	(95,983)	(49,574)	(95,983)	(97,549)	(+33,549)
Contribution to the African Development Fund	128,000	100,000	72,000	72,000	100,000	-28,000
Total	132,100	106,100	75,100	78,100	106,100	-26,000
Contribution to the European Bank for Reconstruction and Development:						
Paid-in capital	35,779	35,779	35,779	35,779	35,779	
(Limitation on callable capital subscriptions)	(123,238)	(123,238)	(123,238)	(123,238)	(123,238)	
Contribution to the International Fund for Agricultural Development			5,000		5,000	+5,000
Total, International Financial Institutions	1,115,018	1,353,916	813,179	1,027,879	1,146,879	+31,861
(Limitation on callable capital subscript)	(2,383,702)	(299,221)	(197,312)	(299,221)	(270,787)	(-2,112,915)
International Organizations and Programs						
Appropriation	183,000	354,000	183,000	288,000	186,000	+3,000
(By transfer)	(2,500)	(2,500)		(2,500)		(-2,500)
Total, title IV, Multilateral economic assistance	1,298,018	1,707,916	996,179	1,315,879	1,332,879	+34,861
(By transfer)	(2,500)	(2,500)		(2,500)		(-2,500)
(Limitation on callable capital subscript)	(2,383,702)	(299,221)	(197,312)	(299,221)	(270,787)	(-2,112,915)
TITLE V - GENERAL PROVISIONS						
Economic development administration (contingent emergency appropriations) for FY 2000				250,000		
International Health Emergencies (contingent emergency appropriations)				40,000		
Total, title V				290,000		
TITLE VI						
SOUTHERN AFRICA REHABILITATION AND RECONSTRUCTION						
FUNDS APPROPRIATED TO THE PRESIDENT						
Agency for International Development						
Economic support fund (FY 2000, emergency appropriations)		183,000				
International disaster assistance:						
FY 2000 emergency appropriations		10,000				
FY 2000 Contingent emergency appropriations			160,000	35,000		
FY 2001 Contingent emergency appropriations					135,000	+135,000
Operating expenses of the Agency for International Development (FY 2000, emergency appropriations)		21,000				
FY 2001 Contingent emergency appropriations					13,000	+13,000
Total, AID		214,000	160,000	35,000	148,000	+148,000
Other Bilateral Economic Assistance						
Assistance for Eastern Europe and the Baltic States:						
FY 2000 emergency appropriations		195,000				
FY 2001 Contingent emergency appropriations					75,825	+75,825
Military Assistance						
International Military Education and Training:						
FY 2000 emergency appropriations		2,875				
FY 2001 Contingent emergency appropriations					2,875	+2,875
Foreign Military Financing Program:						
FY 2000 emergency appropriations		31,000				
FY 2001 Contingent emergency appropriations					31,000	+31,000

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS BILL, 2001 (H.R. 4811) — continued

(Amounts in thousands)

	FY 2000 Enacted	FY 2001 Request	House	Senate	Conference	Conference vs. enacted
Department of the Treasury						
Debt restructuring:						
FY 2000 appropriations	.....	210,000	.....	.....	.....	.....
FY 2001 Contingent emergency appropriations	.....	.....	.....	.....	210,000	+210,000
PLAN COLOMBIA						
BILATERAL ECONOMIC ASSISTANCE						
FUNDS APPROPRIATED TO THE PRESIDENT						
Department of State						
Assistance for Plan Colombia and for Andean regional counternarcotics (emergency appropriations)	.....	.....	.....	.....	.....	.....
Contingent emergency appropriations	.....	.....	.....	934,100	.....	.....
DEPARTMENT OF JUSTICE						
Drug Enforcement Administration						
Salaries and expenses	.....	.....	.....	17,850	.....	.....
Methamphetamine initiative (contingent emergency appropriations)	.....	.....	.....	40,000	.....	.....
Total, Drug Enforcement Administration	.....	.....	.....	57,850	.....	.....
Office of Justice Programs						
State and Local Law Enforcement assistance (rescisssion)	.....	.....	.....	-7,850	.....	.....
Total, Department of Justice	.....	.....	.....	50,000	.....	.....
DEPARTMENT OF DEFENSE						
Military construction, Defense-wide (contingent emergency appropriations)	.....	.....	.....	8,500	.....	.....
Department of Defense	.....	.....	.....	37,800	.....	.....
Total, title VI	.....	652,875	160,000	1,065,200	467,700	+467,700
FY 2001 contingent emergency	.....	.....	.....	.....	(467,700)	(+467,700)
FY 2000 funding	.....	(652,875)	(160,000)	(1,065,200)	.....	.....
Grand total	16,453,435	15,829,432	13,346,313	14,807,818	14,941,168	-1,512,267
FY 2001 appropriations	(16,453,435)	(15,176,557)	(13,186,313)	(13,492,618)	(14,941,168)	(-1,512,267)
Appropriations	(13,534,935)	(15,176,557)	(13,186,313)	(13,452,618)	(14,473,468)	(+938,533)
Emergency appropriations	(2,918,500)	.....	.....	(40,000)	(467,700)	(-2,450,800)
FY 2000 appropriations	.....	(652,875)	(160,000)	(1,315,200)	.....	.....
(By transfer)	(24,900)	(17,500)	(28,000)	(16,900)	(39,000)	(+14,100)
(Limitation on administrative expenses)	(30,495)	(33,000)	(30,495)	(33,000)	(33,000)	(+2,505)
(Limitation on callable capital subscript)	(2,383,702)	(299,221)	(197,312)	(299,221)	(270,787)	(-2,112,915)
(Loan authorizations)	(12,964,000)	(17,340,000)	(17,206,700)	(17,127,000)	(15,606,700)	(+2,642,700)

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

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

Mr. Speaker, I am pleased to rise today to join in presenting our Foreign Operations conference report. I do not use this word often around here about legislation that is being brought to the floor, but I really am genuinely proud of the priorities that are in this bill. Would I like to see more money in some of the areas, for example, in the AIDS account? Yes. As I said last night to the Committee on Rules, this is not a bill I would have written; but it is a bill I can support, because, while I would have liked more, the priorities are definitely in order.

Before I begin my remarks about the bill, Mr. Speaker, I want to acknowledge that our distinguished chairman will be managing this bill as chairman for the last time. I want to thank him for his leadership. I also want to commend the gentleman from Illinois (Mr. PORTER), the gentleman from California (Mr. PACKARD), who will be leaving the Congress, who are two distinguished members of the committee.

I want to also point out to our colleagues that since the bill came to the floor in its original form and today, we have lost our former colleague, Congressman Sid Yates. I bring up Sid because Sid served on the Foreign Operations Committee since the day it was formed. It was the Marshall Plan committee, imagine in those days, and, except for a brief hiatus when he left to run for Senate and came back, Sid served on the committee from then, the late 1940s, until he left Congress nearly 2 years ago. So I want to acknowledge all of the work that he did to promote democratic values and the compassion of the American people, and also as a tough budgeter on the committee. We will acknowledge the staff as we go on, but I did want to commend the gentleman from Illinois (Mr. PORTER), the gentleman from California (Mr. PACKARD), and the gentleman from Alabama (Mr. CALLAHAN) for their fine work.

Mr. Speaker, the chairman pointed out some of the aspects of the bill to our colleagues so they know what they are voting on; and I want to revisit some of those issues. In doing so, I want to recall to our colleagues' minds a quote from President Kennedy that I am fond of bringing up when we do this bill. Every person in America, practically, or certainly of a certain age, is familiar with President Kennedy's inaugural address when he said to the citizens of America, ''Ask not what your country can do for you, but what you can do for your country.'' But not many people know that the very next line in that speech is, President Kennedy said to the citizens of the world, ''ask not what America can do for you, but what we can do working together for the freedom of mankind.''

It is in that spirit that I ask my colleagues to support this important legislation that is here today, because in demonstrating the compassion of the American people, in recognizing that it is in our national interest to promote the global environmental health and stop the spread of AIDS, malaria, tuberculosis, and helping countries develop so we develop markets for our products, this is all in our interest, but it is all in furtherance of the freedom of mankind as well.

The total funding bill, as has been mentioned, is $14.9 billion and is just almost near the President's request, a couple hundred million dollars short of that. The bill fully funds the President's request for $435 million for international debt relief. This is a very important accomplishment of this Congress, and it could not have happened without bipartisan cooperation. I think it never would have happened without the outside mobilization of the religious community throughout our country in this Jubilee Year to ask for forgiveness, including debt forgiveness.

This means the United States will be finally able to live up to the pledges made 2 years ago to the international community to engage in meaningful debt relief for the world's poorest countries. That language has been included to require the U.S. to oppose any loan from the international banks or IMF when it imposes user fees for a condition. More on that later.

The bill also contains on the subject of AIDS, which is a very high priority here.

Before I leave debt relief, I want to recognize the work of the authorizers, the gentleman from Iowa (Mr. LEACH) and the gentleman from New York (Mr. LAFALCE); the gentleman from Alabama (Mr. BACHUS); the gentlewoman from California (Ms. WATERS); the gentleman from Massachusetts (Mr. FRANK); and also the great work of the chairman of the Committee on the Budget, the gentleman from Ohio, on this. This has really been a bipartisan cooperative effort.

On the subject of AIDS, we are all familiar with the dramatic increase that this body voted on, the amendment of the gentlewoman from California (Ms. LEE), on the day she came back from the AIDS conference in Africa, and the bill includes $315 million for HIV–AIDS and which includes $20 million for the World Bank HIV–AIDS trust fund, which was the good work of the gentlewoman from California (Ms. LEE) and the gentleman from Iowa (Mr. LEACH), the chairman of the Committee on Banking.

I hoped for more funding, as I mentioned at the beginning of my remarks, for HIV–AIDS and the trust fund, but the increases provided in this bill, along with the increased funding anticipated in the Labor-HHS bill, will bring about real advances in the fight against HIV–AIDS.

I want to talk for a moment about the international family funding, which has gone from 372 to 425 million dollars. No funding can be obligated until February 15. However, no Mexico City language has been included. I want to commend the President of the United States for his steadfastness on this, excluding this language from the bill; and I want to also commend Democrats and Republicans for working together on this, the gentlewoman from New York (Mrs. Maloney) and the gentleman from Pennsylvania (Mr. GREENWOOD), in terms of the Mexico City language, and, of course, the very distinguished members of our subcommittee on the Democratic side, the gentlewoman from New York (Mrs. LOWEY), the gentlewoman from Michigan (Ms. KILPATRICK), the gentleman from Illinois (Mr. JACKSON), the gentleman from Minnesota (Mr. SABO) and the gentleman from Wisconsin (Mr. OBEY), who all helped to make this bill a success.

The bill contains a total of $693 million for the Child Survival Account, part of which we are going to call the Callahan Child Survival Maternal Health Account, in tribute to the fine work he has done on this. This account funds the HIV programs, as well as providing $50 million for global alliance for vaccines and immunizations and $60 million for tuberculosis.

The overall funding includes funding for the African Development Bank, for increased funding for the Inter-American Development Bank.

I just want to say on Serbia, because that is a question that has been asked, the language in the bill, the agreement allows up to $100 million in assistance for what I would characterize as an appropriate degree of flexibility. It is a compromise. More on that as the debate continues.

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

Mr. CALLAHAN. Mr. Speaker, I yield such time as he may consume to the gentleman from Florida (Mr. YOUNG), the chairman of the Committee on Appropriations.

Mr. YOUNG of Florida. Mr. Speaker, I thank my distinguished chairman for yielding me time.

Mr. Speaker, the gentleman might find this somewhat of a surprise when I rise in support of his bill, because the gentleman has known for years that I was one of the leading opponents of our foreign aid programs. I did so because I did not think they worked. I did not think that the claims of helping poor people were actually authentic. I would be here on the floor, and I had the privilege of being the ranking member on this subcommittee some years ago, and I remember being berated by others who would say this money is for the poorest of the poor.

Well, I am willing to help the poorest of the poor, but in those days the

money was not going to help the poor, it was going to help the people who ran the countries where the poorest of the poor lived. Under the dynamic leadership of the gentleman from Alabama (Chairman CALLAHAN), things have changed. Reforms have been put into effect by his leadership that make it possible for me to stand here and support this bill.

The gentleman has done a good job in facing up to the tough issues in the foreign workplace. He has dealt with foreign leaders in a very professional and dignified, but tough, way.

I also want to compliment the gentlewoman from California (Ms. PELOSI). She has been very aggressive in making her own viewpoint known, but she has cooperated completely with the gentleman from Alabama (Chairman CALLAHAN). They have been a good team.

I would say as an aside, Mr. Speaker, that I really wish that we did not have the rule that the gentleman from Alabama (Chairman CALLAHAN) could not continue to be chairman of this subcommittee, but under the term limits that we imposed on ourselves for committee chairmen and subcommittee chairmen, the gentleman from Alabama (Mr. CALLAHAN) has to give up the leadership of this subcommittee. I think that is a mistake. I think the Congress will be worse off because of that, because of the ability that he has to deal with these international issues and to deal with international leaders, and also because of his ability in a nonsense way to bring together many divergent viewpoints that are held by many of our Members.

So the gentleman has done a really good job, and I just want to commend the gentleman as strongly as I possibly can for the good job that he has done, and tell him that I will continue to seek a way to keep him as chairman of the subcommittee when the time comes.

This is a good bill, Mr. Speaker. He and the gentlewoman from California (Ms. PELOSI) have done a really good job in identifying real needs and putting in safeguards that, in fact, will guarantee for the most part that the poorest of the poor that need the help are going to get the help.

Is it a perfect bill? Is it one that I read every word of it and read every section and say, gee, I agree with everything? No. To the contrary, there are still some things in this bill that I would prefer not be here. But, for the most part, I do agree with what is in the bill.

Again, I commend the gentleman from Alabama (Chairman CALLAHAN) and the gentlewoman from California (Ms. PELOSI) for the good job they have done. I hope we can proceed to complete that action on this bill today, because we have two other conference reports that we need to get to quickly so the House and the Congress can complete its appropriations mission for this year.

Ms. PELOSI. Mr. Speaker, I am pleased to yield 3 minutes to the very distinguished gentlewoman from New York (Mrs. LOWEY), a member of the committee.

Mrs. LOWEY. Mr. Speaker, I rise in strong support of this conference report, and I want to thank our distinguished chairman, the gentleman from Alabama (Mr. CALLAHAN) and our ranking member, the gentlewoman from California (Ms. PELOSI), who have worked so hard to craft this fair, bipartisan foreign operations bill. Of course, also our staff on both sides, who have done superb work on this bill. It goes a long way toward adequately funding United States foreign policy priorities, and it really has been a pleasure to work with the chairman and our ranking member. I thank them for their efforts and their superb work.

There are a lot of good things in this bill, and I would like to highlight just a few. First and foremost, this conference report removes the anti-democratic global gag rule restrictions that have threatened our international family planning programs throughout the past year. The language jeopardizes the lives of women around the world and undermines a key objective of United States foreign policy, the promotion of democracy around the world.

I am also pleased that this bill fully funds our yearly aid package for Israel. As recent events have shown, helping Israel, our ally in the Middle East, maintain its qualitative military edge in the region, remains an urgent United States national security objective.

The measure also provides $435 million for international debt relief, a hard-fought victory for our efforts to help the poorest of the poor throughout the world. One of the guiding principles of United States foreign policy is that, whenever possible, we should use our assistance to enable developing countries to stand on their own two feet. Because of this historic funding, many of the countries benefiting from these funds will, for the first time, be able to spend the necessary resources on health care and education for their citizens, rather than spending large percentages of their budget servicing debt. I am proud that the United States will be a partner in this international initiative.

The conference report also demonstrates a strong commitment to combatting HIV–AIDS, and it also supports a high United States contribution to the global alliance for vaccines and immunizations and supports the international AIDS vaccine initiative, two multilateral efforts to combat the infectious diseases that cause widespread human devastation and cripple developing economies.

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Mr. Speaker, I stood up here many times before to share with my colleagues why I think our investment in foreign aid is so important. In my judgment, the single most important argument for this investment is that in times of great prosperity and burgeoning budget surpluses, we have a responsibility to help those who have been left behind.

As a fortunate Nation, we have the moral obligation to alleviate some of the terrible, heartbreaking suffering in the world. But there is also another reason why our foreign assistance is so important. And that is because in the long run, we in the United States will reap the benefits from the stability shown by our aid.

Countries that are now top candidates for foreign assistance can use our aid to strengthen their democracies, stabilize their economies, and improve the health and well-being of their citizens. I strongly support the bill and again thank the gentleman from Alabama (Mr. CALLAHAN).

Mr. CALLAHAN. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan (Mr. KNOLLENBERG), a member of our Subcommittee on Foreign Operations, Export Financing and Related Programs.

Mr. KNOLLENBERG. Mr. Speaker, I rise today to express my strong support for this conference report, and I urge all of my colleagues to vote for this effective and responsible bill.

The gentleman from Alabama (Chairman CALLAHAN) deserves extraordinary praise, I think, for his accessibility, his leadership, his thoughtfulness, his patience, his effectiveness, last of all, but most importantly.

I would also like to extend congratulations to the gentlewoman from California (Ms. PELOSI).

I think the two of them, although it was difficult on some of the issues, work together very well. I do not want to forget the staff, and I am not going to start naming them, but the work that they have done is something that we should all be cheering about and saluting.

There are many things in this bill that deserve to be highlighted. First, this bill provides important funding for countries in the Middle East to help support peace in that region. Now, at this most difficult time, this funding is as important as it has ever been.

The United States has reiterated its support for Israel, Egypt and Jordan, countries which have successfully negotiated peace agreements, by providing significant economic and security assistance.

I am pleased also that we have provided $35 million to help the people of Lebanon. I must point out that this money will not be sent to the Lebanese government; rather, this money will be used to expand the USAID program in

Southern Lebanon, so that American NGOs, nongovernment organizations, will be able to directly provide services to the Lebanese people while monitoring the results of our efforts.

The bill also provides important funding for countries of the former Soviet Union, including $90 million for our ally, Armenia. In addition, we are financing confidence-building measures for the countries of the Southern Caucasus to help build a foundation for peace among Armenia, Nagorno-Karabagh and Azerbaijan.

Mr. Speaker, I am also pleased that the cuts made to foreign military financing during consideration on the House floor have been restored. This funding is essential for our allies, such as the Baltic countries, Latvia, Lithuania and Estonia.

Mr. Speaker, there are many reasons to support this bill, and the gentleman from Alabama (Chairman CALLAHAN) and the gentlewoman from California (Ms. PELOSI), the ranking member, should again be commended for accommodating the Members of this body while crafting a very effective and responsible piece of legislation. I urge all Members to vote in favor of this bill.

Ms. PELOSI. Mr. Speaker, I yield 2 minutes to the distinguished gentlewoman from Michigan (Ms. KILPATRICK), a very valued member of the Subcommittee on Foreign Operations, Export Financing and Related Programs.

Ms. KILPATRICK. Mr. Speaker, I will take this opportunity to thank the gentleman from Alabama (Chairman CALLAHAN) for his leadership over these last several years that I have had a chance to work with the gentleman. I want to thank the gentleman for allowing me to participate and also including some of the projects. I thank the gentleman very much for his leadership.

I want to thank the gentlewoman from California (Ms. PELOSI), our ranking member, for her undying efforts to work to get the job done. I want to thank the two of them. They certainly have brought a great deal to the floor. We would all hope for more money, at least on our side; but it certainly is a good bill. And I would urge my colleagues to support it.

I want to say special thanks to the gentleman from Florida (Chairman YOUNG) and the gentleman from Alabama (Chairman CALLAHAN) for being persistent, to see that Mozambique, one of the most stable countries on the African continent, is able to continue in their prosperity.

I know without their leadership, we would not have seen the early release of the dollars and then the final effort here in this bill. I want to thank both the gentleman from Florida (Chairman YOUNG) and the gentleman from Alabama (Chairman CALLAHAN).

We live in a global economy. When America deals well as the leading country in the world, it is our obligation to be a partner in the rest of the world, and this bill begins that effort. And I certainly want to add my voice to those who say that when we live in a global economy, and as the richest country in the world that God has blessed us to be born and raised in, that responsibility is beginning to be met with this foreign operations bill in front of us.

With the international family planning language set, with the $420 million appropriation there to help family planning for women all over the world, it is a major effort. I commend the gentleman from Alabama (Chairman CALLAHAN) and the gentlewoman from California (Ms. PELOSI), the ranking member, for working closely and hard on that.

Debt relief for some of the poorest countries in the world, understanding that this country only has a small fraction of that debt relief, that much of it is from other countries, by us being the leaders in the world, our effort in this bill will certainly help those poor countries and send a signal to those other countries where much of that debt is held; Africa, the continent, the largest in the world, from funding the African Development Bank, the African Development Fund, helping in reaching out.

This is a bill that we can support. Thanks again to the gentleman from Alabama (Chairman CALLAHAN), the gentlewoman from California (Ms. PELOSI), our ranking member, for their support of our projects.

Mr. CALLAHAN. Mr. Speaker, I yield 4 minutes to the gentleman from Ohio (Mr. KASICH), the gentleman who supported the previous question just a few minutes ago.

Mr. KASICH. Mr. Speaker, there are probably a lot of our staff that are watching this bill, and they come to Washington fundamentally to hope that they can be involved in changing the world.

I think in a lot of ways this bill is a breakthrough, a historic precedent, an effort to really bring about great change in the world. I am referring to the section of this bill that provides debt relief for the poorest countries.

America has unprecedented economic and political and military power. And I do not think countries are much different than people. When people are successful, very successful, there is a tendency in human beings for resentment to build, and the person who is successful has it incumbent on them to try to work to share some of their bounty and to exercise humility as they carry on with their success.

The same is true with nations. When nations experience unprecedented economic success and political success and military success, great resentment begins to build, in fact some anger and hatred; some of which we have seen exhibited across this world in the last few weeks.

But in this bill is an effort to share our bounty, the wonderful American bounty, not only to share that bounty with the poorest of the poor, but then as a Nation to become a model and a leader among all the other free nations of the world to pitch in and do their share to share with the poorest of the poor. The Congress of the United States deserves great credit for the aid and the forgiveness of debt to the poorest countries in the world.

The President of the United States has shown great leadership in a meeting that was just held several weeks ago, and his staff deserves to be commended for their effort to carry through on this project. Religious leaders all over this country of all faiths, Jews and Christians, who got together to assert that this is the jubilee year, the year to give a fresh start to the poorest of the poor, have pitched in and have been relentless in their efforts to try to make sure that we share our bounty in a responsible way.

My good friend, my good friend Bono from the rock band U2, who set aside musical scores and concerts and albums and CDs in an effort to try to give something back to humanity. This has gone as high as the Pope, to the President of the United States, to religious leaders across this country to political leaders.

This program in forgiving debt is not to give relief to dictators and thieves and other countries. In fact, the reform language in this bill was written by Senator JESSE HELMS, one of the greatest reformers of the international institutions. I, myself, have chased the World Bank and the IMF to bring about needed reforms.

The debt relief in this bill is designed to make sure that these countries act responsibly; that, in fact, that the money that is forgiven by these countries will be used to deal with the health problems and the economic development problems of the poorest of the poor.

The jubilee year is special. The jubilee year is special because it is recognized in our great Old Testament, and it means that those who have bounty will forgive the debts of those who have little.

This is not just forgiveness. This is a down payment to give these countries a new start, to move towards free markets, to move to clean up the corrupt systems all over this world, but particularly the corrupt systems in Africa.

What the Congress engages in today is what can only be called a historic act of grace, and a historic act of grace is proper in the jubilee year. The United States provides the leadership, but so many of our other allies and friends around the world must join in. This is a time when we have provided

that leadership, and we should be encouraged that we are all part of changing this world in which we live.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

THe SPEAKER pro tempore (Mr. BARRETT of Nebreska). Although remarks in debate may identify Senate sponsorship of particular propositions, debate may not characterize Senators.

Ms. PELOSI. Mr. Speaker, I am pleased to yield 3 minutes to the gentleman from Wisconsin (Mr. OBEY), our distinguished ranking member of the full Committee on Appropriations, the long-time chair of the Foreign Operations Committee.

Mr. OBEY. Mr. Speaker, I thank the gentlewoman for yielding me the time.

Mr. Speaker, I think there are many good things in this bill, and I especially want to say that I think that the debt relief provisions in this bill are long overdue. They will not cost the American taxpayers, because this is debt on the part of destitute countries that would never be repaid anyway. This is simply fessing up to the fact.

I would simply like to take one moment to make a comment on one region of the world that is funded heavily in this bill.

I do not believe that any Member of this House has been more supportive of the peace process or more insistent that the legitimate concerns of the Palestinians or the Arab world be brought into account in dealing with our problems in the Middle East, but I cannot begin to describe how dismayed I am at the way Mr. Arafat, and I believe even more so, a number of Arab governments have refused to recognize the opportunity presented to them by the extended hand of Mr. Barak, the leader of the State of Israel.

This was the greatest opportunity for peace that that region has seen in the over 30 years that I have been following events in that region.

I do not excuse the actions of Mr. Sharon in clumsily provoking antagonism in that region, and I recognize the concerns about the level of violence that has been inflicted by both sides in that region. But I believe that the Arab refusal to take Mr. Barak's hand is profoundly and tragically short-sighted, and I would hope that both sides, regardless of injustices perceived to be created by the other, I would hope that both sides recognize that it is not just they, but all of us who are at a precipice, and that is a precipice that we do not want to leap from.

It is going to be virtually impossible to put together a civilized policy in that part of the world, unless both sides recognize that the overall imperative that they both have is to bring peace to the people that they are supposed to represent. With that, I want to congratulate the gentlewoman from California (Ms. PELOSI), and I want to congratulate the gentleman from Alabama (Mr. CALLAHAN) for doing their usual, fine work.

Mr. CALLAHAN. Mr. Speaker, I yield 2 minutes to the gentlewoman from Florida, (Ms. LEHTINEN-ROS).

Ms. ROS-LEHTINEN. Mr. Speaker, I would like to engage in a colloquy with the gentleman from Alabama (Mr. Callahan), the chairman, on an important project addressed in both the House and the Senate committee reports, which originally accompanied this bill for the purpose of securing a clear understanding of the conferees' intent. I am speaking about the Cuban transition project.

Mr. CALLAHAN. Mr. Speaker, if the gentlewoman would yield, I would be most pleased to enter into a colloquy with the gentlewoman from Florida.

Ms. ROS-LEHTINEN. Mr. Speaker, allow me to congratulate the gentleman from Alabama (Mr. Callahan) for a fine bill.

The Senate committee report states clearly that it supports the $3.5 million be provided through USAID for the important initiative to provide policymakers, analysts and others with accurate information and practical policy recommendations that will be needed over a multiyear basis to assist this country in preparing for the next stage of our interaction with the Cuban community and nation.

□ 1300

The gentleman's House committee report similarly supported this project, and it is my understanding that the gentleman does support this project, and indeed, that it receive support from USAID.

Mr. CALLAHAN. Mr. Speaker, if the gentlewoman will yield, the gentlewoman's understanding is indeed correct. Inasmuch as support for this project was clearly stated in both the House and Senate reports, we did not restate it in this statement of managers. However, the legislative history is clear. It is the committee's intention that the Cuban Transition Project be supported by USAID in fiscal year 2001 as indicated.

Ms. ROS-LEHTINEN. Mr. Speaker, I thank the gentleman for reiterating his support and clarifying the intent of this subcommittee. It is true that this project has the strong support of the chairman of the House Committee on International Relations, and I know that this committee will also be expressing its support to the agency.

I would like to ask if the gentleman would be willing to further advise the agency formally of his position on this matter. I would be most appreciative of his assistance in this regard. Indeed, it would be very invaluable.

Mr. CALLAHAN. Mr. Speaker, if the gentlewoman would again yield, I assure the gentlewoman that the subcommittee will continue to work with her to ensure that USAID funds on these important programs are spent.

Ms. ROS-LEHTINEN. Mr. Speaker, I thank the gentleman.

Ms. PELOSI. Mr. Speaker, I yield 2½ minutes to the gentleman from Illinois (Mr. JACKSON), a very distinguished member of our subcommittee.

Mr. JACKSON of Illinois. Mr. Speaker, I rise today to support this conference report. This conference report is not a perfect product, but I think it is a good compromise and one that we can all live with. Passing this conference report is important to demonstrate America's leadership abroad. The aid provided in this bill can significantly improve the lives of hundreds of millions of people around the world. Too much is at stake in this conference report; and despite some of its shortcomings, I urge Members' support for this conference report.

I want to start my remarks by commending the gentleman from Alabama (Mr. CALLAHAN), the chairman of the subcommittee, and the gentlewoman from California (Ms. PELOSI), the ranking member, and the other members of the Subcommittee on Foreign Operations and the subcommittee staff for the work that they have done to get us here today. I want to especially thank the chairman and the ranking member for working with me in the subcommittee to improve some sections of this conference report with respect to Africa and those countries that are not as fortunate as the United States.

If the United States is to maintain its position as a global leader, we must act like one and assist those countries most in need. This conference report goes a long way in doing just that. There may be some Members of this body who disagree, but it is in our national interests to create opportunities and spread stability throughout the world by combating infectious diseases, poverty, working for conflict resolution, enhancing democratization, and fostering the conditions for economic growth. This conference report, Mr. Speaker, moves us in that direction.

The budget authority for the Foreign Operations Conference Report was $14.8 billion. Even though this amount is just shy of the President's request, I think it does tremendous good. Consider this: this conference report fully funds the President's request for $435 million in international debt relief, it contains $315 million to combat HIV/AIDS worldwide. In July of this year, this conference report was insufficient regarding the African Development Bank and the African Development Fund. I worked with the subcommittee markup, the full committee markup and floor consideration to ensure that these accounts were increased. I am pleased to say that this conference report includes $6.1 million for the African Development Bank and $100 million for the African Development Fund.

This conference report includes $425 million for international family planning, and under the chairman's leadership, the conference report contains large increases for the child survival and disease account, more than $248 million over fiscal year 2000. Within this account, $60 million is included for tuberculosis, $45 million for malaria, $50 million for the Global Alliance for Vaccines and Immunizations.

Many nations on the continent of Africa are making unprecedented progress towards democratic rule and open markets. This is why I had hoped and continue to hope that the development fund for Africa would be included as a separate account. As a separate account, DFA funding would be assured to remain focused on the long-term problems and development priorities of our African partners.

In July, when this bill was first being considered on the House Floor, I said, ''In turning our attention to some important regions of the world, we should not turn our back on others.'' This conference report demonstrates that the U.S. has not turned its back on the world.

Again, I want to thank the chairman of the subcommittee, the ranking member, and their staffs for all of the work that they have done and for listening to and addressing my concerns. Again, I want to reiterate my support for this conference report.

Mr. CALLAHAN. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. BRADY).

Mr. BRADY of Texas. Mr. Speaker, as a member of the House Committee on International Relations, I am convinced that foreign assistance is a good investment for America in two cases, where it strengthens our national security and where it exports our values of freedom, democracy, free enterprise, freedom of speech and religion, all of our exports.

Foreign assistance, when it hits the mark, can make a real difference for America; and I appreciate the leadership of the gentleman from Alabama (Mr. CALLAHAN) and the ranking member on this issue when we have hit that mark.

One area of the bill, though, I am terribly disappointed in and it deals with heavily indebted poor countries but probably not an area that we are thinking of. I think in addition to providing them a fresh start, I had hoped that we would also get in return a measure of justice for America and for American families of violent crime. Here is the problem. It used to be in past days that criminals would flee justice by running to the county line or to the State line. Today, criminals run to another country or to another continent. As a result, Americans are victims of violent crime, child abduction, terrorism, money laundering, drug trafficking; and we have very little hope of returning these criminals to face American justice.

That is because many of our treaties with other countries are outdated, but most importantly because 40 percent of the world is a safe haven for these criminals. They have no agreement with America to return them for justice here. Mr. Speaker, 35 of those countries happen to be heavily indebted poor countries; and I was hopeful that in this bill, we would have a provision that said in return for this fresh start, work with us to begin negotiations on extradition treaties. Not that they have to have one in place, because those take time, they have to be negotiated, they have to be thoughtful; but only that they responsibly sit down with America to discuss, to start negotiations so we can close safe havens.

I do not think it is fair that we subsidize any country anywhere that would harbor the terrorists that attacked the U.S.S. *Cole* recently. This issue will not be going away, and I am hopeful that we can work in a bipartisan manner to address this in the future.

Ms. PELOSI. Mr. Speaker, I am pleased to yield 1 minute to the gentleman from New York (Mr. LAFALCE), the very distinguished ranking member of the Committee on Banking and Financial Services, and recognize him for the extraordinary work he did in the international debt relief provision.

Mr. LAFALCE. Mr. Speaker, yesterday, 40,000 people died of starvation and inadequate medical care. Today, 40,000 people will die. Tomorrow, I believe we will significantly reduce those numbers because of the debt relief provisions within this bill.

About 2 weeks ago, the gentlewoman from California (Ms. PELOSI); the gentlewoman from California (Ms. WATERS); the gentleman from Iowa (Mr. LEACH); and the gentleman from Alabama (Mr. BACHUS); and myself met with President Clinton and a representative of the National Catholic Bishops Conference, the president of Bread for The World, the Reverend Andy Young, and the Reverend Pat Robertson, and the White House; and we said that the most important foreign policy initiative for the new millennium would be the full funding of debt relief for the highly impoverished countries of the world.

Mr. Speaker, everyone should support this, the most important foreign policy initiative for the new millennium.

Nothing that Congress has done this year has the potential to do so much good so quickly as passage of debt relief funding. This week, Congress and the President reached an agreement to provide $435 million in funding for a multi-country initiative that will relieve the world's poorest countries of their international debt burdens. The agreement will also authorize the International Monetary Fund (IMF) to conduct a revaluation of its gold holdings in order to make even more resources available for debt relief. Our success in this area is in large part due to the consistent and effective efforts of the NGOs and the multi-faith coalition involved in the Jubilee 2000 effort, who have seen this as a highly appropriate way to celebrate Jubilee 2000. I fully concur. This week's victory for debt relief is a fitting victory for them and a tribute to the Jubilee year.

In 1999, the House Banking Committee approved H.R. 1095, which I co-sponsored with Chairman JIM LEACH. This bipartisan effort laid the groundwork for this week's agreement. H.R. 1095 authorized a multi-year initiative that will substantially reduce the debt owed by the poorest countries, provided they agree to use the resources to invest in their own citizens in the form of better education, health services, and serving other critical needs.

Forty-thousand people, half of them children, die each day as a result of starvation or inadequate medical care in poor countries. Debt relief will have a direct impact on this tragic situation. By freeing these countries of the burden of financing their debt, much of it incurred many years ago by corrupt regimes and dictatorships, we will help them make new funds available for anti-poverty programs. Debt burdens effectively hold hostage the public budgets of poor countries, with debt payments often accounting for 20 percent or more of the budget. With little room in their discretionary budgets to make basic social and economic investments or even to maintain a minimal level of services, these countries are forced to rely on outside sources of support in the form of grants and concessional loans, which are themselves too often in short supply. Only substantial debt relief will help to break this cycle of dependency.

Debt relief granted by the U.S. and other creditors in recent years is already bearing fruit. In Mozambique, the government has committed debt savings to an expansion of basic medicines in government clinics. In Bolivia, spending on health care, education, and other social programs increased by $119 million last year, a direct result of savings for debt relief. Not only do the poverty reduction strategies address critical short-term needs such as medicine and provision of food, these countries are also using their debt relief savings to make important long-term investments in their people and their economies. Uganda, for example, has used debt relief savings to eliminate the fees charged to grade school students. As a result, enrollment rates have nearly doubled since the introduction of the debt relief initiative, and Uganda is fast approaching universal enrollment in primary education with 94 percent of the primary school age population now in school.

These reforms are working because the debt relief initiative approved by Congress requires accountability, transparency in decision-making, and a responsible use of resources targeted on poverty alleviation. For example, Uganda's Poverty Action Fund has a transparent and accountable structure of management, with reports on financial allocations released quarterly at meetings of donors and NGO's. Working with officials at the World Bank and IMF, and with oversight from our own Treasury Department, all countries approved for debt relief will have comparable systems of accountability.

But let's be clear about the magnitude of the challenge before us, which goes far beyond sound fiscal management. Nearly half of the world's population lives on less than $2 a day. And of the 2 billion people that will be added to the world's population over the next 25 years, 97 percent will be in developing countries where poverty is most prevalent. We are facing a poverty time bomb. Our $435 million commitment is an important step toward improving this situation, but it will not single-handedly turn it around. I hope that this year's funding demonstrates a resolve to remain fully engaged in efforts to address the crises of poverty around the world.

Unfortunately, the tremendous political struggle associated with securing the $435 million this year, as well as a steadily declining development assistance budget, should give us pause in this respect. From Washington's perspective, these are too often seen as the problems of remote countries lacking strategic geopolitical significance for the United States. The U.S. spends less in real terms on development aid today than we did during the 1980's, and we spend less as a share of our economy than any of the other 20 OECD countries.

My greatest hope for the debt relief initiative does not rest in the dollars we've made available this year. It is in the bipartisan, multi-faith coalition that has formed around the issue and around the broader goal of sustained development in the world's poor countries. This coalition has given voice to a problem that has no political consistency within the United States. We must work hard on both sides of the aisle in the coming months and years to strengthen the coalition and strengthen the U.S. resolve to make a lasting commitment to alleviating global poverty.

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

Ms. PELOSI. Mr. Speaker, I am pleased to yield 2 minutes to the gentlewoman from California (Ms. WATERS), the very distinguished ranking member of the subcommittee that oversees international debt relief, and a real leader and fighter who was successful on this floor in increasing the funding for debt relief.

Ms. WATERS. Mr. Speaker, I rise to speak in support of the conference report for H.R. 4811, the foreign operations appropriations bill for fiscal year 2001. This conference report has broad bipartisan support and is a substantial improvement over the bill that passed the House on July 13, 2000.

I would like to thank the gentlewoman from California (Ms. PELOSI) who has been the real driving force behind this legislation to craft a bill that we could all support. But I would also like to thank the gentleman from Massachusetts (Mr. FRANK) and the gentleman from Iowa (Mr. LEACH) and the gentleman from Alabama (Mr. BACHUS) and the CBC and particularly the gentlewoman from California (Ms. LEE) for her work, particularly as it relates to AIDS.

There are many substantial items in this bill, but I would like to make special mention of debt relief and AIDS. I am especially pleased that the conference report provides a total of $435 million to forgive the debts of the world's poorest countries. This appropriation fully funds the President's request and when leveraged with contributions from other creditor countries, will forgive $27 billion in debt owed by these impoverished countries. The conference report also includes language to permit the International Monetary Fund to use the earnings from the reevaluation of its gold reserves to fund its share of the international debt relief program.

Throughout this Congress, I have been working on this issue, and I have been inspired by the breadth and depth of the commitment to the forgiveness of poor country debts. I have worked with debt relief supporters from both sides of the aisle, as well as officials representing the administration and the Treasury Department, to ensure that the debt relief program will benefit the world's poorest people. I have also met with church leaders, development advocates, civil society leaders from poor countries, and many other members of the worldwide Jubilee 2000 movement which has been working to make debt relief a reality. The success of our efforts proves that we can overcome our differences.

Again, the money that is afforded for AIDS in this bill will help to deal with the problem of the epidemic that could not be dealt with because of the burden of the debt.

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

Ms. PELOSI. Mr. Speaker, I yield 2 minutes to the gentlewoman from New York (Mrs. MALONEY), a leader in the fight for protecting reproductive rights throughout the world.

Mrs. MALONEY of New York. Mr. Speaker, I thank the gentlewoman for yielding me this time and for her great leadership on this bill.

We are 25 days late and $11 billion over the President's request. The bill does many good things, funding for Israel and other countries in the Middle East. It has funding for debt relief, relief for the AIDS epidemic. But I object to the fact that the bill also raises the cap on the total amount of discretionary spending on this and other fiscal year 2001 appropriations bills by $37 billion.

The conference report is the first step toward restoring the U.S.'s commitment to saving women's lives through international family planning without the onerous gag rule. The anti-democratic gag rule would have silenced women around the world by barring them from using their own funds to lobby for or against abortions or perform abortions. This is a short-term solution as it removes the gag rule until February 15, 2001, when the next President would have the ability to support or gag women's voices around the world. This is another reason why the choice for President on November 7 is so important.

Last year, President Clinton pledged to women Members of Congress that he would not sign any legislation that included the gag rule again. We thank him for standing firm and removing the gag rule that would be unconstitutional in our own country and it is unconscionable to force it on some of the world's poorest women.

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This conference report is the first time in 5 years that this body has increased funding for international family planning. Just 5 years ago, we spent $200 million more a year to save women's lives.

With the increase in this bill today, raising USAID funding to $425 million from $385 million last year, we are taking the first step to restoring our commitment to the life-saving resources international family planning provides to some of the world's poorest women.

Ms. PELOSI. Mr. Speaker, I am very pleased to yield 2 minutes to the gentlewoman from California (Ms. LEE), who, as I said before, coming back from Durban, South Africa, was successful on the floor increasing funds for HIV/AIDS, and with this bill taking a very major first step for the World Bank Trust Fund.

Ms. LEE. Mr. Speaker, I rise in strong support of the Foreign Operations conference report. I want to thank the gentleman from Alabama (Chairman CALLAHAN) and the gentlewoman from California (Ms. PELOSI), ranking member, for their tireless and dedicated work really on behalf of our human family.

The funding in this bill signifies our Nation's commitment to peace and stability and to progress around the world. I am also pleased that the conference report includes funding for the flood victims of Mozambique and Madagascar and appeals the global gag rule so important to women in developing countries. It also includes debt relief funding, which is long overdue.

I want to express a special thanks to Jubilee 2000, our faith-based organization, the gentlewoman from California (Ms. WATERS), the gentleman from Alabama (Mr. BACHUS), the gentleman from Massachusetts (Mr. FRANK), the gentleman from Iowa (Chairman LEACH) for their successful efforts.

Debt relief is so important to poverty alleviation and to fighting the HIV/AIDS pandemic. As we all know this pandemic is wreaking havoc in Africa like no other disease in the history of humankind. But Africa is only the epicenter of this pandemic. It is a ticking time bomb in India, Asia and the Caribbean. So that is why the gentleman from Iowa (Chairman LEACH) and myself offered the World Bank AIDS Trust Fund.

I want to just thank the gentlewoman from California (Ms. PELOSI), the gentleman from Alabama (Chairman CALLAHAN), the gentlewoman from Michigan (Ms. KILPATRICK), the gentleman from Illinois (Mr. JACKSON), and all of those Members on the conference committee for reporting out $20 million for the trust fund, an excellent first start.

But we must do more. We must continue to fight until we make sure that we eradicate AIDS from the face of the globe. Six thousand people are dying in Africa every day now of AIDS. There are 12 million children who are orphans in Africa.

We must enlist our international partners in the private sector in a global international effort led by the United States, and we also must enhance the United States contribution to our joint U.N. program on AIDS.

In closing, I would just like to once again thank the gentlewoman from California (Ms. PELOSI), ranking member, for her support, her commitment and her hard work. I want to encourage her to keep up the good fight.

I want to also once again thank the gentleman from Iowa (Chairman LEACH), the members of the Congressional Black Caucus, the gentleman from New York (Mr. LAFALCE), ranking member, and former Congressman Ron Dellums for all of their hard work and their leadership.

I remind this Congress that fighting international AIDS is not a Democratic or Republican issue. It is a moral issue that demands a moral response.

Ms. PELOSI. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Maryland (Mr. CARDIN), and in recognizing him, acknowledge the work that he did along with the gentleman from Illinois (Mr. BLAGOJEVICH) in helping to shape the flexible compromise that we have in here, enabling us to go forward with assistance to Serbia while respecting the work of the War Crimes Tribunal.

Mr. CARDIN. Mr. Speaker, I really want to thank the gentlewoman from California (Ms. PELOSI) for the work she has done on this bill. This is a conference report very much worth supporting. I congratulate her and the gentleman from Alabama (Mr. CALLAHAN), chairman of the subcommittee.

I have had the honor of representing this body on the Organization for Security and Cooperation in Europe with some of our other colleagues, the Helsinki Commission. I just really want to compliment the language we have in aid to Serbia, because I believe it is consistent with the position that we have taken on the Helsinki Commission.

We welcome Serbia's change of leadership of Mr. Milosevic being removed from power. It is appropriate that we now participate with Serbia on foreign assistance. I support the provisions in the bill that does that.

I also think it is important that we make it clear, and we do, that, for ongoing assistance, Serbia must cooperate with the international Criminal Tribunal for Yugoslavia, that it must take steps to comply with the Dayton Accords, and it must take steps to implement the rule of law and protection for minority rights.

My colleagues spelled that out in their conference report, and I applaud them for it. It is a good compromise. I support it. I urge my colleagues to support the conference report.

Ms. PELOSI. Mr. Speaker, I am pleased to yield 1 minute to the gentleman from Texas (Mr. BENTSEN), a very valued member of the Committee on Banking and Financial Services, who from day one has been very involved in helping us shape this debt relief package.

Mr. BENTSEN. Mr. Speaker, first let me commend the gentleman from Alabama (Mr. CALLAHAN), chairman, and the gentlewoman from California (Ms. PELOSI), ranking member of the subcommittee, on the compromise.

I support this bill. In particular, on the debt relief, I would like to make two points. One is, even though the United States is the smallest creditor among the industrialized nations in this, the debt relief package would not go forward without the participation and the leadership of the United States. So it is critical that we take a role in this.

I would say to the critics of the IMF, the World Bank, the last thing one wants is for the U.S. not to be involved in this because they will then take a leadership role. I think it is very important Members understand that.

Second of all, I want to commend the gentleman from Alabama (Mr. CALLAHAN) for his language providing for the moratorium, the 2-year moratorium, on new debt to HPIC countries. This is something I proposed in the Committee on Banking and Financial Services when we were working on the authorization.

I think it makes a great deal of sense, even countries going to the soft loan window, that when we relieve their debt, that we do not get them back into the red again. We ought to let them build out of it. I commend my colleagues for that. I think it makes a great deal of sense.

Ms. PELOSI. Mr. Speaker, I am pleased to yield 1 minute to the gentleman from New York (Mr. CROWLEY), who has been a very important part of our challenge to shape language on family planning. He has been doing that ongoing. He is a very valued member of this effort.

Mr. CROWLEY. Mr. Speaker, I rise to express my strong support for the fiscal year 2001 Foreign Operations appropriations bill.

I sincerely thank the gentleman from Alabama (Chairman CALLAHAN) and the gentlewoman from California (Ms. PELOSI), ranking member, for their tireless efforts on behalf of this bill.

From the explosion of violence in the Middle East to the historic democratic transition in Yugoslavia, the funding included in this package will have a tremendous impact throughout our world.

The scope of this bill is not limited to bilateral aid and debt relief. It takes into account important health issues as well.

It gives me great pleasure to vote for a Foreign Operations bill that does not contain the global gag rule.

The $425 million for international family planning will allow agencies around the world to do their job, to protect the lives of women and children.

I want to thank the President for his dedication to eliminating this harmful provision in this Foreign Operations bill.

This bill provides $435 million in debt relief to regional banks in Africa and Latin America.

I would like to mention two projects of particular importance to me, and the strengthening of the peace process in Northern Ireland.

I would be remiss if I did not thank the gentlewoman from New York (Mrs. LOWEY) in seeing that this money is provided in this bill.

The bill provides for $25 million for the International Fund for Ireland and $250,000 for Project Children. Both projects promote tolerance, understanding and cooperation in the north of Ireland.

The International Fund for Ireland is a wonderful program which bridges sectarian and political divides by bringing people in both the North and the Republic of Ireland together to build stronger communities. With contributions from the United States, the European Union, Canada, Australia and New Zealand, IFI has established the objectives of promoting economic and social advancement, and encourages contact, dialogue, and reconciliation between Unionists and Nationalists throughout Ireland.

Project Children was created in 1995 to bring outstanding students from Northern Ireland and the Republic of Ireland to the United States for the summer.

This provides students with the opportunity to develop leadership skills, gain valuable work experience at the highest levels in the U.S. political system, and offers a new perspective on the politics and culture of Northern Ireland, Ireland and the United States. Most importantly, this program allows the future leaders of Ireland to work in an environment of mutual respect, to demonstrate the progress that can be made by implementing a strategy, of tolerance and cooperation.

Tolerance and Cooperation. These are two things that seem to be quite elusive these days.

The latest eruption of violence in the Middle East has been cause for concern by many nations around the world.

The United States has been a firm and active supporter of the Middle East peace process for many years. We have sought to negotiate a peace that would be acceptable to all parties involved. Unfortunately, negotiating a lasting peace is impossible when all parties are not acting in good faith. Mr. Arafat has chosen the path of violence over the path of peace. The United States cannot condone such a decision. The provisions and funding included in this bill appropriately reflect the position of the United States on this matter. I encourage Mr. Barak and Mr. Arafat to return to the bargaining table as soon as possible. Nothing is gained when life is lost.

Clearly, this bill covers a wide spectrum of issues that are crucial to U.S. interests throughout the world. With that in mind, I urge my colleagues to join me in supporting this bill.

Ms. PELOSI. Mr. Speaker, I am pleased to yield 1 minute to the gentleman from Florida (Mr. DEUTSCH), a great advocate for peace in the Middle East.

Mr. DEUTSCH. Mr. Speaker, I wish that this bill literally had tens of billions of dollars of more aid for peace in the Middle East, because I think all of us know that, had there been a closure at the Camp David meeting, that we would have been asked to do that. I for one would have been ready to step up to the plate and vote and support that type of concept.

But I stand in front of my colleagues today as someone who has been supporting legislation to actually cut back and eliminate all aid, both direct and indirect aid, to the Palestinian Authority. The reason that I have done that is, unfortunately, what we have seen over the last several weeks is either one of two situations.

Either, one, Chairman Arafat has purposely, consciously chosen not to stop the violence, or the second is that he cannot stop the violence. Either one of those outcomes, either one of those explanations is reason enough to stop literally hundreds of millions of American taxpayer dollars funneling to the Palestinian Authority.

I urge my colleagues, even in the short time that we have left, to support this legislation and add it as one of our final acts before the end of this Congress.

Ms. PELOSI. Mr. Speaker, I am very pleased to yield 1 minute to the very distinguished gentleman from New York (Mr. WEINER), another champion for peace in the Middle East.

Mr. WEINER. Mr. Speaker, there is a great deal to commend this bill, and I commend the authors and sponsors of it: $435 million for debt relief, funds for peace in Northern Ireland, $2.9 billion for Israel, but not a penny for the Palestinian Authority.

I, like the gentleman from Wisconsin (Mr. OBEY), believe that this is an opportunity to use this bill as an opportunity to pass along a message.

For virtually the entire existence of Israel, Chairman Arafat has had at his desk two buttons, one button that read ''peace'' and one button that read ''war.'' At every major crossroads in our history, we have seen Mr. Arafat press the war button.

When it was time to consider the partition plan at the very beginning of the creation of the State of Israel, a plan that, frankly, hurt Israel, did not allow her to control Jerusalem, it was the Palestinians that said no. Ever since then, Yasser Arafat and the Palestinians have chosen war over peace. Today he is waging war.

Let us not be romantic about what goes on there. Let us not allow the image of people throwing stones change the fact that Israel is surrounded by nations that are at war with her.

We have to make the message clear from this House that enough is enough. Until Arafat is prepared to press the button that stands for peace, we will stand four square with our ally, Israel, in the Middle East.

Ms. PELOSI. Mr. Speaker, may I inquire as to how much time is remaining on each side?

The SPEAKER pro tempore (Mr. BARRETT of Nebraska). The gentlewoman from California (Ms. PELOSI) has 30 seconds remaining. The gentleman from Alabama (Mr. CALLAHAN) has 8½ minutes remaining.

Ms. PELOSI. Mr. Speaker, would the gentleman from Alabama (Mr. CALLAHAN) be agreeable to yielding 1 minute of his time?

Mr. CALLAHAN. Mr. Speaker, in responding to the gentlewoman from California (Ms. PELOSI), this is my swan song. In order to yield her time, I am going to have to leave out an entire verse.

Ms. PELOSI. Is that the part about me, Mr. Speaker?

Mr. CALLAHAN. Mr. Speaker, in the spirit of cooperation such as has existed for the last year, I yield 1½ minutes of my time to the gentlewoman from California (Ms. PELOSI).

Ms. PELOSI. Mr. Speaker, would the gentleman from Alabama be more agreeable to a unanimous consent to add 2 minutes on each side?

Mr. CALLAHAN. Mr. Speaker, I would rather not do that, but I yield 1½ minutes of my time to the gentlewoman from California (Ms. PELOSI).

Ms. PELOSI. Mr. Speaker, I am most grateful for the time. The gentleman from Alabama (Mr. CALLAHAN) is, as always, a gentleman.

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

Mr. Speaker, this debate today I think points to the quality of the bill that the committee has brought before the full House. I think it is clear from the participation of so many Members that they have been participating every step of the way.

We are blessed in this House by a very active Congressional Black Caucus, Hispanic Caucus, Congressional Women's Caucus, all of whom have taken a very particular interest in this bill and different provisions in it. Their involvement has helped us produce a better bill.

The involvement of the outside community, particularly the Jubilee 2000 initiative of the ecumenical movement for debt forgiveness in this jubilee year has helped us produce good policy that will help people throughout the world, helped us produce a better bill.

We have commended each other variously and severally and individually as to our participation in various parts of the bill. I want to also recognize the Clinton administration. We are very proud of the debt relief provisions in this bill. The President has been a leader on this issue, has made it a very high priority as has Secretary Summers, Gene Sperling, his advisor, and others in the administration. They have helped us get where we are today on that score.

I also want to again commend the President for his commitment to reproductive freedom by staying with us with the promise of not signing a bill that would have the restrictive language that was contained in the bill last year.

Very important to all of this, though, Mr. Speaker, are our staff: Charlie Flickner, John Shank, Chris Walker, Gloria Maes, Nancy Tippins on the Republican side; Mark Murray and Jon Stivers on the Democratic side. I want to commend them for all of their hard work in bringing us to where we are today.

Then I would like to once again say good-bye to the gentleman from Illinois (Mr. PORTER) and the gentleman from California (Mr. PACKARD), two valued members of the committee, and commend the gentleman from Alabama (Mr. CALLAHAN), our distinguished chairman. It is a pleasure to work with him, Mr. Speaker. We do have our differences.

As I said last night, this is not a bill I would have written. It is a compromise. It has good priorities in it. We still have a long way to go. On HIV/AIDS, a disease that challenges the conscience of this world and certainly of our country with all of our tremendous resources, we have increased the funding; and with the World Bank Trust Fund, we have taken a major first step. But we must recognize that much more needs to be done.

□ 1330

We must all recognize that all of this is in our national interest, in our national interest to help the poorest of the poor in the world, to spread Democratic values, to make the world a more peaceful and safe place, to expand our own economy by promoting our exports. All of this is contained in this bill. This is a better bill because of the

active involvement of our colleagues, the outside groups and the President of the United States.

Mr. Speaker, I yield back the balance of my time, and commend our distinguished chairman once again for his extraordinary service.

Mr. CALLAHAN. Mr. Speaker, I yield myself the balance of my time, and I echo the sentiments of my colleague from California with respect to our staff people who have helped us, assisted us, during these last 6 years: Mr. Flickner, Mr. Shank, Mr. Walker, Ms. Maes, along with Nancy Tippins, my legislative director, have been invaluable to me. When I came to foreign operations, I will assure my colleagues that I thought foreign was spelled F-O-R-N operations. They have educated me, they have worked with me, they have schooled me with respect to this great world that we live in. It has been tremendous that we have been able to achieve the successes that we have, which could not have been done without them.

Also Mark Murray on the Democratic side has been extremely cooperative, as has the gentlewoman from California (Ms. PELOSI). Jim Dyer, Mr. Parkinson, Mr. Mikel in our full committee office, as well as the chairman of our full committee, Mr. Young, have been extremely cooperative during these past 6 years. What a glorious past 6 years it has been and how fast it has gone by. How rapidly we have been able to learn about the world.

Mr. Speaker, we have had the opportunity to visit in bipartisan delegations countries that some of us did not know existed before we became involved in this committee. We have traversed the jungles of South America and Central America. We have visited countries that used to be the Soviet nation that are now independent states and listened to the leaders of those new nations strive for democracy and plead with us to send them additional technical assistance. Not cash, assistance in establishing a democracy and market economy.

What an interesting trip it has been. And I certainly would never, never regret for a moment that this opportunity to chair this subcommittee was given to me. With respect to the distinguished offer of our chairman of our full committee to consider the possibility of making me the chairman of this committee again next year, before he does that, I think I should advise him that I have had about all the fun I can stand. So I will want to talk to him before that decision is made. Yes, I want to be chairman. Yes, I have enjoyed foreign operations. Yes, I think we have accomplished a great deal. But before this final decision is made, let us sit down and have a cup of coffee and decide what might be best for me for the next 6 years.

With respect to foreign operations, when I first became chairman of this committee, I read a report about the attitude of the American people, a poll that was taken about their attitude toward foreign policy and foreign aid. The American people thought that 20 percent of the money that we appropriate went to foreign aid. In reality, this bill that we pass today represents 2 percent of the total appropriations that we will make this year. So our contribution is not anywhere near what the American people think.

In explaining foreign operations and foreign aid to the people of south Alabama, and indeed the people of the entire country, not one person that I have met during this entire 6 years has given any indication that they do not support direct aid to people who need it, to starving children, to sick people, to uneducated people.

No one objects to that. They object to years past when all of this money was given to the leaders of corrupt nations. No longer, because of the cooperation I have received from the minority and this House and the Senate, do we provide much of this direct aid outside of the Middle East. All of our efforts are concentrated in a manner that will ensure that the monies that we appropriate today go for the intended purposes, and that is to provide for the needy throughout the world, the less fortunate than those here in the United States.

Many comments have been made today about debt forgiveness. Not one individual on the Republican or Democratic side of this body disagrees with the intended purpose of debt forgiveness. There are some of us who question whether or not this entire $435 million will actually get to its intended purpose because the United States of America has already forgiven its bilateral debt to all these nations, and a lot of this money will go to these nations and just be channeled through to a bank that has made a bad loan. But no one disagrees with the Jubilee Year intentions of providing for those of us that are not so fortunate. So, yes, the $435 million is there, and I challenge those supporters of debt forgiveness to make absolutely certain that this money goes for its intended purpose.

It has been a great year. I will admit that we have had some trying times. The chairman of this committee has given me the opportunity to sit with some of my colleagues at the White House and to discuss the possibilities of the occupation that we went into in Kosovo. I sat with some of my colleagues, like the gentleman from Pennsylvania (Mr. MURTHA), and worried about our troops going into Bosnia. And even though, for instance, the gentleman from Pennsylvania (Mr. MURTHA) and I both disagreed about the involvement of our troops in Bosnia, nevertheless the Commander in Chief said that that was what he was going to do, and so we both came back and supported it.

So it has given me the opportunity to be involved in a process even though I disagreed at times with the President. I have disagreed with the Secretary of State. I have disagreed with the minority side of this House. But it has been a tremendous experience for me to have played a part in these historical events that have taken place during the last 6 years.

So I suppose my swan song on this particular bill, I say to the gentlewoman from California (Ms. PELOSI), would be patterned after one of her former residents of California, although ultimately he wised up and moved to the south, to Florida, but Frank Sinatra had that song that he sang, his theme song, ''I Did It My Way.''

This year, we did it our way. The gentlewoman from California (Ms. PELOSI) and I and our committee members and our chairman of our full committee sat down together and negotiated a bill that is not exactly what I would like in its entirety, nor is it exactly what the gentlewoman would like in its entirety, but it is a bill that originated in this House, that was compromised within the body of the legislative branch of government and which did not involve negotiations at some late-night hour with the President of the United States.

This is a bill, Mr. Speaker, that was formulated by this body. It is a bill that deserves the support of this entire body, and I urge a ''yes'' vote on passage of this bill.

Mr. PORTER. Mr. Speaker, I rise to congratulate the gentleman from Alabama for bringing this conference report to the floor. While this subcommittee works with one of the smaller allocations, this bill is usually one of the most contentious. The Chairman and his staff have done an outstanding job of trying to address numerous concerns while working within the constraints of, what I consider, too small a budget for the important programs that this bill supports.

I am pleased that the conference committee continues to recognize the needs of areas of conflict, such as Armenia, and Cyprus, and I hope that a peaceful settlement will soon be reached in both of these regions. I am also pleased that the committee recognizes areas of the world where unfortunately people have to flight for democracy and the rule of law such as Burma and Tibet.

Further, I strongly support the committee's continued suspension of military aid to and engagement with Indonesia until the East Timorese refugees are safely returned home and until there is accountability for the perpetrators of the violence which is occurring throughout Indonesia not only on Timor island, but also in the Moluccas, Aceh and West Papua.

I am pleased that the Migration and Refugee Assistance account is funded above the President's request. This is money which is critically needed in areas throughout the world to aid the most desperate peoples, the refugees who have been forced out of their

homes. The increase is especially needed today in light of the increasing danger faced by refugees assistance workers as seen in the recent murders of UNHCR workers in West Timor and Guinea.

Also, I support the final funding level of the Global Environment Facility and the funding provided for biodiversity programs implemented through USAID. As indicated in the House Report and the Statement of Managers, the Congress supports increased funding for important biodiversity programs as protection of natural resources around the world becomes more critical as populations increase and economies expand.

Finally, I am pleased that agreements were reached on the two most contentious issues—debt relief for the world's poorest countries and international family planning. I support full funding for the U.S. contribution to the global initiative to alleviate the debt of the most impoverished countries and I am pleased that the Mexico City language was not included in this year's bill. The small increase in funding for international voluntary family planning program is at least a step in the right direction and will help to improve the health of countless women and children around the world, but a great deal more is needed.

While I support most aspects of this bill, I raise one concern regarding the International AIDS Vaccine Initiative (IAVI). As an early, strong and constant supporter of efforts to combat the global AIDS epidemic, I support the overall goal of this initiative. However, I raise concerns with the process. In the appropriations bill funding the National Institutes of Health (NIH), we do not earmark by disease or provide any funds for specific private research organizations. We believe that this should be determined by the scientists and researchers who know what is ripe for funding. Echoing concerns raised by Dr. Harold Varmus, Nobel Prize recipient for research and former Director of NIH, I believe that explicit support for IAVI sets a dangerous precedent for funding of medical research.

Finally, I remain concerned with the continued under funding in U.S. foreign assistance. As I have said before, the U.S. is now the sole superpower and world leader. Yet, we are not leading. As our role in the world becomes more important, our budget for foreign operations continues to lag behind our level of responsibility, thereby, limiting the impact we can have on global development.

Again, I would like to congratulate my colleague from Alabama and his staff for their hard work and ultimate success in bringing a free-standing Foreign Operations Conference Report to the floor.

Mr. PORTMAN. Mr. Speaker, I rise in support of the conference report on H.R. 4811, the Foreign Operations, Export Financing and Related Programs Appropriations Act for FY 2001. I'd like to thank Chairman CALLAHAN and Ranking Member PELOSI for once again including $13 million in funding for the Tropical Forest Conservation Act of 1998.

The Tropical Forest Conservation Act expands President Bush's Enterprise for the Americas Initiative and provides a creative market-oriented approach to protect the world's most threatened tropical forests on a sustained basis. It is a cost-effective way to respond to the global crisis in tropical forests—since 1950, half of the world's tropical forests have been lost. The groups that have the most experience preserving tropical forests—including the Nature Conservancy, World Wildlife Fund, Conservation International and others—agree with this approach, and the Administration strongly supports it as well. It is an excellent example of the kind of bipartisan approach we should have on environmental issues.

The Tropical Forest Conservation Act gives the President authority to reduce or cancel U.S. AID and/or P.L. 480 debt owed by an eligible country to the United States. In return, the country creates a fund in its local currency to preserve, maintain, and restore its tropical forests.

I am delighted that on September 12, 2000 the United States and Bangladesh signed the first Tropical Forest Conservation Act agreement. This agreement will allow Bangladesh to save $10 million in debt payments to the U.S. over 18 years. In return, Bangladesh is setting aside $8.5 million in its local currency to endow a Tropical Forest Conservation Fund.

Bangladesh's tropical forests cover more than three million acres, including an area that is home to 400 endangered Bengal tigers, the world's largest single population. The area also contains one of the largest mangrove forests in the world, and it has wetlands of internationally-recognized importance. Bangladesh is home to more than 5,000 species of plants, compared to 18,000 in the United States, which is 67 times its size. Clearly, the debt-for-forest arrangement with Bangladesh will play an important role in preserving endangered species and protecting biodiversity, as well as help that struggling nation's economy.

On another front, our government is actively involved in debt treatment discussions with the government of Belize, including a possible debt swap option with non-government organizations. This is an excellent example of a public-private partnership to protect tropical forests.

Several other countries have expressed interest in participating in Tropical Forest Conservation agreements including El Salvador, Peru, Thailand, Paraguay, Ecuador, Indonesia, Costa Rica, and the Philippines.

The Tropical Forest Conservation Act preserves and protects important tropical forests worldwide in a fiscally responsible fashion, and I call upon my colleagues to support the conference report which provides the funds necessary to implement this important program.

Mr. STARK. Mr. Speaker, I rise in opposition to H.R. 4811, the Foreign Operations Appropriations bill. Although this legislation contains some important and worthwhile provisions, it unfortunately contains more provisions that I oppose.

I applaud the appropriators and the administration for including Heavily Indebted Poor Countries (HIPC) debt relief funding. For decades many poor countries have been forced to spend large portions of their income to pay down debts incurred in an attempt to restructure their economies. In some cases this money was lost to fraud and abuse by leaders in these countries. For other countries this money failed to reform the economy. In other cases the money successfully transformed the economy, but they have been unable to provide health services and education because of the burdens of this debt. This initiative of debt relief is a good first step in helping the poorest in our world begin to receive the education and public health services they need by reducing their country's debt burden.

This bill also includes no restrictions on international family planning activities for non-profit organizations. I'm not sure why my anti-abortion colleagues have allowed this bill to proceed, but I'm thankful that this body has begun to realize that we cannot force our own personal morality on other people. I hope that in the future this body will continue on this path and support a woman's right to choose.

The funding for international HIV/AIDS programs and tuberculosis control programs will also provide much needed relief to those countries who are experiencing unprecedented outbreaks in these diseases. Most of this suffering is occurring in Africa, where these diseases threaten not only to kill millions of people, but also threaten the very stability of these countries. By providing this funding we will help alleviate the suffering of families around the world.

Unfortunately, I have several objections to this bill. Primarily, the continued American taxpayer subsidy of foreign militaries and U.S. defense contractors. This bill contains over $3 billion in aid to a handful of countries to purchase missiles, tanks, guns, attack helicopters, and fighter planes. In a time of increased tension and conflict this body should be working to reduce the number of guns in this world rather than wasting taxpayer money increasing the killing potential of foreign militaries.

Through this appropriation bill we also fail to protect human rights by continuing to provide anti-narcotics funding to countries with well-documented violations of human rights. It also does not include requirements that the School of Americas include human rights training in its course work. These failures will encourage human rights violators to continue their actions.

Finally this bill includes an increase in the spending caps for this year's budget. While Members on the other side of the aisle, claim to be fiscally conservative, their actions continue to spend billions of dollars that fail to protect future programs. If we approve this increase my Republican colleagues will push to spend more money on irresponsible tax cuts to benefit the wealthy and push through their BBRA give-back bill which will provide billions of dollars to HMO's which continue to drop seniors from their Medicare programs. This spending will not benefit the majority of Americans while at the same time kowtowing to the wealthy and special interests.

It is with these considerations that I vote against this appropriations bill.

The SPEAKER pro tempore (Mr. BARRETT of Nebraska). All time has expired.

Without objection, the previous question is ordered on the conference report.

There was no objection.

The SPEAKER pro tempore. The question is on the conference report.

Pursuant to clause 10 of rule XX, the yeas and the nays are ordered.

Pursuant to clause 8 of rule XX, this 15-minute vote on the conference report on H.R. 4811 will be followed by 5-minute votes on each of the following motions to suspend the rules on which the yeas and nays were ordered yesterday: H.R. 782, H.R. 5375, H. Con. Res. 426, and S. 2547.

The vote was taken by electronic device, and there were—yeas 307, nays 101, not voting 24, as follows:

[Roll No. 546]

YEAS—307

Abercrombie
Ackerman
Allen
Andrews
Armey
Baca
Bachus
Baird
Baker
Baldacci
Baldwin
Ballenger
Barcia
Barrett (WI)
Bartlett
Bass
Becerra
Bentsen
Bereuter
Berkley
Berman
Biggert
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boucher
Brady (PA)
Brown (FL)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Capps
Capuano
Cardin
Carson
Castle
Clay
Clayton
Clement
Clyburn
Coble
Cooksey
Costello
Coyne
Cramer
Crane
Crowley
Cummings
Davis (FL)
Davis (IL)
Davis (VA)
DeGette
DeLauro
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Dreier
Dunn
Ehlers
Ehrlich
English
Eshoo
Etheridge
Evans
Ewing
Farr
Fattah
Filner
Fletcher
Foley
Forbes
Ford
Fossella
Fowler
Frank (MA)
Frelinghuysen
Frost
Gallegly
Ganske
Gejdenson
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goodling
Gordon
Granger
Green (TX)
Green (WI)
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hastings (WA)
Hill (IN)
Hill (MT)
Hilliard
Hinchey
Hinojosa
Hobson
Hoeffel
Holden
Holt
Hooley
Horn
Houghton
Hoyer
Hulshof
Hyde
Inslee
Isakson
Jackson (IL)
Jackson-Lee (TX)
Johnson (CT)
Johnson, E.B.
Jones (OH)
Kanjorski
Kaptur
Kasich
Kelly
Kennedy
Kildee
Kilpatrick
King (NY)
Kingston
Kleczka
Knollenberg
Kolbe
Kuykendall
LaFalce
LaHood
Lampson
Lantos
Larson
Latham
LaTourette
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Linder
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Maloney (CT)
Maloney (NY)
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCrery
McHugh
McIntyre
McKeon
McKinney
McNulty
Meehan
Meek (FL)
Menendez
Metcalf
Millender-McDonald
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Moran (VA)
Morella
Murtha
Nadler
Napolitano
Neal
Nethercutt
Ney
Northup
Nussle
Obey
Olver
Ortiz
Ose
Owens
Oxley
Packard
Pallone
Pascrell
Pastor
Payne
Pease
Pelosi
Petri
Pickett
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Quinn
Radanovich
Ramstad
Rangel
Regula
Reyes
Reynolds
Rodriguez
Rogan
Rogers
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Royce
Rush
Ryan (WI)
Sabo
Sanchez
Sanders
Sawyer
Saxton
Schakowsky
Scott
Serrano
Sessions
Shaw
Shays
Sherman
Sherwood
Shimkus
Shuster
Simpson
Sisisky
Skeen
Skelton
Slaughter
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Souder
Spratt
Stabenow
Strickland
Sununu
Sweeney
Tauscher
Tauzin
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thompson (MS)
Thurman
Tierney
Towns
Traficant
Turner
Udall (CO)
Udall (NM)
Upton
Velázquez
Visclosky
Walsh
Wamp
Waters
Watt (NC)
Watts (OK)
Waxman
Weiner
Weldon (PA)
Weller
Wexler
Weygand
Wicker
Wilson
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NAYS—101

Aderholt
Archer
Barr
Barrett (NE)
Barton
Berry
Blunt
Boyd
Brady (TX)
Canady
Cannon
Chabot
Chambliss
Coburn
Collins
Combest
Condit
Cook
Cox
Cubin
Cunningham
Deal
DeFazio
DeLay
DeMint
Doolittle
Duncan
Edwards
Emerson
Everett
Goode
Goodlatte
Goss
Graham
Hall (TX)
Hansen
Hayes
Hayworth
Hefley
Herger
Hilleary
Hoekstra
Hostettler
Hunter
Hutchinson
Istook
Jefferson
Jenkins
Johnson, Sam
Jones (NC)
Kind (WI)
Kucinich
Lewis (KY)
Lucas (OK)
Luther
Manzullo
McDermott
McInnis
Miller (FL)
Miller, Gary
Moran (KS)
Myrick
Norwood
Oberstar
Paul
Peterson (MN)
Phelps
Pickering
Pitts
Pombo
Rahall
Riley
Rivers
Roemer
Rohrabacher
Ryun (KS)
Salmon
Sandlin
Sanford
Scarborough
Schaffer
Sensenbrenner
Shows
Smith (MI)
Spence
Stark
Stearns
Stenholm
Stump
Tancredo
Tanner
Taylor (MS)
Thornberry
Thune
Tiahrt
Toomey
Vitter
Walden
Watkins
Weldon (FL)
Whitfield

NOT VOTING—24

Brown (OH)
Campbell
Chenoweth-Hage
Conyers
Danner
Delahunt
Engel
Franks (NJ)
Gephardt
Hastings (FL)
John
Klink
Largent
Lazio
McCollum
McGovern
McIntosh
Meeks (NY)
Mica
Peterson (PA)
Shadegg
Stupak
Talent
Wise

□ 1358

Messrs. HERGER, McINNIS, CANADY, GOODLATTE and WHITFIELD changed their vote from ''yea'' to ''nay.''

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated against:

Mr. CRANE. Mr. Speaker, I mistakenly voted in favor of the Conference Report to H.R. 4811, making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2001, and for other purposes. My vote should have been recorded as a vote in opposition to the passage of the Conference Report.

□ 1400

OLDER AMERICANS ACT AMENDMENTS OF 2000

The SPEAKER pro tempore (Mr. BARRETT of Nebraska). The unfinished business is the question of suspending the rules and passing the bill, H.R. 782, as amended.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California (Mr. MCKEON) that the House suspend the rules and pass the bill, H.R. 782, 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 405, nays 2, not voting 25, as follows:

[Roll No. 547]

YEAS—405

Abercrombie
Ackerman
Aderholt
Allen
Andrews
Archer
Armey
Baca
Bachus
Baird
Baker
Baldacci
Baldwin
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Becerra
Bentsen
Bereuter
Berkley
Berman
Berry
Biggert
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brady (TX)
Brown (FL)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Cannon
Capps
Capuano
Cardin
Carson
Castle
Chabot
Chambliss
Clay
Clayton
Clement
Clyburn
Coble
Coburn
Collins
Combest
Condit
Conyers
Cook
Cooksey
Costello
Cox
Coyne
Cramer
Crane
Crowley
Cubin
Cummings
Cunningham
Davis (FL)
Davis (IL)
Davis (VA)
Deal
DeFazio
DeGette
DeLauro
DeLay
DeMint
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
English
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Fattah
Filner
Fletcher
Foley
Forbes
Ford
Fossella
Fowler
Frank (MA)
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 (WA)
Hayes
Hayworth
Hefley
Herger
Hill (IN)
Hill (MT)
Hilleary
Hilliard
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
Johnson (CT)
Johnson, E.B.
Johnson, Sam
Jones (NC)
Jones (OH)
Kanjorski
Kaptur
Kasich
Kelly
Kennedy
Kildee
Kilpatrick
Kind (WI)
King (NY)
Kingston
Kleczka
Knollenberg
Kolbe
Kucinich
Kuykendall
LaFalce
LaHood
Lampson
Lantos
Larson
Latham
LaTourette
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)
McCrery
McDermott
McHugh
McInnis
McIntyre
McKeon
McKinney
McNulty
Meehan
Meek (FL)
Menendez
Metcalf
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
Payne
Pease
Pelosi
Peterson (MN)
Petri
Phelps
Pickering
Pickett
Pitts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Quinn
Radanovich
Rahall
Ramstad
Rangel
Regula
Reyes
Reynolds
Riley
Rivers
Rodriguez
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Royce
Rush
Ryan (WI)
Ryun (KS)
Sabo
Salmon
Sanchez
Sanders
Sandlin
Sawyer
Saxton
Scarborough
Schaffer
Schakowsky
Scott
Sensenbrenner
Serrano
Sessions
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
Sununu
Sweeney
Tancredo
Tanner
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thompson (MS)
Thornberry
Thune
Thurman
Tiahrt
Tierney
Toomey
Towns
Traficant
Turner
Udall (CO)
Udall (NM)
Upton
Velázquez
Visclosky
Vitter
Walden
Walsh
Wamp
Waters
Watkins
Watt (NC)
Watts (OK)
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
Whitfield
Wicker
Wilson
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NAYS—2

Paul
Sanford

NOT VOTING—25

Brown (OH)
Campbell
Chenoweth-Hage
Danner
Delahunt
Engel
Franks (NJ)
Gephardt
Hastings (FL)
Hinchey
John
Klink
Largent
Lazio
McCollum
McGovern
McIntosh
Meeks (NY)
Mica
Peterson (PA)
Shadegg
Stupak
Talent
Waxman
Wise

□ 1409

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 Older Americans Act of 1965 to extend authorizations of appropriations for programs under the Act, to modernize programs and services for older individuals, and for other purposes.''.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. MCGOVERN. Mr. Speaker, because of urgent business in my congressional district, I was unable to be present earlier today, October 25, 2000, and I missed votes as a result. Had I been here, I would have voted in support of the Conference Report on the FY 2001 Foreign Operations Appropriations Bill (H.R. 4811) and in support of H.R. 782, the Older American Act Amendments, which would have been recorded as "yea" on rollcall votes 546 and 547.

I applaud Chairman CALLAHAN and Ranking Member PELOSI for negotiating a conference agreement that provides important funding for multilateral debt relief, HIV/AIDS treatment and prevention programs and child survival programs. While I would support greater funding for development assistance for USAID bilateral programs that promote sustainable development, poverty alleviation, universal education and refugee and disaster assistance, I recognize that this bill is a significant improvement over the original House-approved bill. I am very glad to see that the so-called "Mexico City" restrictions on international family planning programs have been removed from the bill. I also commend the conferees for including strong conditions on our military aid and relations with Indonesia because of the continuing refugee crisis in West and East Timor and for maintaining the Section 907 conditions on U.S. assistance to Azerbaijan.

I am especially pleased that statutory language remains in this bill requiring the President to direct all federal agencies to declassify and release all relevant documents about the 1980 murders in El Salvador of four American churchwomen. This is a matter on which I have long labored, and I hope our government will make all documents and other materials available to the families of these women before December 2, 2000, which will observe the 20th Anniversary of their deaths.

ERIE CANALWAY NATIONAL HERITAGE CORRIDOR ACT

The SPEAKER pro tempore. The unfinished business is the question of suspending the rules and passing the bill, H.R. 5375, as amended.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Utah (Mr. HANSEN) that the House suspend the rules and pass the bill, H.R. 5375, 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 223, nays 183, not voting 26, as follows:

[Roll No. 548]

YEAS—223

Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barcia
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bereuter
Biggert
Bilbray
Bilirakis
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bono
Brady (TX)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Cannon
Castle
Chabot
Chambliss
Clement
Collins
Combest
Cook
Cooksey
Cox
Cramer
Crane
Cubin
Davis (VA)
Deal
DeLay
DeMint
Diaz-Balart
Dickey
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Everett
Ewing
Fletcher
Foley
Fossella
Fowler
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green (WI)
Greenwood
Gutknecht
Hall (OH)
Hansen
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (MT)
Hilleary
Hobson
Hoekstra
Horn
Hostettler
Houghton
Hulshof
Hunter
Hutchinson
Hyde
Isakson
Istook
Jenkins
Johnson (CT)
Jones (NC)
Kasich
Kelly
King (NY)
Kingston
Knollenberg
Kolbe
Kuykendall
LaFalce
LaHood
Latham
LaTourette
Leach
Lewis (KY)
Linder
LoBiondo
Lucas (KY)
Lucas (OK)
Maloney (CT)
Manzullo
Martinez
McCarthy (NY)
McCrery
McHugh
McInnis
McIntyre
McKeon
Menendez
Metcalf
Miller (FL)
Miller, Gary
Mollohan
Moran (KS)
Morella
Myrick
Nethercutt
Ney
Northup
Norwood
Nussle
Ose
Oxley
Packard
Pease
Pelosi
Petri
Pickering
Pickett
Pitts
Porter
Portman
Pryce (OH)
Quinn
Radanovich
Ramstad
Rangel
Regula
Reynolds
Riley
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Ryan (WI)
Ryun (KS)
Saxton
Scarborough
Serrano
Sessions
Shaw
Shays
Sherwood
Shimkus
Shows
Shuster
Simpson
Sisisky
Skeen
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Spence
Stabenow
Stearns
Stump
Sununu
Sweeney
Tancredo
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thornberry
Thune
Tiahrt
Toomey
Traficant
Upton
Vitter
Walden
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson
Wolf
Young (AK)
Young (FL)

NAYS—183

Abercrombie
Ackerman
Allen
Andrews
Baca
Baird
Baldacci
Baldwin
Barrett (WI)
Becerra
Bentsen
Berkley
Berman
Berry
Bishop
Blagojevich
Bonior
Borski

Boswell
Boucher
Boyd
Brady (PA)
Brown (FL)
Capps
Capuano
Cardin
Carson
Clay
Clayton
Clyburn
Coble
Coburn
Condit
Conyers
Costello
Coyne
Crowley
Cummings
Cunningham
Davis (FL)
Davis (IL)
DeFazio
DeGette
DeLauro
Deutsch
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Edwards
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Forbes
Ford
Frank (MA)
Frost
Gejdenson
Gonzalez
Green (TX)
Gutierrez
Hall (TX)
Hill (IN)
Hilliard
Hinchey
Hinojosa
Hoeffel
Holden
Holt
Hooley
Hoyer
Inslee
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson, E.B.
Johnson, Sam
Jones (OH)
Kanjorski
Kaptur
Kennedy
Kildee
Kilpatrick
Kind (WI)
Kleczka
Kucinich
Lampson
Lantos
Larson
Lee
Levin
Lewis (GA)
Lipinski
Lofgren
Lowey
Luther
Maloney (NY)
Markey
Mascara
Matsui
McCarthy (MO)
McDermott
McKinney
McNulty
Meehan
Meek (FL)
Millender-McDonald
Miller, George
Minge
Mink
Moakley
Moore
Moran (VA)
Murtha
Nadler
Napolitano
Neal
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Paul
Payne
Peterson (MN)
Phelps
Pombo
Pomeroy
Price (NC)
Rahall
Reyes
Rivers
Rodriguez
Rothman
Roybal-Allard
Rush
Sabo
Salmon
Sanchez
Sanders
Sandlin
Sanford
Sawyer
Schaffer
Schakowsky
Scott
Sensenbrenner
Sherman
Skelton
Smith (WA)
Snyder
Spratt
Stark
Stenholm
Strickland
Tanner
Tauscher
Thompson (CA)
Thompson (MS)
Thurman
Tierney
Towns
Turner
Udall (CO)
Udall (NM)
Velázquez
Visclosky
Waters
Watt (NC)
Weiner
Wexler
Weygand
Woolsey
Wu
Wynn

NOT VOTING—26

Brown (OH)
Campbell
Chenoweth-Hage
Danner
Delahunt
Engel
Franks (NJ)
Gephardt
Hastings (FL)
John
Klink
Largent
Lazio
Lewis (CA)
McCollum
McGovern
McIntosh
Meeks (NY)
Mica
Peterson (PA)
Royce
Shadegg
Stupak
Talent
Waxman
Wise

□ 1416

Mr. ROTHMAN changed his vote from ''yea'' to ''nay.''

So (two-thirds not having voted in favor thereof) the motion was rejected.

The result of the vote was announced as above recorded.

CONCERNING VIOLENCE IN MIDDLE EAST

The SPEAKER pro tempore (Mr. LAHOOD). The unfinished business is the question of suspending the rules and agreeing to the concurrent resolution, H. Con. Res. 426.

The Clerk read the title of the concurrent resolution.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New York (Mr. GILMAN) that the House suspend the rules and agree to the concurrent resolution, H. Con. Res. 426, 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 365, nays 30, answered ''present'' 11, not voting 26, as follows:

[Roll No. 549]

YEAS—365

Abercrombie
Ackerman
Aderholt
Allen
Andrews
Archer
Armey
Baca
Bachus
Baird
Baker
Baldacci
Baldwin
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Becerra
Bentsen
Bereuter
Berkley
Berman
Berry
Biggert
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bono
Borski
Boswell
Boyd
Brady (PA)
Brady (TX)
Brown (FL)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Cannon
Capps
Capuano
Cardin
Carson
Castle
Chabot
Chambliss
Clement
Clyburn
Coble
Collins
Combest
Condit
Cook
Cooksey
Costello
Cox
Coyne
Cramer
Crane
Crowley
Cubin
Cummings
Cunningham
Davis (FL)
Davis (IL)
Davis (VA)
Deal
DeGette
DeLauro
DeLay
DeMint
Deutsch
Diaz-Balart
Dickey
Dicks
Dixon
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Fattah
Filner
Fletcher
Foley
Forbes
Fossella
Fowler
Frank (MA)
Frelinghuysen
Frost
Gallegly
Ganske
Gejdenson
Gekas
Gibbons
Gillmor
Gilman
Gonzalez
Goode
Goodlatte
Gordon
Goss
Graham
Granger
Green (TX)
Green (WI)
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (IN)
Hill (MT)
Hilleary
Hinchey
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Hooley
Horn
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inslee
Isakson
Istook
Jackson-Lee (TX)
Jefferson
Jenkins
Johnson (CT)
Johnson, E.B.
Johnson, Sam
Jones (NC)
Kanjorski
Kaptur
Kasich
Kelly
Kennedy
Kildee
Kind (WI)
King (NY)
Kingston
Kleczka
Knollenberg
Kolbe
Kuykendall
LaFalce
Lampson
Lantos
Larson
Latham
LaTourette
Leach
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lowey
Lucas (KY)
Lucas (OK)
Luther
Maloney (CT)
Maloney (NY)
Manzullo
Markey
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCrery
McDermott
McHugh
McInnis
McIntyre
McKeon
McNulty
Meehan
Meek (FL)
Menendez
Millender-McDonald
Miller (FL)
Miller, Gary
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Moran (KS)
Morella
Murtha
Myrick
Nadler
Napolitano
Neal
Nethercutt
Ney
Northup
Norwood
Nussle
Oberstar
Obey
Olver
Ortiz
Ose
Owens
Oxley
Packard
Pallone
Pascrell
Pastor
Pease
Pelosi
Peterson (MN)
Petri
Phelps
Pickering
Pitts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Quinn
Radanovich
Ramstad
Rangel
Regula
Reyes
Reynolds
Riley
Rodriguez
Roemer
Rogan
Rogers
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Rush
Ryan (WI)
Ryun (KS)
Sabo
Salmon
Sanchez
Sandlin
Saxton
Scarborough
Schaffer
Schakowsky
Scott
Sensenbrenner
Sessions
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Shuster
Simpson
Sisisky
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Souder
Spence
Spratt
Stabenow
Stearns
Stenholm
Strickland
Stump
Sweeney
Tancredo
Tanner
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thornberry
Thune
Tiahrt
Tierney
Toomey
Towns
Traficant
Turner
Udall (CO)
Udall (NM)
Upton
Velázquez
Visclosky
Vitter
Walden
Walsh
Wamp
Watkins
Watts (OK)
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
Whitfield
Wicker
Wilson
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NAYS—30

Bonior
Boucher
Clay
Clayton
Coburn
Conyers
Dingell
Edwards
Ford
Gilchrest
Goodling
Hilliard
Hostettler
Jackson (IL)
Kilpatrick
Kucinich
Lee
Martinez
McKinney
Metcalf
Moran (VA)
Paul
Payne
Rahall
Rohrabacher
Sanford
Serrano
Stark
Thompson (MS)
Waters

ANSWERED ''PRESENT''—11

DeFazio
Jones (OH)
LaHood
Lofgren
Rivers
Sanders
Sawyer
Snyder
Sununu
Thurman
Watt (NC)

NOT VOTING—26

Brown (OH)
Campbell
Chenoweth-Hage
Danner
Delahunt
Engel
Franks (NJ)
Gephardt
Hastings (FL)
John
Klink
Largent
Lazio
McCollum
McGovern
McIntosh
Meeks (NY)
Mica
Peterson (PA)
Pickett
Royce
Shadegg
Stupak
Talent
Waxman
Wise

□ 1426

Mr. FORD changed his vote from ''present'' to ''nay.''

So (two-thirds having voted in favor thereof) the rules were suspended and the concurrent resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table

GREAT SAND DUNES NATIONAL PARK AND PRESERVE ACT OF 2000

The SPEAKER pro tempore. The unfinished business is the question of suspending the rules and passing the Senate bill, S. 2547.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Colorado (Mr. HEFLEY) that the House suspend the rules and pass the Senate bill, S. 2547, 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 366, nays 34, not voting 32, as follows:

[Roll No. 550]

YEAS—366

Ackerman
Aderholt
Allen
Andrews
Archer
Armey
Baca
Bachus
Baird
Baker
Baldacci
Baldwin
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Becerra
Bentsen
Bereuter
Berkley
Berman
Biggert
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boucher
Brady (PA)
Brady (TX)
Brown (FL)
Bryant
Burr
Callahan
Calvert
Camp
Canady
Cannon
Capps
Capuano
Cardin
Carson
Castle
Chambliss
Clay
Clayton
Clement
Clyburn
Combest
Condit
Cooksey
Costello
Cox
Coyne
Cramer
Crane
Crowley
Cummings
Cunningham
Davis (FL)
Davis (IL)
Davis (VA)
Deal
DeFazio
DeGette
DeLauro
DeLay
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Doyle
Dreier
Dunn
Edwards
Ehlers
Ehrlich
Emerson
English
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Fattah
Filner
Fletcher
Foley
Forbes
Ford
Fossella
Fowler
Frank (MA)
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)
Hastings (WA)
Hayes
Hayworth
Hill (IN)
Hill (MT)
Hilleary
Hilliard
Hinchey
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Hooley
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inslee
Isakson
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
Johnson (CT)
Johnson, E.B.
Johnson, Sam
Jones (OH)
Kanjorski
Kaptur
Kasich
Kelly
Kennedy
Kildee
Kilpatrick
Kind (WI)
King (NY)
Kingston
Kleczka
Knollenberg
Kolbe
Kucinich
Kuykendall
LaFalce
LaHood
Lampson
Lantos
Larson
Latham
LaTourette
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)
McCrery
McDermott
McHugh
McInnis
McIntyre
McKeon
McKinney
McNulty
Meehan
Meek (FL)
Menendez
Miller (FL)
Miller, George
Mink
Moakley
Mollohan
Moore
Moran (VA)
Morella
Murtha
Myrick
Nadler
Napolitano
Neal
Nethercutt
Ney
Northup
Norwood
Nussle
Oberstar
Obey
Olver
Ortiz
Ose
Owens
Oxley
Packard
Pallone
Pascrell
Pastor
Payne
Pease
Pelosi
Peterson (MN)
Petri
Phelps
Pickering
Pitts
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Quinn
Radanovich
Rahall
Ramstad
Rangel
Regula
Reyes
Reynolds
Rivers
Rodriguez
Roemer
Rogan
Rogers
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Ryan (WI)
Ryun (KS)
Salmon
Sanchez
Sanders
Sandlin
Sawyer
Saxton
Scarborough
Schakowsky
Scott
Serrano
Sessions
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Shuster
Sisisky
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Souder
Spence
Spratt
Stabenow
Stark
Strickland
Stump
Sununu
Sweeney
Tancredo
Tanner
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thornberry
Thune
Thurman
Tierney
Towns
Traficant
Turner
Udall (CO)
Udall (NM)
Upton
Velázquez
Visclosky
Vitter
Walden
Walsh
Wamp
Waters
Watkins
Watt (NC)
Watts (OK)
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
Whitfield
Wicker
Wilson
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NAYS—34

Abercrombie
Berry
Boyd
Burton
Chabot
Coble
Coburn
Conyers
Cook
Cubin
DeMint
Duncan
Hansen
Hefley
Herger
Hostettler
Jones (NC)
Metcalf
Miller, Gary
Moran (KS)
Paul
Pombo
Riley
Rohrabacher
Rush
Sabo
Sanford
Schaffer
Sensenbrenner
Simpson
Stearns
Stenholm
Tiahrt
Toomey

NOT VOTING—32

Brown (OH)
Buyer
Campbell
Chenoweth-Hage
Collins
Danner
Delahunt
Engel
Franks (NJ)
Gephardt
Hastings (FL)
Horn
John
Klink
Largent
Lazio
McCollum
McGovern
McIntosh
Meeks (NY)
Mica
Millender-McDonald
Minge
Peterson (PA)
Pickett
Royce
Shadegg
Stupak
Talent
Thompson (MS)
Waxman
Wise

□ 1433

So (two-thirds having voted in favor thereof) the rules were suspended and the Senate bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

FURTHER MESSAGE FROM THE SENATE

A message from the Senate by Mr. Lundregan, one of its clerks, announced that the Senate has passed with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 4846. An act to establish the National Recording Registry in the Library of Congress to maintain and preserve sound recordings that are culturally, historically, or aesthetically significant, and for other purposes.

The message also announced that the Senate has passed a bill of the following title in which the concurrence of the House is requested:

S. 2772. An act to amend the Agricultural Marketing Act of 1946 to enhance dairy markets through dairy product mandatory reporting, and for other purposes.

PROVIDING FOR CONSIDERATION OF HOUSE JOINT RESOLUTIONS 115, 116, 117, 118, 119, AND 120, EACH MAKING FURTHER CONTINUING APPROPRIATIONS FOR FISCAL YEAR 2001

Mr. LINDER. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 646 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 646

Resolved, That upon the adoption of this resolution it shall be in order without intervention of any point of order to consider in the House the joint resolution (H.J. Res. 115) making further continuing appropriations for the fiscal year 2001, and for other purposes. The joint resolution shall be considered as read for amendment. The previous question shall be considered as ordered on the joint resolution to final passage without intervening motion except: (1) one hour of debate equally divided and controlled by the chairman and ranking minority member of the Committee on Appropriations; and (2) one motion to recommit.

Sec. 2. upon the adoption of this resolution it shall be in order without intervention of any point of order to consider in the House the joint resolution (H.J. Res. 116) making further continuing appropriations for the fiscal year 2001, and for other purposes. The joint resolution shall be considered as read for amendment. The previous question shall be considered as ordered on the joint resolution to final passage without intervening motion except: (1) one hour of debate equally divided and controlled by the chairman and ranking minority member of the Committee on Appropriations; and (2) one motion to recommit.

Sec. 3. Upon the adoption of this resolution it shall be in order without intervention of any point of order to consider in the House the joint resolution (H.J. Res. 117) making further continuing appropriations for the fiscal year 2001, and for other purposes. The joint resolution shall be considered as read for amendment. The previous question shall be considered as ordered on the joint resolution to final passage without intervening motion except: (1) one hour of debate equally divided and controlled by the chairman and ranking minority member of the Committee on Appropriations; and (2) one motion to recommit.

Sec. 4. Upon the adoption of this resolution it shall be in order without intervention of any point of order to consider in the House

the joint resolution (H.J. Res. 118) making further continuing appropriations for the fiscal year 2001, and for other purposes. The joint resolution shall be considered as read for amendment. The previous question shall be considered as ordered on the joint resolution to final passage without intervening motion except: (1) one hour of debate equally divided and controlled by the chairman and ranking minority member of the Committee on Appropriations; and (2) one motion to recommit.

Sec. 5. Upon the adoption of this resolution it shall be in order without intervention of any point of order to consider in the House the joint resolution (H.J. Res. 119) making further continuing appropriations for the fiscal year 2001, and for other purposes. The joint resolution shall be considered as read for amendment. The previous question shall be considered as ordered on the joint resolution to final passage without intervening motion except: (1) one hour of debate equally divided and controlled by the chairman and ranking minority member of the Committee on Appropriations; and (2) one motion to recommit.

Sec. 6. Upon the adoption of this resolution it shall be in order without intervention of any point of order to consider in the House the joint resolution (H.J. Res. 120) making further continuing appropriations for the fiscal year 2001, and for other purposes. The joint resolution shall be considered as read for amendment. The previous question shall be considered as ordered on the joint resolution to final passage without intervening motion except: (1) one hour of debate equally divided and controlled by the chairman and ranking minority member of the Committee on Appropriations; and (2) one motion to recommit.

The SPEAKER pro tempore (Mr. LAHOOD). The gentleman from Georgia (Mr. LINDER) is recognized for 1 hour.

Mr. LINDER. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentleman from Massachusetts (Mr. MOAKLEY), pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

Mr. Speaker, House Resolution 646 is a closed rule providing for consideration of House Joint Resolutions 115, 116, 117, 118, 119, and 120. Each of these joint resolutions makes further continuing appropriations for fiscal year 2001 for a period of 1 day.

H. Res. 646 provides for 1 hour of debate on each joint resolution equally divided and controlled by the chairman and ranking minority member of the Committee on Appropriations.

The rule waives all points of order against consideration of these joint resolutions. Finally, the rule provides one motion to recommit on each joint resolution as is the right of the minority.

Mr. Speaker, the current continuing resolution expires at the end of the day today and further continuing resolutions are necessary to keep the government operating while Congress completes consideration of the remaining appropriations bills. Because the President refuses to sign any longer duration, the joint resolutions covered by this rule each simply extend the provisions included in H.J. Res. 109 by one additional day.

Mr. Speaker, after weeks of hard work, the House now just has three appropriations conference reports left to pass. However, as we work to reach agreement over the remaining appropriations bills, we will have to take valuable time away from our negotiations each day to pass 1-day continuing resolutions. President Clinton has threatened to veto any continuing resolution of more than one day's duration, so each day we must take the appropriators away from negotiations and bring them to the floor to vote on these 1-day measures.

Mr. Speaker, if that is what the President wants, it is fine with me. I will come to the floor every day to vote for a continuing resolution to keep the government running. Like my Republican colleagues, I am determined to pass fair and fiscally responsible appropriations bills. We will stay here as long as it takes to do the people's business.

Mr. Speaker, the Congress is responsible for only two-thirds of the appropriations process. The executive branch must also do its job to move the appropriations process along. We would all like to complete our business and go home, but our principles keep us here, and the Republican majority is committed to putting people before politics and passing appropriations bills that reflect the priorities of the American people.

I hope that the President will join us in our good-faith efforts to negotiate a fair, bipartisan solution to the disagreements still before us. I am confident that the fair, clean, continuing resolutions covered by this rule will give us the time we need to complete the appropriations process in a thoughtful and judicious manner.

This rule was reported unanimously by the Committee on Rules yesterday evening, and I urge my colleagues to support it so we may proceed with general debate and consideration of this bill.

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

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

Mr. Speaker, I thank the gentleman from Georgia (Mr. LINDER), my colleague and my friend, for yielding me the customary half hour.

Mr. Speaker, this rule provides for the consideration of not 1, not 2, not 3, not 4, not 5, but 6 continuing resolutions. Each one ends on a different day beginning tomorrow and going through Halloween. That way my Republican colleagues can finish now or they can finish later. With this rule, they have the continuing resolution they need to, no matter when they finish, without having to get more rules on the continuing resolution.

Mr. Speaker, the 13 appropriation bills were supposed to have been passed and signed into law by October 1. Today only four appropriations bills have been signed into law, Defense, Military Construction, Interior and Transportation. There are 5 bills waiting at the White House: VA–HUD, Energy and Water, Legislative Branch, Treasury-Postal and Agriculture.

Mr. Speaker, so in order to keep the Federal Government open, despite the unfinished business, we must keep passing these continuing resolutions until the appropriation bills are finally signed into law.

Meanwhile, Mr. Speaker, the appropriations bills that are still outstanding, Labor, Health and Human Services, Commerce Justice State, Foreign Operations and the District of Columbia, are some of the most controversial. So these bills are not going to be finished without a fight, and that might take some time.

But my Republican colleagues continue to move slowly, and in the last month, the Congress has been in session only a few days a week, and for many of those days, we have been voting on very noncontroversial suspension bills.

Instead of renaming post offices, my Republican colleagues should have been passing real managed care reform. They should have passed the prescription drug program within Medicare. They should have passed campaign finance reform, gun safety legislation; but, Mr. Speaker, they did not. And even Republican Senator MCCAIN said, we are gridlocked by the special interests.

Democrats, on the other hand, want to help working families. We want to hire 100,000 new teachers. We want to build new schools and repair the old ones.

We wanted to help school districts with school construction bonds. We want to create after-school programs. But my Republican colleagues just will not let us.

Mr. Speaker, even though my Republican colleagues balk at spending money on education, they are increasing spending on other items faster than ever before, even nondefense spending.

□ 1445

And that increase in spending, Mr. Speaker, is very significant, even if we account for inflation.

So I think it is time Congress enacted some bills for everyday Americans. I think it is time we put education first. I think it is time we finished the appropriation bills instead of stalling for another week. So I urge my colleagues to oppose this rule providing for the six continuing resolutions.

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

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair would remind all Members it is

not in order in debate to refer to statements of Senators occurring outside the Senate Chamber.

Mr. LINDER. Mr. Speaker, I yield myself such time as I may consume, only to offer myself first in line to nominate my friend from Massachusetts as chairman of the national school board.

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

Mr. MOAKLEY. Mr. Speaker, I yield 4 minutes to the gentleman from Michigan (Mr. BONIOR), the Democratic whip.

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

Mr. Speaker, those of us who are from the Midwest are familiar with an insect called the cicada. Now, the cicada is a very fierce bug that lays dormant for years, but at any given time, they seem to wake up from their slumber, they make an incredible racket for a very brief period of time, and then they are gone, they have vanished. Now, how very much like this Republican Congress are the cicada. It is a Congress that for 2 long years has been laying flat on its back and only now is it rising to its feet to give its self-serving speeches.

Now, in the words of Washington Post's editorial, this is an un-Congress. We have heard of the ''uncola.'' They have called this the un-Congress. Quote: ''The un-Congress continues neither to work nor adjourn. For 2 years, it has mainly pretended to deal with the issues that it has systematically avoided,'' The Washington Post.

Now, is this because, Mr. Speaker, there is no work left to be done? Granted, our country is in much better shape today than it was under the last Republican President, but that does not mean that all of America's problems have been solved.

Just consider education. We know that one of the toughest obstacles to learning is the fact that too many kids are stuck in overcrowded, undisciplined schools and classrooms, as the gentleman from Massachusetts has just made clear. Overcrowding has gotten so bad that in some schools it is at the point that classes have been held in converted boiler rooms. We have even heard of roofs caving in on our students. We should be doing something about that. We have a bill to do something about that. In fact, there are Republicans that have sponsored our bill to do something about that. We can pass the Rangel-Johnson bill. We can have safer and modern schools and, by the way, at the same time help cut the property taxes at the local level.

But, it seems the Republican leadership would rather complain about public schools than join with us in helping to fix them. If their leadership put as much time into crafting solutions as they do in passing stopgap measures, we could have addressed this issue. We could have passed the patients' bill of rights. We could have approved a Medicare prescription drug plan under Medicare. We could have had hate crimes legislation. We could have raised the minimum wage. All of these major pieces lie dormant like the cicada after it raises a racket.

So maybe if we could have done these things we could have earned the right to take some of those extra long weekends we have been enjoying. But, Mr. Speaker, I know I speak for my colleagues on this side of the aisle when I say that none of us ran for Congress because we came here to complain about problems. We came here to help solve them.

If my Republican friends are not willing to roll up their sleeves to stay here to face those four or five issues, to make sure we have the education agenda in modern schools, in lower class sizes, in after-school programs, if they are not willing to do that and they are not willing to do raising the minimum wage and doing the prescription drug benefit under Medicare and making HMOs accountable and passing campaign finance reform, I suggest that they step aside in favor of those who will.

So I urge my colleagues to vote no on this rule so that we can raise these issues in a way that will allow us to have them before us so we can have something to take back to the American people before this Congress adjourns.

Mr. MOAKLEY. Mr. Speaker, I yield 3 minutes to the gentleman from Minnesota (Mr. MINGE).

Mr. MINGE. Mr. Speaker, I would like to thank my colleague from Massachusetts for yielding me this time.

Mr. Speaker, I rise this afternoon reluctantly in support of the continuing resolutions that we will be passing, but in opposition to the rule. I would like to speak just briefly about the importance of understanding the current state of our fiscal affairs.

It is important to understand that these measures that we will be voting on are very small infinitesimal steps in a significantly larger process. That larger process is one that has not been very well explained to the American people. The American people understand or expect that we are going to have a budget surplus and that we will be paying down on the debt and that over the next 10 years, that payment may be as much as $4 trillion. Well, the facts do not really square up with that, and the action here today really gives us reason to pause.

I would like to start by just pointing out with respect to this chart that we have had not a surplus, but indeed we have had an increase in the debt over the last year. The dates here just are from June 30, 1999 to June 30, 2000. We can look and see that the debt went up by $40 billion. Now, compared to what it has been in some other years, this is really cause to rejoice, but compared to where we think we are, it is cause for pause, and it is cause to be much more sensible about where we are going.

In this regard, I would like to emphasize that if we look at the spending that has been occurring under the current leadership here in Congress over the last several years, discretionary spending has been going up at a rate of about 5.5 percent a year. And when we look at the Social Security system which we should not even consider in calculating our surplus, and we back out that amount, then we back out this increase that has occurred and projected into the future, we will have approximately $350 billion of surplus over the next 10 years.

Now, the point of this brief discussion is that we simply cannot afford all of the things that our colleagues and the leadership have been telling us we must do. For example, a $292 billion marriage tax bill which was misguided, it was not in the budget, it came up before we even passed a budget. This type of irresponsible legislation is what is going to put us back into deficit spending, back into the Social Security trust fund, and I urge my colleagues, as we consider these continuing resolutions this afternoon, let us be realistic about where we are going long term and let us make sure that we keep our eye on the ball and the ball is to pay down on the national debt.

Mr. MOAKLEY. Mr. Speaker, rightfully so, the Chair admonished me for using the name of a Senator. I meant to refer to our former House colleague, JOHN MCCAIN, the former Presidential candidate.

Mr. Speaker, I yield 4 minutes to the gentleman from Florida (Mr. BOYD).

Mr. BOYD. Mr. Speaker, I want to thank the gentleman from Massachusetts for yielding me this time.

Mr. Speaker, I want to follow up where our colleague, the gentleman from Minnesota (Mr. MINGE) has left off and actually rise in opposition to the rule which will give us a series of six 24-hour continuing resolutions.

According to information, Mr. Speaker, compiled by the House Committee on the Budget, the Republican leadership is in the process of busting the spending cap of $600.3 billion that they set earlier this year. Keep in mind that the Congress has not sent all 13 appropriations bills to the President yet, but if the present trend continues, the Republicans are on track to spend $620.5 billion, which means they will have busted the spending caps that they set by over $20 billion. In fact, on the nine bills that Congress has agreed upon, the Republican leadership has agreed to spend over $11 billion more than the President requested in his budget. Considering the House and Senate have not

even worked out the differences on three of the 13 appropriations bills, including the huge Labor-HHS-Education bill, this number will only get significantly larger.

The really sad thing is that, Mr. Speaker, all of this could have been avoided. The Blue Dog Coalition worked very hard last spring to develop a viable budget plan and reached out and offered to work with the Republican leadership to reach a bipartisan agreement that would receive widespread support on both sides of the aisle.

First, our plan would have locked up 100 percent of the Social Security surplus for future retirees. It would have set aside 5 percent of the non-Social Security surplus for debt reduction over the next 10 years; set aside 20 percent of the non-Social Security surplus for tax cuts, and allowed Federal spending to grow at a rate of 2.5 percent over last year. However, like last year, Mr. Speaker, the Republican leadership was not interested in reaching a compromise. They enacted a completely unrealistic budget that set spending caps on the 13 annual appropriations bills at levels which assured those caps would be ignored this fall.

The fact that Congress is now in the 4th week of a new fiscal year with three of the 13 appropriations bills still not ready for the President's signature, including one that the Senate has not even considered, shows how unrealistic their budget was in March. Because they do not have a sound budget plan, this Republican Congress is on track to spend more money than any other Congress in history, with an increase in non-Defense spending of 5.2 percent over last year. I repeat, an increase in non-Defense spending of 5.2 percent over last year. This is over twice the rate of spending growth proposed in the Blue Dog budget.

This orgy of spending is a result of the poor budget decisions made by the Republican leadership in March of this year. Instead of working to develop a bipartisan budget plan with responsible tax and spending priorities, instead of working to develop a bipartisan plan with responsible priorities, we have passed a budget that made a nice political statement to a faction within the party with virtually no chance of being successfully implemented.

Mr. Speaker, there is an old saying that we use back home: you reap what you sow. When we sowed the seeds that grew into a budget back in March, the Republican leadership rejected every offer of compromise from the Blue Dog Coalition. Now it is fall and the crop has failed. We are 24 days past the end of the fiscal year with the spending caps destroyed, three appropriations bills left to pass, and no idea how much more will be spent.

Mr. Speaker, this is fiscally irresponsible, and it is a direct result of the failure of the Republican leadership to develop a sound budget plan back in March.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. TURNER).

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

Here we are 25 days after the end of the fiscal year, and we still do not have all of the appropriations bills passed to keep the government running. Frankly, that is no way to run a railroad. One would not run one's business that way, one would not run one's household budget that way, but here we are.

Some may say, what is wrong with it? Well, what happens when we get in this predicament is exactly what we see playing out. The back room deals end up being made out of the light of day and we end up spending more money than this Congress should spend.

□ 1500

My friends in the other party always talk about the Democrats as the big spenders. I want to tell my colleagues those old fables just do not work anymore.

The truth is this is the fourth year in a row that the Republican-controlled Congress has passed appropriations bills with higher discretionary spending outlays than the President requested. By contrast, the Democratic-controlled Congresses of the Reagan and Bush years more often than not appropriated less than the President requested.

We all talk about this big budget surplus. The presidential candidates are talking about it, how they want to spend it. The truth of the matter is this Congress is frittering away that budget surplus. It may not even be here if we continue along this path.

We talk about a $2.2 trillion on-budget surplus, but it is based on a whole lot of iffy assumptions. If we continue increased spending at an annual rate of 5.5 percent as this Congress has done since 1998, we will wipe out two-thirds of that projected surplus.

Now, to put this in context, just a year ago, the Republicans in Congress proposed cutting taxes a trillion dollars. Now, I am for cutting taxes. But the truth of the matter is, if we had passed that legislation, we would have wiped out the surplus, considering the increase in spending that this Congress seems intent to do. The problem that we face today is to pass a budget that preserves our surplus and ensures our future prosperity.

Mr. MOAKLEY. Mr. Speaker, I yield 3½ minutes to the gentleman from Tennessee (Mr. TANNER), a member of the Committee on Ways and Means.

Mr. TANNER. Mr. Speaker, I thank the gentleman from Massachusetts (Mr. MOAKLEY) for yielding me this time.

Mr. Speaker, I want to continue to talk a few minutes here about the Nation's financial picture. But before I do, we are now 25 days into the new fiscal year. Do my colleagues know how many days Congress has met of those 25? We have sat for 12, only 12 of those days.

At the beginning of the fiscal year this year, on October 1, only two of 13 appropriation bills had been completed and signed by the President. Today only four, there are five more waiting, but we are still three or four away from even having something to negotiate to send to the President.

Now, if one ran one's business in that manner or if a physician practiced medicine in that manner, I would suggest that a suit for malpractice, legislative malpractice would apply. This is not the way to conduct the Nation's business. It was done and the seeds were sown, as the gentleman from Florida (Mr. BOYD) said earlier, back in March when a political statement was enacted called a budget that was unrealistic and was never intended to be followed.

We are now in a situation where the Republicans say, well, we have to stay in session here to keep President Clinton from demanding all of this money to be spent. If we look at history, the gentleman from Texas (Mr. TURNER) just alluded to it, and the Blue Dogs went back and looked at this when we compiled our budget, over the 12 years Reagan-Bush, Bush-Quayle, the Democratic-controlled House at that time, part of that time, of course the Republicans had the Senate, spent less than those Presidents asked the Congress to spend.

For the last 4 years, the Republican Congress has spent more on nondefense items than President Clinton has asked for. We now are in a never-never land 25 days into a new fiscal year with no idea in sight of how we wind up the business of the country for the previous fiscal year. We are in a position where the surplus is a projection and the spending is a fact.

Now, we are going to support a CR to keep the government open. But this rule is a sham to get by for another 6 days, trying to keep this ball in the air before the November 7 election day so that no one can definitively and affirmatively state what this Congress did or did not do. I have been here 12 years. This is as poor a way to run the Nation's business as I have witnessed in those 12 years.

Yesterday or 2 days ago, we were not only not consulted, we are told 2 days ago there is a tax package out there, and the leadership is going to brief the chairman of the Committee on Ways and Means and the chairman of the Finance Committee in the Senate about what is in it.

We are supposed to be a legislative body. I tell my colleagues, the country

needs to know that whatever may happen November 7, this situation is not the way to conduct their business in a responsible manner.

Mr. MOAKLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Texas (Mr. STENHOLM).

Mr. STENHOLM. Mr. Speaker, there is an old saying at home, the proof of the pudding is in the eating. Well, take a good look at what we are talking about today. We continue to hear a lot of rhetoric from the other side of the aisle about Republicans standing up to big spending demands of the President and Democrats in Congress.

Before my colleagues point fingers about big spenders, they should take a good look in the mirror or better yet at the record. Eight of the nine appropriation bills that Congress has passed so far this year and sent to the President would spend more than the President has requested.

The nine bills Congress has sent to the President would result in $11.4 billion in outlays above the President's request. This is the chart. According to estimates of the Congressional Budget Office, the nine appropriation bills that this Congress, under Republican majority, has sent to the President would spend $498.6 billion, $11.4 billion more than the $487.1 billion requested by the President on those bills.

I do not know how my Republican colleagues can continue to honestly explain that Democrats are big spenders for asking for $5 billion in additional spending for education when they have already voted for appropriation bills spending $11 billion more than the President has requested.

According to one rather prominent Republican who has been a leader in fighting against pork barrel spending, the nine appropriation bills that Congress has sent to the President contain $21 billion in programs and projects which he identified as low priority, unnecessary or wasteful spending for programs and projects that have not been appropriately reviewed in the normal merit-based prioritization process of the Congress.

I do not understand how voting to increase spending by $21 billion on programs that some have identified as pork is acceptable, but asking for $5 billion more for education makes someone a big wasteful spender.

Everyone who voted for the rule on the Foreign Operations conference report earlier today voted to increase total spending by $13.3 billion in budget authority and $8.3 billion in outlays above the President. Let me repeat that. If my colleagues voted for the rule on the Foreign Operations bill, they voted to increase spending substantially above the amount requested by the President. No Member who voted for that rule can honestly continue to claim that the President is responsible for increased spending.

According to the bipartisan Concord Coalition, if discretionary spending continues to increase at the same rate it has over the last 3 years under Republican Congress for the next 10 years, nearly two-thirds of the projected $2.3 billion on-budget surplus everybody has been talking about will be wiped out.

I will again say to any of my colleagues on this side, if they wish to challenge me on anything I am saying as to the accuracy and authenticity of what I am saying, I will yield to them.

By contrast, discretionary spending increased by just 1.2 percent, the rate of inflation, under Democratic Congresses after the budget was created.

Mr. LINDER. Mr. Speaker, will the gentleman yield?

Mr. STENHOLM. I am happy to yield to the gentleman from Georgia.

Mr. LINDER. Mr. Speaker, does the gentleman's chart of the President's request include the additional demands he is making upon closing this process or only his original requests?

Mr. STENHOLM. The original requests, Mr. Speaker.

Mr. LINDER. Which does not include the coverage for fires in the West, for example.

Mr. STENHOLM. That is correct, Mr. Speaker.

Mr. LINDER. And did not include the coverage, the additional programs and spending he asked for right now at the end of the process.

Mr. STENHOLM. The numbers in our chart represent the original Republican requests, the original President's request, and the Blue Dog request that we have begged and pleaded with those of you on the other side to agree with us on numbers that we could stand together.

If we are so concerned about the President's request for spending, why did my colleagues never at one time, their leadership, ever come to the Blue Dogs and say we accept your numbers which is between the President and you.

So the point of the gentleman from Georgia (Mr. LINDER) is well taken except I think my point still stands. We are spending more because my colleagues have voted for it. Mr. Speaker, I appreciate the gentleman's point he is making because it is a valid point and is one which more people need to understand. But the finger pointing needs to stop. It needs to stop.

The problem is not today with the Budget Act, as some would say. The problem is with a leadership in this House that has made the budget process irrelevant by proposing unrealistic budgets, refusing to work in a bipartisan manner on a realistic budget that would have held down spending to less than what the President has requested. That is the problem.

As I said this morning, I have no quarrel with the Committee on Appropriations, and I see the chairman here and the ranking member. I have no problem here. Mine is with the process and the finger pointing that has gotten into the political process, which it is ridiculous.

The problem is with the leadership of this House. We now absolutely can show big spending originates in the House. Presidents do not spend money. Congress spends money. We are in the minority. I am in the minority. I am a part of the minority party. We cannot be responsible. The majority has to assume that responsibility.

Mr. MOAKLEY. Mr. Speaker, would the Chair be kind enough to inform the gentleman from Georgia (Mr. LINDER) and me how much time is remaining.

The SPEAKER pro tempore (Mr. LAHOOD). The gentleman from Massachusetts (Mr. MOAKLEY) has 5½ minutes remaining. The gentleman from Georgia (Mr. LINDER) has 27½ minutes remaining.

Mr. MOAKLEY. Mr. Speaker, I yield the balance of my time to the gentleman from Wisconsin (Mr. OBEY), the ranking member of the Committee on Appropriations.

Mr. OBEY. Mr. Speaker, I thank the gentleman from Massachusetts for the time.

Mr. Speaker, what the gentleman from Texas (Mr. STENHOLM) just said is exactly on point. My friend Archie the cockroach said once that what happens to men or to mankind is not determined by the system that they have. He says, what happens to mankind is determined by what they do with whatever system they happen to have in hand. I think that is the case with the budget resolution.

As the gentleman from Texas has said, the problem we are facing now is not due to defects in the budget resolution, per se, although it certainly has some giant ones. The problem is that the budget resolutions have been used to deceive the American people about the true intention of this Congress for over 10 months. They have been used to deceive the American people about what is intended, what is affordable, and what is doable under that resolution.

Because those resolutions have been so deceptive, that is what has enabled the majority to pretend that there was enough room within their spending caps to provide the tax package that they tried to pass over the last 10 months. Most of the benefits in that tax package went to those in this society who were already the most comfortable and the most blessed.

Now we have the chickens coming home to roost time. We have just seen the passage of a provision in the previous bill which admits that the fiction that this Congress is going to spend only $600 billion this year on discretionary spending was a giant public fib.

So now we have proceeded to pass a number of bills, and we are down to

two of them. The main issue that divides us on those two remaining appropriation bills is education. As the gentleman from Texas says, we are now being told that, after this Congress has exceeded the President's request on a number of those appropriation bills, after we have seen large amounts of money, $19 billion above last year put into the military budget, and, again, I find that amusing because the majority party said that there was not enough in that budget for readiness. Then they cut the readiness portion of the defense budget by $1.4 billion, either 1.4 or 1.6, I have forgotten which, in order to make room for congressional projects.

Now we are told, after we have done all of that, that there is not room in the inn to meet the President's budget request on reduced class size so that teachers are teaching classes rather than zoos.

□ 1515

We are told there is not enough room in the inn to train teachers, even though we are going to need well more than a million new teachers because so many are close to retirement nationally.

We are told there is no room in the inn to have a significant school modernization construction program. We have a $125 billion backlog in the need for school reconstruction in this country. The President is asking us to support a proposal that pays for less than 20 percent, and we are being told by the majority there is no room in the inn.

Well, I have to tell my colleagues something. There is no room in the schools, and we are going to have more than a million additional children attending our public schools and we are not ready for that challenge. We are not ready in terms of buildings, we are not ready in terms of technology, we are not ready in terms of teacher training. One out of every 10 teachers in this country is not qualified to teach the subject that they are teaching. We are certainly not meeting our responsibilities with respect to either Pell Grants so that we measure up to our pretense that we are providing equal opportunity for people to attend college, and we are certainly not meeting our obligations with respect to special education. I believe we are only spending about 17 percent, or at the 17 percent level in terms of the requirements in order to meet the mandates sent down by the Federal Government.

So now we are here having to pass these day-after-day CRs because the majority refuses to meet our national needs in education, after we have seen so much money poured into other bills. That is our problem. That is what needs to change if we want to go home.

Mr. LINDER. Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore (Mr. LAHOOD). The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. MOAKLEY. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 205, nays 191, not voting 36, as follows:

[Roll No. 551]

YEAS—205

Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bereuter
Biggert
Bilbray
Bilirakis
Bliley
Blunt
Boehlert
Boehner
Bono
Brady (TX)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Cannon
Castle
Chabot
Chambliss
Coble
Coburn
Combest
Cook
Cooksey
Cox
Crane
Cubin
Cunningham
Davis (VA)
Deal
DeLay
DeMint
Diaz-Balart
Dickey
Doolittle
Dreier
Duncan
Dunn
Ehlers
Emerson
English
Everett
Ewing
Fletcher
Foley
Fossella
Fowler
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Goodling
Goss
Graham
Granger
Green (WI)
Gutknecht
Hansen
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (MT)
Hilleary
Hobson
Hoekstra
Horn
Hostettler
Houghton
Hulshof
Hunter
Hutchinson
Hyde
Isakson
Jenkins
Johnson, Sam
Jones (NC)
Kasich
Kelly
King (NY)
Kingston
Knollenberg
Kolbe
Kuykendall
LaHood
Latham
LaTourette
Leach
Lewis (CA)
Lewis (KY)
Linder
LoBiondo
Lucas (OK)
Manzullo
Martinez
McCrery
McHugh
McInnis
McKeon
Metcalf
Miller (FL)
Miller, Gary
Moran (KS)
Morella
Myrick
Nethercutt
Ney
Northup
Norwood
Nussle
Ose
Oxley
Packard
Paul
Pease
Petri
Pickering
Pitts
Pombo
Porter
Portman
Pryce (OH)
Quinn
Ramstad
Regula
Reynolds
Riley
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Ryan (WI)
Ryun (KS)
Salmon
Sanford
Saxton
Scarborough
Schaffer
Sensenbrenner
Sessions
Shaw
Shays
Sherwood
Shimkus
Shuster
Simpson
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Spence
Stearns
Stump
Sununu
Sweeney
Tancredo
Tauzin
Taylor (NC)
Terry
Thomas
Thornberry
Thune
Tiahrt
Toomey
Traficant
Upton
Vitter
Walden
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson
Wolf
Young (AK)
Young (FL)

NAYS—191

Abercrombie
Ackerman
Allen
Andrews
Baca
Baird
Baldacci
Baldwin
Barcia
Barrett (WI)
Becerra
Bentsen
Berkley
Berman
Berry
Bishop
Blagojevich
Blumenauer
Bonior
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brown (FL)
Capps
Capuano
Cardin
Carson
Clay
Clayton
Clement
Clyburn
Condit
Conyers
Costello
Coyne
Cramer
Crowley
Cummings
Davis (FL)
Davis (IL)
DeFazio
DeGette
DeLauro
Deutsch
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Edwards
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Forbes
Ford
Frank (MA)
Frost
Gejdenson
Gonzalez
Gordon
Green (TX)
Hall (OH)
Hall (TX)
Hill (IN)
Hilliard
Hinchey
Hinojosa
Hoeffel
Holden
Holt
Hooley
Hoyer
Inslee
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson, E.B.
Jones (OH)
Kanjorski
Kaptur
Kennedy
Kildee
Kilpatrick
Kind (WI)
Kleczka
Kucinich
LaFalce
Lampson
Lantos
Larson
Lee
Levin
Lewis (GA)
Lipinski
Lofgren
Lowey
Lucas (KY)
Luther
Maloney (NY)
Markey
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McIntyre
McKinney
McNulty
Meehan
Meek (FL)
Menendez
Millender-McDonald
Miller, George
Minge
Mink
Moakley
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
Reyes
Rivers
Rodriguez
Roemer
Rothman
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Schakowsky
Scott
Serrano
Sherman
Shows
Sisisky
Skelton
Smith (WA)
Snyder
Spratt
Stark
Stenholm
Strickland
Tanner
Tauscher
Taylor (MS)
Thompson (CA)
Thompson (MS)
Thurman
Tierney
Towns
Turner
Udall (CO)
Udall (NM)
Velázquez
Visclosky
Waters
Watt (NC)
Weiner
Wexler
Weygand
Woolsey
Wu
Wynn

NOT VOTING—36

Bonilla
Brown (OH)
Campbell
Chenoweth-Hage
Collins
Danner
Delahunt
Ehrlich
Engel
Franks (NJ)
Gephardt
Greenwood
Gutierrez
Hastings (FL)
Istook
Johnson (CT)
Klink
Largent
Lazio
Maloney (CT)
McCollum
McDermott
McGovern
McIntosh
Meeks (NY)
Mica
Mollohan
Peterson (PA)
Radanovich
Shadegg
Slaughter
Stabenow
Stupak
Talent
Waxman
Wise

□ 1537

Messrs. MURTHA, FARR of California, and EDWARDS changed their vote from ''yea'' to ''nay.''

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. McDERMOTT. Mr. Speaker, I was absent and unable to vote. Had I been present, I would have voted in favor of the motion to suspend the rules and pass H. Res. 646 (rollcall No. 551).

GENERAL LEAVE

Mr. YOUNG of Florida. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.J. Res. 115 and that I may include tabular and extraneous material.

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

There was no objection.

FURTHER CONTINUING APPROPRIATIONS, FISCAL YEAR 2001

Mr. YOUNG of Florida. Pursuant to the rule just adopted, I call up the joint resolution (H. J. Res. 115) making further continuing appropriations for the fiscal year 2001, and for other purposes, and ask for its immediate consideration in the House.

The Clerk read the title of the joint resolution.

The text of the joint resolution is as follows:

H.J. RES. 115

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That Public Law 106–275, is further amended by striking the date specified in section 106(c) and inserting ''October 26, 2000''.

The SPEAKER pro tempore. Pursuant to House Resolution 646, the gentleman from Florida (Mr. YOUNG) and the gentleman from Wisconsin (Mr. OBEY) each will control 30 minutes.

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

Mr. YOUNG of Florida. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.J. Res. 115 is a continuing resolution, and it continues the funding of our Government for one day until midnight tomorrow night.

I am not sure that is the smartest way to go. I think that, with the progress that we are making now, that we could probably be finished by Friday or Saturday. I would have preferred to have introduced a resolution to go to at least Saturday. However, the President of the United States has told us that he would only sign CR's for one day at a time. And, of course, that is his prerogative. He is the President and he has the veto pen; and unless we have a two-thirds vote to override him, he prevails. And so, he prevails in this case, and we have a 1-day CR. If we do not finish our business tomorrow, we will have another 1-day CR.

Where we are on the progress of our bills is, after having passed the Foreign Operations appropriations conference report today, there are only two outstanding conference reports, one of which we intend to file tonight, that is the District of Columbia appropriations bill along with the Commerce, State, Justice bill. And then the one remaining bill is the Labor, Health and Human Services, and Education bill, which we hope to be able to file by tomorrow night and move to consideration of it Friday or Saturday.

Then we will have completed our appropriations process. All this CR does is extend the continuation of the Government from midnight tonight to midnight tomorrow night.

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

Mr. OBEY. Mr. Speaker, I yield 3 minutes to the gentleman from New Jersey (Mr. PALLONE).

Mr. PALLONE. Mr. Speaker, I thank my ranking member for yielding me the time.

Mr. Speaker, let me just say I want to thank the President of the United States for insisting that this continuing resolution be for only 24 hours and that we operate with these 24-hour resolutions from now on.

And the reason is simple. Most of the discussion right now is over the fact that the Republican leadership refuses to move on the Democratic education initiatives that include funding for school modernization and also for more teachers and more money that goes back to the local towns and school districts to hire more teachers. I just want to say how important those initiatives are.

In the State of New Jersey, we rely mostly for our school funding on local property taxes; and increasingly we find that the towns are unable to afford more money for educational purposes. And so, what we have is that the class sizes continue to rise; the school buildings, in many cases, do not receive the necessary repairs; we have overcrowding where we cannot even in a lot of the school districts build a new school because we do not have the money.

So when the Democrats talk about an initiative that allows these towns to have more money to hire teachers, to reduce class size, or to pay for school modernization or for new schools, these are real problems, these are real issues that affect people every day and affect children in New Jersey and throughout the country every day.

□ 1545

The bottom line is the Republican leadership talks about the need for discipline in the classroom. How are we going to have discipline in the classroom if we have a class that has 25, 30, or even 40 students? If we give money back to the school districts to hire more teachers, they can reduce the class size. I think the President's suggestion is down to 18 students at the elementary level. That means better discipline in the classroom, better learning opportunities for these kids in the public schools.

And the same thing goes for the school modernization initiative. How can they learn if they are in a building that is falling apart? I have been to school districts in my district where the roof was collapsing. Or in other situations where they have to have two shifts and kids go to school starting at 7:00 in the morning to noon and then 12:00 noon to 5 o'clock, or something like that.

Mr. Speaker, the Democrats are talking about something that is real here. This is not pie in the sky. All we are saying is that we have the money now, let us make it available for these towns, because it helps with their property taxes. But most importantly, it helps with these kids and their lives.

Mr. HOYER. Mr. Speaker, will the gentleman yield?

Mr. PALLONE. I yield to the gentleman from Maryland.

Mr. HOYER. Mr. Speaker, I appreciate the gentleman's comments. Am I correct that if we passed the initiative that we have been hoping to pass on making sure that we have more classrooms and more teachers to bring class sizes down and have safe and clean, healthy schools to teach in, am I correct that if a local subdivision did not want to have more teachers, or did not want to do any school construction, that this legislation would not force them to do anything? Am I correct?

Mr. PALLONE. Absolutely.

Mr. HOYER. Mr. Speaker, so it would be the local school board's choice, the local citizens' choice whether or not to utilize these resources.

Mr. PALLONE. Absolutely.

Mr. YOUNG of Florida. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Illinois (Mr. PORTER), chairman of the Subcommittee on Labor, Health and Human Services and Education.

Mr. PORTER. Mr. Speaker, if I could say to the gentleman from New Jersey (Mr. PALLONE), the money for both classroom size reduction and for school construction has been included in the conference report since July 27. It is fully available under title VI of the Elementary and Secondary Education Act. Under this title the school district, if it decides it does not need the money for school construction, can use the money for other purposes like teacher training or equipping classrooms with technology and computers.

So there should be no dispute about the money being available. The dispute is about whether money is to be mandated by Washington to be spent for a particular purpose, or whether the local school district and the parents in that school district will decide the use for that money. The money is there;

there has never been a dispute about the money. There is a dispute about Washington control or about local decision-making. We favor local decision-making.

Mr. PALLONE. Mr. Speaker, will the gentleman yield?

Mr. PORTER. I yield to the gentleman from New Jersey.

Mr. PALLONE. Mr. Speaker, I have great respect for the gentleman, as he knows, and for all that he has done in his capacity as chairman of the subcommittee. But I think there is a serious issue here about whether the money really is available in the sense that what has been proposed, from what I understand from the Republican leadership, is that this is more in the nature of a block grant and it is not necessarily the case the way the language is now that this money would be available for these purposes.

Mr. PORTER. Mr. Speaker, reclaiming my time, I would say to the gentleman that the way it is structured, not only $1.3 billion would be available for school construction, $2.7 billion would be available for that purpose. Or the $2.7 billion would be available for classroom size reduction. In other words, we are not straitjacketing the process; we are giving flexibility so that the schools can decide their needs themselves. That is the way it should be done, in my judgment.

Mr. PALLONE. Mr. Speaker, if the gentleman would again yield, I think there is a serious question about that and whether or not the money would actually flow to the school districts. I understand the gentleman disagrees.

Mr. OBEY. Mr. Speaker, I yield myself 5½ minutes.

Mr. Speaker, I have great respect for the gentleman from Illinois (Mr. PORTER), chairman of the subcommittee, my friend; but I would nonetheless like to set the record straight, because I view this issue quite differently than does he.

He says that the argument is not about availability of money. He says the argument is simply about whether or not we are going to have Federal dictation to local school districts or whether they are going to have some flexibility.

I would point out one simple fact: 93 percent of all of the money that is spent by every school district in the country, on average, is raised and spent in accordance with State and local wishes. That hardly sounds to me like Federal dictation. It is true that what we are trying to do on this side of the aisle is to assure that the other 7 percent is focused on what we regard to be critical national priorities. One of those priorities is school construction. Another is teacher training. A third is class size.

We happen to believe that the research shows that children do a better job of learning if the classes are small enough so that teachers can have, from time to time, control of the classroom in which they are teaching and have some close personal relationship with those students.

We also happen to believe that children do better if they are not in schools that are falling down. There is a $125 billion backlog on school construction in this country. The President is trying to fashion a program which meets at least 20 percent of that need, and we make no apology in trying to focus that 7 percent of Federal funds that we provide on those items.

The third point I would make is simply this. With respect to class size, lest anyone in this Chamber believe that there is not a large degree of flexibility for local school districts, let me point out the following: school districts now have flexibility to spend up to 25 percent of the funds on training, existing teachers, testing new teachers, and providing high-quality professional development to ensure that all teachers have the knowledge and schools to teach effectively.

So if school districts have already reached the class size target at 18, they are free to move a significant portion of their funds to teacher training, as the majority demanded last year.

Mr. PORTER. Mr. Speaker, will the gentleman yield?

Mr. OBEY. I yield to the gentleman from Illinois.

Mr. PORTER. Mr. Speaker, the gentleman says that we here in Washington know that reduced class sizes are better for kids to learn, and we here in Washington know that kids should not have to go to school in dilapidated classrooms. What makes the gentleman think that the local school board does not know those same things? What makes him think that we have to tell them how to spend their money?

It seems to me that the argument that since 93 percent of the money is raised locally, we ought to be able to dictate how our 7 percent is used simply goes against the genius of public education in our country. The secret is not Washington control, it is local control. That is what we have done for 200 years in America, and it seems to me that we can trust them to make these decisions. They have made a lot of good decisions.

Mr. OBEY. Mr. Speaker, taking back my time, I would simply say the gentleman has asked why is it that local school districts do not recognize these same priorities. The fact is that they do, and that is why they are asking us to pass these programs. Take a look and see which educational organizations have supported these programs: the PTA, right on down.

Mr. PORTER. Mr. Speaker, would the gentleman continue to yield?

Mr. OBEY. Mr. Speaker, I would prefer that the gentleman get some time from the gentleman from Florida (Mr. YOUNG). I would be happy to continue this exchange, but I prefer that some of it be on his time.

But let me simply complete my thought. Directing that 7 percent of the education money that is spent in this country be spent on national priorities is not what I call running roughshod over local control. What we are saying is they control 93 percent of the funds. Spend it any way they want. But if they want us to use taxpayers' dollars at the Federal level, we want them used for areas that we know by research work, and in areas that have an extra problem.

We know that the average school in this country is 43 years old. Some of them are so old we cannot even wire them anymore for modern technology. We ought to be helping to change that, instead of obstructing the efforts of the President to do something about it.

Mr. YOUNG of Florida. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Illinois (Mr. PORTER).

Mr. PORTER. Mr. Speaker, I think the gentleman from Wisconsin (Mr. OBEY) has just clearly defined our differences. We believe that education decisions can be made at the local level, and we are willing to give not the President's level of $1.3 billion, but $2.7 billion. If local school districts want to use it for school construction, they can. We believe that they can make these decisions without Washington direction.

The flexibility that we believe in and the control that they believe in clearly defines the differences between our two parties in this area. That is the way it is. We understand it. We accept it. We think that they are wrong; and obviously, they think that we are wrong.

Mr. HOYER. Mr. Speaker, will the gentleman yield?

Mr. PORTER. I yield to the gentleman from Maryland.

Mr. HOYER. Mr. Speaker, we have had this argument in our committee before, and I ask the gentleman why then does he not believe that all the education money that we appropriate in his bill should not be simply block granted? Let me give a specific example.

Mr. PORTER. Mr. Speaker, reclaiming my time, what makes the gentleman think that I do not believe that?

Mr. HOYER. Mr. Speaker, if he does, that is fine. Why does he not propose that?

Mr. PORTER. Mr. Speaker, again reclaiming my time, I will say to the gentleman that we have made every effort, for example, to put money into special education for disabled children. Now, that is an account that is a Federal mandate. We know that that money has to be spent. The more money that we put into that account, while it obviously helps that situation

and that need, it also frees up other money that has had to be spent in that account for other purposes and allows the local school district to decide where those funds can best be used.

So, yes. Are we for more flexibility? Absolutely. That is what we believe in.

Mr. HOYER. Mr. Speaker, if the gentleman would continue to yield, I understand his premise. We have, for instance, billions of dollars in our bill for Head Start. Is it the gentleman's position that we ought to make that flexible so that if a community locally decides that they do not need a Head Start program in that community, they can use those dollars for something else?

Mr. PORTER. That is not an education program. That is an HHS program. It is a Federal program. It is not administered by the schools.

Mr. OBEY. Mr. Speaker, I yield 3 minutes to the gentleman from Maryland (Mr. HOYER).

Mr. HOYER. Mr. Speaker, I want to tell the gentleman from Illinois (Mr. PORTER), my distinguished friend and chairman of the subcommittee, that in some instances he is correct. In Prince George's County, the Head Start program is administered by the school system and they can use Head Start money only for Head Start. They do not have the flexibility, I tell my friend, to put that money in other places.

Now, why is that? Why is that? Because 435 of us have been elected by the people of the United States to make policy, to make judgments, to establish priorities. I have full respect for State legislators. I was in the State legislature for 12 years, president of the Senate for my last 4. I respect the members of the State Senate. I respect my county council and my county executive.

But, Mr. Speaker, they were not elected to decide how we spend Federal tax revenues. As a matter of fact, we had a revenue-sharing program that most on that side of the aisle voted to repeal, as I recall. This is in effect what the gentleman from Illinois is talking about, a revenue-sharing program.

I believe, as the gentleman from New Jersey believes, that there is a critical problem in America: A, there is a shortage of teachers; B, there is a shortage of classrooms and we have crowded classrooms. Now, it may not exist in every school system. So what I believe, and what the President believes, is because we have identified a problem, the gentleman is correct, it may not exist in every school system. We are providing a program to respond to that problem.

Now, those who represent school districts that think that the teacher-pupil ratio is perfect, that the school buildings do not need rehabilitation, they do not need help with school bonding, then fine. They do not have to take the money. But we have identified as Federal legislators a need, and we are prepared to take the responsibility for appropriating funds to solve that problem.

□ 1600

That is where the gentleman and I disagree. He places it in a context that I think is not the premise that I adopted. I am not for controlling the local system. What I am for doing is establishing a Federal policy which says that we need to have small classrooms so that we can educate our children to be competitive in a world-class economy. I think that is essentially what we are trying to do.

Mr. PORTER. Mr. Speaker, will the gentleman yield?

Mr. HOYER. I yield to the gentleman from Illinois.

Mr. PORTER. Mr. Speaker, we are doing exactly the same thing. The money is there. In fact, more money is there for construction, for classroom size reduction. We simply provide flexibility as to how that money will be used.

Mr. HOYER. Mr. Speaker, reclaiming my time, the gentleman is not correct. Let me tell you, Mr. Chairman, why you are not correct. What you do is you take a sum of money and you distribute that by formula pursuant to title VI to every school system in America that may or may not have this particular problem that I think I have identified, my constituents have identified; and what you have turned it into is a revenue-sharing program to be disseminated. Some jurisdictions, frankly, are going to get a paltry sum.

Mr. OBEY. Mr. Speaker, I yield myself 1 minute.

Mr. Speaker, the fact is the administration asked for $1.3 billion in renovation funds. They asked for $1.75 billion for class size. You merged that into a block grant. They asked for $3 billion. You gave them $2.7 and block granted it.

We have seen from the way you use the community service block grants and other programs that the first step on your side of the aisle is always to block grant funds. Then, after you block granted it so you do not have to take the heat for individual program cuts, then you cut the guts out of them in the second and third years. That is what has happened time and time again in social service programs, and we are not going to fall for it.

Mr. YOUNG of Florida. Mr. Speaker, I yield 4 minutes to the gentleman from Illinois (Mr. PORTER), who is one of the leading experts in this Congress on the issue of education and funding for education.

Mr. PORTER. Mr. Speaker, I would simply say to my colleague from Wisconsin that there was already $365 million in the education block grant. The total for all activities including class size reduction and school renovations is $3.1 billion. I would also say to my friend from Maryland that his example of Head Start is an example of a federal program that does not exist under the Department of Education. It may be that school districts apply to the Department of Health and Human Services or the State of Maryland. But clearly that is not an example of what we are trying to do in providing greater flexibility in these accounts.

Mr. HOYER. Mr. Speaker, will the gentleman yield?

Mr. PORTER. I yield to the gentleman from Maryland.

Mr. HOYER. Mr. Speaker, I tell my friend from Illinois, my point was, A, that the money in Head Start is in our bill. I said in our bill. I understand it is not in the education title because it is administered under HHS. It happens to be run by the education department in my county, and about one-quarter of the Head Start programs, as the gentleman knows, in America are under the education departments. Three-quarters are not.

My point was that the Head Start money is money that is identified for a particular program. I tell my friend from Illinois that we made a determination that children from at-risk homes needed a special start, a head start. It is a program Ronald Reagan said worked.

We, therefore, at the Federal level made a determination that we were going to, in our case, make billions of dollars available, but for this purpose, because we have made, as a Federal legislative body, a determination of a need.

My point to you, sir, is that I believe that we have made on our side of the aisle a similar determination that there is a classroom shortage in America, that there are crowded classrooms in America, and that we have a teacher shortage in America as a result of having more students in our schools than any time in our history.

Mr. GILCHREST. Mr. Speaker, will the gentleman yield?

Mr. PORTER. I yield to the gentleman from Maryland.

Mr. GILCHREST. Mr. Speaker, I thank the gentleman for yielding.

I understand the gentleman from Maryland's discussion about a specific Federal purpose like the Head Start Program or a specific Federal purpose like school construction or a specific Federal purpose like reducing the size of classrooms for teachers. But in this particular instance, there are specific needs that this money can fill.

For example, in the school district in Somerset County, where Crisfield students go to high school, there is no new construction that is needed. There are no new teachers needed, because classroom sizes are already small and getting smaller because the community is

reducing in size. What is desperately needed in that poor, lower shore community, where salaries are very low, is some technology. So this particular program as distributed across the country can help in school class size, school construction, but in that community specifically these dollars spent by the local school district can help in the arena of enhancing those teachers, in training, technology, and computers.

Mr. OBEY. I yield 6 minutes to the distinguished gentleman from Maryland (Mr. HOYER).

Mr. HOYER. I thank the ranking member for yielding me time.

Mr. Speaker, the Un-Congress, as ''The Washington Post'' now calls us, will approve now its fifth continuing resolution, and with it the Federal Government will stay open for an additional 24 hours.

Mr. Speaker, I will support, of course, this resolution, and I urge my colleagues to do the same. It finally focuses on doing work. For as every one of us knew when we approved the fourth continuing resolution just 6 days ago, not much was going to be done in the 5 days that we lost. We knew it would take a measure such as this.

As ''The Washington Post'' again stated, ''The un-Congress continues neither to work nor to adjourn. For 2 years, it has mainly pretended to deal with issues that it has systematically avoided.''

This Congress has avoided a real patients' bill of rights, it has avoided a meaningful Medicare prescription drug benefit, it has avoided campaign finance reform, and now, of course, it seeks to avoid, I tell my friend from Maryland, the Democratic initiatives on class size reduction and school modernization.

It seeks instead to simply parcel out very small sums of money to everybody in America, and perhaps solve no problem, because the monies that everybody will receive will be too small to accomplish any one objective.

The mother of all budget train wrecks, those irresponsible and decisive government shutdowns in 1995, Mr. Speaker, has morphed this year into the eerily quiet derailment. After 6 years of Republican leadership, our budget process is in a shambles. It is unnecessarily contentious, it is often disingenuous. And I want to make it clear, as I have made it clear on each one of the four previous continuing resolutions, this is not the fault of the gentleman from Florida (Mr. YOUNG), a distinguished, able, effective and very honest chairman of the Committee on Appropriations, who does this institution credit in his leadership.

I believe it has contributed to the growing cynicism in our country towards the legislative process. While our budget debate need not degenerate into intransigence, the GOP's approach, in my opinion, over the last 6 years has made such an outcome inevitable.

The majority has adopted unrealistic budget resolutions in each of the last 3 years. That is why we are here today, because the budget resolution was unreasonable. And guess what we did just a few hours ago? We changed the budget caps. Why? Because they were not working.

In some years, including this one, House and Senate Republicans have been unable to reach agreement even among themselves, Mr. Speaker, as you know, and, although I do not want to put words in your mouth, I am sure you lament as well.

Just 2 years ago, Congress failed to enact a budget for the first time in 24 years, since the adoption of the 1974 Budget Act. And I will say to my friends on the majority side of the aisle, that budget could have been adopted without a single Democratic vote. It was not. Both Houses are controlled by the majority party, and they did not adopt a budget.

Republicans have loaded up spending bills with legislative riders that, frankly, have no place on appropriation bills. As Chairman YOUNG said recently, ''the thing that is holding us up are the non-appropriation issues that should have been taken care of in authorizing committees.''

Finally, Republicans have proposed spending cuts that even ardent conservatives could not long have lived with. My good friend the gentleman from South Carolina (Mr. SPRATT), the ranking member of our Committee on the Budget, how quickly they forget, released a report on Monday that debunks the myth of big spending Democrats. I want to have my majority party friends hear this. In fact, domestic appropriations have risen faster when the House is controlled by Republicans.

I will just let that sink in a while, because it is contrary, of course, to what you argue out on the hustings.

So while I urge my colleagues to vote for this continuing resolution, Mr. Speaker, and to complete this year's budget, I lament the fact that again we are hung up at the end of a session because of our unwillingness in the majority to confront the educational needs of America's children and America's families.

We have been discussing the difference, and the difference is the identification of a critical need in America, that of more classrooms. Why? Because we have more children in school than at any time in our history. And we know that we have a teacher shortage, a quality teacher shortage; and what we seek to do is expand upon the availability of classrooms and of teachers.

Mr. Speaker, I urge the majority party to take a hard look at our process. No reasonable person, in my view, can conclude that this is the way this great institution ought to be run. Even Senator PHIL GRAMM commented in the morning's Post, ''I think the budget process has been destroyed; and I think, unfortunately, Republicans have been heavily numbered among the assassins.'' So said PHIL GRAMM.

Mr. Speaker, we can and should do better. Let us come to agreement on providing more classrooms and more teachers for our children.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. LAHOOD). The Chair would remind Members that it is not in order in debate to refer to statements of Senators occurring outside the Senate Chamber.

Mr. YOUNG of Florida. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I just want to say, as good a friendship as I have with my friend the gentleman from Maryland (Mr. HOYER), I would strongly disagree with the statement that he made that the Republican majority has not done well for education. The gentleman from Illinois (Mr. PORTER) pointed out very effectively that we have actually provided more funding this year alone than the President asked for. The only difference is the great debate over who is going to control the funds, who is going to make the decision on what the needs are, back in my congressional district or in his congressional district, a bureaucrat in Washington, or the locally elected school board back home in our districts.

Mr. Speaker, I yield 3 minutes to the distinguished gentleman from California (Mr. CUNNINGHAM), a member of the Committee on Appropriations.

Mr. CUNNINGHAM. Mr. Speaker, the Democrats controlled this House for 40 years, and what have we ended up with? This Nation, with all its resources, last in math and science of all the industrialized nations; last in literacy. Our schools are crumbling, and they need help. But what have they done? They have catered to the trial lawyers and the unions to rip off our school system. And I want to be specific.

They talk about school construction. Waive Davis-Bacon. It costs between 15 to 35 percent, depending on what State, to build schools, because Federal dollars have to fall under the prevailing wage. They say, well, we want a living wage. Ninety percent of all the construction in this country are nonunion, and they earn a living wage. And, guess what? Minority contractors have a good chance at the jobs, where they do not with the unions.

We can build schools. Let us not take that money away from the schools. Let us let the schools keep it. Do they want more construction, do they want teacher training, or whatever? But my colleagues on the other side, because they get most of their campaign money

out of the unions, will not cross the unions.

Secondly, my colleague from Wisconsin says that 93 percent of the money is controlled by State and local, and 7 percent Federal.

□ 1615

That is the way it is supposed to work. Just look at IDEA and special education. Look at the requirements in the D.C. bill; we capped the amount that liberal trial lawyers could take out of special education, Alan Bernstein's number one problem in San Diego, the superintendent of schools.

But yet my colleagues wanted to pay off for the liberal trial lawyers and oppose it. Luckily, the Senate saw through in the conference. Guess what? The city was able to hire 123 special-needs teachers. Democrats wanted to control it. We said no, let the local district do it.

When I was chairman of the authorization committee, 16 programs came forward from different areas. Every one of them had the absolute best program in the world. And after the hearing, I said, which one of you have any one of the other 15 in your district? None of them. That is the whole point.

We want to give it directly to the schools so that the teachers, the parents, and the local administrators can make those decisions. My colleagues want Federal control of everything.

Another good example was Goals 2000. There are 14 ''wills'' in that bill, which means you will do it. They say it is voluntary. Well, it is only voluntary if you want the money. One of those wills you had to establish another board to see if you comply with Goals 2000. It then went to your school board. It then went to the principal; it then went to the superintendent.

Think about it, all the schools in California sending all of that paperwork to Sacramento and the bureaucracy it takes. Then where did it go? It came back here to the Department of Education.

Think of all the schools in the United States sending all of that paperwork and bureaucracy and, of course, there was paperwork going back. That is why we only get 48 cents out of a dollar to the classroom.

That is what my colleagues on the other side want to continue to do is have government control of education. Yes, Mr. Speaker, there is a difference, in the two parties.

Mr. YOUNG of Florida. Mr. Speaker, I yield 3 minutes to the gentleman from Florida (Mr. FOLEY).

Mr. FOLEY. Mr. Speaker, let me first commend the gentleman from Florida (Mr. YOUNG), the chairman of the Committee on Appropriations, for his sacrifices in trying to work through the difficult details of the bill.

If my colleagues listened to the last several speakers who came before us, claiming this is a do-nothing Congress, as if all of this slow-down of bill passage is our fault, well, if my colleagues listened to the other side of the aisle, this Chamber and this government would be financially insolvent if they had their way.

No rhyme or reason, no restrictions on spending. Our projects, our way or the highway. I voted for Patients' Bill of Rights. I have voted for hate crimes. I voted for a number of issues that are not considered traditional Republican issues, but I have yet to see my colleagues on the Democratic side of the aisle want to come to conclusion on any of those bills.

Minimum wage, let us not pass it, let us just use it for campaign issue; and then they come down to the floor here today, and assume some way, we, as the Republican majority, are holding up the will of the people.

Mr. Speaker, I personally believe we are exemplifying the will of the people by trying to bring some restraint and establish priorities and focus Federal resources.

The gentleman from Maryland (Mr. HOYER) said, despite the stump speeches, domestic spending has risen at the behest of the Republican leadership. Amen to that. We are finally putting our money in domestic accounts for the people of the United States who are the taxpayers. No longer are we willing to waste away money on international expeditions, finding ways to send money to every nation that never votes with us at the U.N. treaties or any other instances.

Again, I hope that the Members of this Congress will applaud and appreciate the hard work of the gentleman from Florida (Mr. YOUNG), and I hope they will come together and end the rhetoric.

Yes, it is almost election day; and we know we are all tense and ready to leave, but our government is better for the debate and the negotiations that have occurred. If the President is willing to negotiate with us on some of these final outstanding issues, we will be gone. Do not look to us and blame us for all of this slow-down.

I think a lot of it is occurring on the other side of the aisle, and they should take equal credit.

Mr. OBEY. Mr. Speaker, I yield myself 7 minutes.

Mr. Speaker, I think to understand our concern about today people need to understand what the record was yesterday. And if my colleagues take a look at what our Republican friends in the majority have tried to do on education since the day that they took over control of this Chamber 6 years ago, my colleagues will see the following:

Over that 6-year period, they tried to cut the President's budget request for education by a total of over $13 billion.

They shut down the government twice to try to force the President to buy their priorities which included the elimination of the Department of Education.

They will claim, well, you are just talking about cuts in the increase, you are not talking about cuts in actual spending levels.

I have two responses to that. First of all, we will have a million more children in our schools, and so any budget that does not provide increases for education each year, in fact, results in less dollars being spent on every child each year, and that is not a way to promote educational quality.

My second point is that even if you only measure the cuts, which our Republican friends tried to make in preexisting spending levels, you will find that they, on four occasions in the last 6 years, they tried to cut education spending below the amount that was being spent at the time to the tune of more than $5.5 billion.

After we went through all of the arguments, we wound up, because of pressure from the White House and pressure from the Democratic side of the aisle, we wound up restoring some $15.5 billion to those education budgets. That is the track record.

I was amused when I saw the Republican leadership yesterday in a media event brag about the fact that they should be trusted on education, because they had increased spending on education by over 50 percent since they had taken control of the House. That is true, but only after you shut down the government twice to try to avoid doing that, only after you tried to cut $5.5 billion below existing spending levels.

The only reason that spending for education has risen by 50 percent over the last 6 years is because we made you do it. I find it ironic that you are now taking credit for the fact that you were beaten in previous years. That is an interesting trick, but the numbers that I am giving you happen to be true.

Mr. Speaker, the record will bear them out.

Mr. Speaker, I submit for the RECORD the following three charts demonstrating what I have just said:

DEPARTMENT OF EDUCATION—GOP EDUCATION CUTS BELOW PRESIDENT'S REQUEST

[In millions of dollars]

Fiscal year	Request	House level	House cut	Percent cut
1996 Labor-HHS—Education	25,804	20,797	−5,007	−19
1997 Labor-HHS—Education	25,561	22,756	−2,805	−11
1998 Labor-HHS—Education	29,522	29,331	−191	−1
1999 Labor-HHS—Education	31,185	30,523	−662	−2
2000 Labor-HHS—Education	34,712	33,321	−1,391	−4
2001 Labor-HHS—Education	40,095	37,142	−2,953	−7
Total FY 96 to FY 01	186,879	173,870	−13,009	−7

Note.—Discretionary Funding—Minority Staff, House Appropriations Committee.

DEPARTMENT OF EDUCATION—GOP EDUCATION APPROPRIATION CUTS COMPARED TO PREVIOUS YEAR

[In millions of dollars]

Fiscal year	Prior year	House level	House cut
1995 Rescission	25,074	23,440	−1,635
1996 Labor-HHS—Education	25,074	20,797	−4,277
1997 Labor-HHS—Education	22,810	22,756	−54
2000 Labor-HHS—Education	33,520	33,321	−199

Note.—Discretionary Funding—Minority Staff, House Appropriations Committee.

DEPARTMENT OF EDUCATION—EDUCATION FUNDING RESTORED BY DEMOCRATS

[In millions of dollars]

Fiscal year	House level	Conf agreement	Restoration	Percent increase
1995 Rescission	23,440	24,497	1,057	5
1996 Labor-HHS—Education	20,797	22,810	2,013	10
1997 Labor-HHS—Education	22,756	26,324	3,568	16
1998 Labor-HHS—Education	29,331	29,741	410	1
1999 Labor-HHS—Education	30,523	33,149	2,626	9
2000 Labor-HHS—Education	33,321	35,703	2,382	7
2001 Labor-HHS—Education	37,142	40,751	3,609	10
Total FY 95 to FY 01	197,310	212,975	15,665	8

Note.—Discretionary Funding—Minority Staff, House Appropriations Committee.

Now, we are down to the last days of this Congress, I hope, and we have essentially two issues remaining, one involves what are we going to do with the issues of class size and teacher training and Pell grants and special education. Are we going to meet our responsibilities there?

We have seen billions of dollars go into other appropriations bills. Now we are told, oh, you have to be tight on this one. So that is one education issue remaining.

The other issue is whether or not we are going to sufficiently respond to the President's request on school construction.

What has been missing from this debate so far on that side of the aisle is the recognition that there are two construction pieces which the administration is trying to achieve. The first is the small $1.3 billion renovation package which we are trying to get in the Labor, Health Education appropriation bill, and the second is the bonding assistance that the administration is trying to get, either by running it through this bill or by running it through the Committee on Ways and Means, the bonding authority which they are trying to get so that they can help by the expenditure of $2.5 billion of Federal money over a multiyear period so that they can leverage the construction of $25 billion in additional new school facilities, modern school facilities.

As I said before, to put that in context, the demonstrated need for the country is $125 billion. So that basically is what we find at issue on education as we try to reach agreement.

We are here because we have seen the succession of week-long continuing resolutions, and as a result of that, the Congress has moved along in a leisurely fashion, most Members being able to go home 5 days a week; the negotiators on the Committee on Appropriations being stuck here most of the time around the clock, 7 days a week.

Mr. Speaker, I have been home to my district exactly 2 days since Labor Day, and that is why I have told people I feel like a fugitive on a chain gang.

I would hope that we will be able to reach closure on these issues. Until we do, we have no choice but to approve the continuing resolution before us, but I would urge in the meantime that we have additional flexibility on the majority side when it comes to the school construction issue, because that, in my view, is the issue that has to be resolved before we are going to be able to put together the rest of the pieces on education and get out of here in time to at least say hello to the constituents that we all thought we would be greeting and meeting with and talking with for the last 3 weeks.

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

Mr. YOUNG of Florida. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I had been prepared to just yield back my time early on during this debate, because the issue before us is simply a 1-day extension of the continuing resolution, but so many things have been developed during this debate that I feel tempted to respond to each and every one of them, but I am not going to do that. But I feel tempted.

I understand the position of the minority. I served in the minority for a lot of years, as did many of my colleagues on this side of the aisle. We were not all here for 40 years, but for those who have been here nearly that long, we served in the minority almost the whole time we have been here, so we understand the frustrations.

But when we became the majority party and I became chairman of one of our subcommittees on appropriations, I was determined that the minority would have access to every bit of information, would have the opportunity to have input on every subject coming before that subcommittee, and I think any member of that subcommittee on either side would concede that and confirm the fact that that is how we function.

When I became chairman of the Committee on Appropriations, one of the first instructions I laid down to the Members and the staff that the minority would be included in all of our deliberations, and I believe they would admit to that at the staff level and the Member level.

We have met with each other off and on most of the year, and then as we got toward the end of the process, we began meeting with the President's representatives, and both parties were involved in all of those meetings. Even at that we understand the frustration of the minority.

We tried to be as responsible as we could and as generous as we could in trying to reach consensus and trying to reach bipartisan agreements.

□ 1630

And we have reached a lot of bipartisan agreements. But there is a lot of political rhetoric occurring now, because we are rapidly approaching Election Day.

One of the things that got my attention was the gentleman from Wisconsin's statement that the Republicans shut down the government. Well, that conclusion is the result of masterful and effective spin-mastering. The Republicans did not shut down the government; the Republicans passed the appropriations bills, they sent them to the Clinton-Gore administration, they vetoed them, and when they vetoed them, the government shut down for a couple of days. The Republicans sent the appropriations bills to the President. We did our job. He vetoed them. Until we were able to come back and rewrite the bills, the government was closed for a short period of time.

Now, there are two major issues that have been developed here today. There are those who spoke and complained that the budget really was not high enough, that we were not doing enough spending. I say to those people who believe that, they are true to their conviction. They really believe that there should be more government spending, that there should be more government involvement. And while I might disagree with them, I do not question their sincerity, and I do not question their motivation for standing for what they believe.

But there are others who say, well, we are spending too much. Mr. Speaker, my colleagues will remember, as I remember, that all through this appropriations process we spent hour after hour, day after day, week after week on appropriations bills dealing with amendments from the minority side to increase spending, to increase the amount of money in those appropriations bills. Yet some of the people, not all, but some of the Members on that side who voted for all of those amendments now complain that we are spending too much money. We really cannot have it both ways. We cannot vote for every amendment to increase and vote against any amendment that would reduce and still stand up and say, with a clear conscience, we spent too much money.

There is another reason that it has taken some time to conclude this process. This is because we have included all sides, Republicans and Democrats in the House and in the Senate, and the White House. There is also another reason. We had a few years ago a real disaster, in my opinion. Under our watch, we had an omnibus bill that included about eight appropriations bills. We put all of those eight bills together, and the leadership sat down with the

White House and we negotiated them. We came out with an omnibus appropriations bill. I do not think many people today still know what was in that bill.

We have not done that this year. We have resisted that. We have gone one bill at a time. The House has had an ample opportunity to deal with every bill specifically and independently, and we passed all 13 of our bills through the House early in the process. Now, we slowed down a little when the other body did not get around to taking up some of their bills; but nevertheless, we found a way to deal with that, and we attached one of the bills they had not passed to one of the bills that we had passed. And probably tomorrow, we will do the same thing again.

Mr. Speaker, there is no omnibus appropriations bill being developed this year. We in the House have dealt with each and every one of the bills. That takes a little time, because instead of having one large negotiation taking place, we had 13 small negotiations that, by the way, all developed into pretty big ones. So it took a little more time.

Anyway, Mr. Speaker, we are not here to campaign. The political rhetoric that we hear from time to time on the floor, especially on appropriations bills, is not what we are here for. We are here to do the people's business. The campaigning should be on the campaign trail. I listened to the minority leader last week make what I thought was an excellent speech where he appealed to us and said, let us work together, let us be bipartisan, let us do the best we can to get our job done for what is best for the American people. I liked that speech and I complimented him right after he made the speech on the floor, in public. But then so much campaign rhetoric followed. I know that he was sincere, but I just believe that some of the people on his side were not listening to his appeal.

Mr. Speaker, we are here to deal with a 1-day continuing resolution. I just ask that the Members vote for this CR so we can get about the rest of our business today and the rest of the week.

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

The SPEAKER pro tempore (Mr. LAHOOD). All time for debate has expired.

The joint resolution is considered as having been read for amendment.

Pursuant to House Resolution 646, the previous question is ordered.

The question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the joint resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. OBEY. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 395, nays 9, not voting 28, as follows:

[Roll No. 552]

YEAS—395

Abercrombie
Ackerman
Aderholt
Allen
Andrews
Archer
Armey
Baca
Bachus
Baker
Baldacci
Baldwin
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Bass
Becerra
Bentsen
Bereuter
Berkley
Berman
Berry
Biggert
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonior
Bono
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brady (TX)
Brown (FL)
Brown (OH)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Cannon
Capps
Cardin
Carson
Castle
Chabot
Chambliss
Clay
Clayton
Clement
Clyburn
Coble
Coburn
Condit
Conyers
Cook
Cooksey
Cox
Coyne
Cramer
Crane
Crowley
Cubin
Cummings
Cunningham
Davis (FL)
Davis (IL)
Davis (VA)
Deal
DeGette
DeLauro
DeLay
DeMint
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
English
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Fattah
Filner
Fletcher
Foley
Forbes
Fowler
Frank (MA)
Frelinghuysen
Frost
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green (TX)
Green (WI)
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hansen
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
Kasich
Kelly
Kennedy
Kildee
Kilpatrick
Kind (WI)
King (NY)
Kingston
Kleczka
Knollenberg
Kolbe
Kucinich
Kuykendall
LaFalce
LaHood
Lampson
Lantos
Larson
Latham
LaTourette
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Lucas (OK)
Luther
Maloney (NY)
Manzullo
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCrery
McDermott
McGovern
McHugh
McInnis
McIntyre
McKeon
McKinney
McNulty
Meehan
Meek (FL)
Menendez
Metcalf
Millender-McDonald
Miller (FL)
Miller, Gary
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
Oxley
Packard
Pallone
Pascrell
Pastor
Paul
Payne
Pease
Pelosi
Peterson (MN)
Petri
Phelps
Pickering
Pickett
Pitts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Quinn
Radanovich
Rahall
Ramstad
Rangel
Regula
Reyes
Reynolds
Riley
Rivers
Rodriguez
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Royce
Rush
Ryan (WI)
Ryun (KS)
Sabo
Salmon
Sanchez
Sanders
Sandlin
Sanford
Sawyer
Saxton
Scarborough
Schaffer
Schakowsky
Scott
Sensenbrenner
Serrano
Sessions
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Shuster
Simpson
Sisisky
Skeen
Skelton
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Souder
Spence
Spratt
Stabenow
Stark
Stearns
Stenholm
Strickland
Stump
Sununu
Sweeney
Tancredo
Tanner
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thompson (MS)
Thornberry
Thune
Thurman
Tiahrt
Tierney
Toomey
Towns
Traficant
Turner
Udall (CO)
Udall (NM)
Upton
Velázquez
Vitter
Walden
Walsh
Wamp
Waters
Watkins
Watt (NC)
Watts (OK)
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
Whitfield
Wicker
Wilson
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NAYS—9

Baird
Barton
Capuano
Costello
DeFazio
Ford
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Visclosky

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Campbell
Chenoweth-Hage
Collins
Combest
Danner
Delahunt
Engel
Fossella
Franks (NJ)
Greenwood
Hastings (FL)
Klink
Largent
Lazio
Maloney (CT)
McCollum
McIntosh
Meeks (NY)
Mica
Owens
Peterson (PA)
Shadegg
Slaughter
Stupak
Talent
Waxman
Wise

□ 1656

So the joint resolution was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. MICA. Mr. Speaker, I was unavoidably detained and could not vote on rollcalls Nos. 544 through 552. Had I been present, I would have voted "yea" for each of these measures.

CONFERENCE REPORT ON S. 835, ESTUARIES AND CLEAN WATERS ACT OF 2000

Mr. GOSS. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 648 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 648

Resolved, That upon adoption of this resolution it shall be in order to consider the conference report to accompany the bill (S. 835) to encourage the restoration of estuary habitat through more efficient project financing and enhanced coordination of Federal and non-Federal restoration programs, and for other purposes. All points of order against the conference report and against its consideration are waived. The conference report shall be considered as read.

The SPEAKER pro tempore (Mr. LAHOOD). The gentleman from Florida (Mr. GOSS) is recognized for 1 hour.

Mr. GOSS. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the distinguished gentleman from Massachusetts (Mr. MOAKLEY), my friend, the ranking member of the Committee on Rules; pending which I yield myself such time as I may consume.

□ 1700

During consideration of this resolution, all time yielded is for the purpose of debate only.

Mr. Speaker, H. Res. 648 provides for consideration of the conference report to accompany S. 835, the Estuaries and Clean Waters Act of 2000. The rule waives all points of order against the conference report and against its consideration. The rule also provides that the conference report shall be considered as read. This is a standard rule for this type of conference report. And I believe it is totally without controversy. I strongly urge my colleagues to support it.

Before we get a chance to vote, Mr. Speaker, S. 835 is an excellent piece of environmental legislation and yet another addition to the fine environmental legacy of the 106th Congress. S. 835 encourages partnerships between Federal, State, and local interests for estuary habitat restoration. Of even greater importance is that the bill supports the development and implementation of comprehensive management plans for the National Estuary Program. This is of particular importance to me because of the Charlotte Harbor NEP, which is located in my district in southwest Florida. I worked hard with our local community to secure the NEP designation for Charlotte Harbor, and I am pleased this legislation will ensure a comprehensive management plan goes forward from the process.

Another key issue for my home State of Florida is title VI of the bill, which authorizes a pilot program to allow States to explore alternate water supply solutions to meet critical needs. We have always had water wars in Florida, but given the increase in population and the attendant demand for water, we will surely reach a crisis point unless we take immediate action now. The alternate water source provisions in this bill will help in that effort, and I want to thank my colleague and good friend, the gentlewoman from Florida (Mrs. FOWLER), for her hard work in particular on this issue.

S. 835 also includes other critical restoration efforts for areas such as Lake Pontchartrain and the Tijuana River Valley. I am extremely disappointed to note the Senate refused to accept a provision passed by the House that would have established an EPA grant program to improve water quality in the Florida Keys. I am not aware of any substantive problem on this issue, and I remain hopeful we can adopt this program perhaps through another legislative vehicle.

Even so, this bill is a remarkable piece of legislation, and I commend the gentleman from Pennsylvania (Mr. SHUSTER) and his Committee on Transportation and Infrastructure for their hard work in the area and the successful result. In short, Mr. Speaker, this is a good rule, it is a good bill, and I encourage my colleagues to support both.

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

Mr. MOAKLEY. Mr. Speaker, I thank my colleague, my dear friend from Florida (Mr. GOSS), for yielding me the customary time; and I yield myself such time as I may consume.

Mr. Speaker, I rise in support of the rule for the bipartisan conference report. America's estuaries are in trouble. According to the national water quality inventory, 44 percent of our estuaries are not meeting their designated uses, whether they are fishing, swimming, or supporting aquatic life. This bill attempts to do something about that by authorizing $275 million over the next 5 years to help the Corps of Engineers restore estuary habitats.

These funds will be available, Mr. Speaker, for projects to improve degraded estuaries and estuary habitats and get them to the point that they are self-sufficient ecosystems.

Mr. Speaker, estuaries are areas where the current of a river meets the tide of the sea; and because such a wide variety of life thrives there, they are the beginning of the food chain. Estuaries provide the nursing grounds for fisheries, support numerous endangered and threatened species, and host almost half of the migratory birds in the United States.

But, Mr. Speaker, estuaries are very fragile and are suffering from increasing human and environmental pressures. In response to those pressures, this bill includes a number of individual bills that passed the House overwhelmingly. The conference report passed the Senate by unanimous consent and is supported by State and local governments and the business community and the entire environmental community. I urge my colleagues to support this rule and this bill.

Mr. Speaker, I yield 5 minutes to the gentleman from Rhode Island (Mr. KENNEDY).

Mr. KENNEDY of Rhode Island. Mr. Speaker, I want to thank the gentleman from Massachusetts for yielding me this time, the honorable dean of the Massachusetts delegation; and I wish to thank my colleagues on both sides of the aisle for their support of this rule that makes in order this very important piece of legislation, the Estuary Habitat Restoration Improvement Act.

For those of my colleagues who are familiar with my State of Rhode Island, we are practically one big estuary. The Narragansett Bay runs right through my State. It is a very important part of our whole economy; and so, therefore, this bill represents an important step forward for our State and also for our Nation in preserving these fragile estuaries.

My State, as my colleagues know, has had a long history of trying to work to preserve its Narragansett Bay. It goes to the importance of fishing in our State, sailing, swimming, and our number one industry, the tourism economy. Of course this has a major impact on our tourism economy. So for all of these reasons, this Habitat and Estuary Restoration Act is very important for our State's economy.

It is not only the case in Rhode Island but it is also the case nationally that our waters have not always been treated with the respect and care that they deserve. Estuaries are very valuable ecosystems in our overall environment. They nourish a wide variety of animal and plant life, as the gentleman from Massachusetts (Mr. MOAKLEY) pointed out. They also serve to help filtrate pollution that comes in in the form of so much runoff from farms, to oil spills, to wastewater overflow. Estuaries help in that very important part of preserving this environment by acting as a buffer.

Recently, I read an article in our own newspaper, the Providence Journal, where Curt Spalding, our executive director of Save the Bay in Rhode Island, said that we in Rhode Island have lost over half of our salt marshes in our State. Over 1,000 acres of eelgrass, for example, in our State, that we once possessed, only about 1/100th of that still remains, depriving countless marine life from its ability to find a source of primary food. And he writes that the damming of these rivers and streams has had a totally detrimental impact on countless fish habitat as well as other marine life.

So without immediate action on legislation such as this, we might pass the

point of no return, and that is why acting on this legislation right away is so very important. That is why I urge my colleagues to pass this Estuary Habitat Restoration Act, making the provision of $275 million funding for local projects that will incent the saving of our estuaries. I urge all of my colleagues to support this very valuable and important piece of legislation to all of our coastal ways, and especially to our coastal ways in the Northeast, like my State of Rhode Island.

Mr. MOAKLEY. Mr. Speaker, I yield such time as he may consume to the gentleman from New York (Mr. ACKERMAN).

Mr. ACKERMAN. Mr. Speaker, I rise in strong support of the bill, especially because it contains some very strong protection and preservation measures for the Long Island Sound.

I also wish good luck to the New York Mets, Mr. Speaker.

Mr. Speaker, I rise today in strong support of S. 835, the Estuary Habitat Restoration and Improvement Act Conference Report. This measure authorizes $1.6 billion over five years for various estuary conservation and restoration activities, including the Long Island Sound.

Preservation of the Long Island Sound is not a parochial issue, but a national one. By its inclusion as a charter member in the National Estuaries Program, the Sound has been designated as one of only 28 estuaries of national significance. Congress recognized the national importance of the Sound by creating the Long Island Sound Study (LISS), which involved Federal, state, and local entities as well as private groups. The result of this study was the Comprehensive Conservation and Management Plan (CCMP). This report has detailed the many challenges which Long Island Sound faces including floating garbage, biological contamination, and industrial waste—in short, all the things which plague our modern society.

The time to act is now. The $200 million over 5 years which is authorized under this agreement, will be used to provide grants to implement remedial efforts to clean up the Long Island Sound as part of the CCMP.

I am proud to represent an area that borders the Long Island Sound. The Sound is one of our nation's natural treasures with important environmental, recreational, and commercial benefits. Its value as an essential habitat for one of the most diverse ecosystems of the Northeast cannot be understated. Residents and vacationers alike enjoy the Sound for swimming and boating. And the approximately $5 billion in revenue generated by commerce relating to the Sound is vital to the region and to individuals who base their livelihood on the benefits of the Sound.

Unfortunately, the effects of millions of people on the shore and in the Sound are evidenced in the deteriorated water quality. Over the last several years, Long Island Sound has suffered from numerous forms of pollution. This pollution is now threatening the Sound's multibillion dollar a year fishing industry. The most recent and devastating example is the unexplained and widespread lobster die-off. We must supply adequate resources to address this lobster die-off and to examine possible problems in the water that could have caused this crisis. I am confident that this legislation will have a significant impact on the ongoing efforts to improve the quality of the Sound.

For the past seven years I have sponsored legislation to provide funding for clean up and pollution control programs for the Long Island Sound. I am very pleased that today we see legislation that will protect our beautiful Long Island Sound, along with other important bodies of water in our nation. I would like to thank Mr. SHUSTER and Mr. OBERSTAR for their leadership on this legislation and their commitment to preserving our national estuaries. I would also like to acknowledge the hard work and dedication of my colleagues who represent areas along Long Island Sound. Therefore, I ask my colleagues to join with me today in supporting this conference report.

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

Mr. GOSS. Mr. Speaker, I believe the gentleman from New York also endorsed the rule, at least I hope he did. I did not hear any controversy on the rule.

I think this is yet another accomplishment of the do-something 106th Congress. I see nothing except a good debate ahead and a strong approval.

Mr. MOAKLEY. Mr. Speaker, will the gentleman yield?

Mr. GOSS. I yield to the gentleman from Massachusetts.

Mr. MOAKLEY. Mr. Speaker, I join my colleague on the rule as well as the bill.

Mr. GOSS. Reclaiming my time, Mr. Speaker, I thank my distinguished friend, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. SHUSTER. Mr. Speaker, pursuant to House Resolution 648, I call up the conference report on the Senate bill (S. 835) to encourage the restoration of estuary habitat through more efficient project financing and enhanced coordination of Federal and non-Federal restoration programs, and for other purposes.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Pursuant to House Resolution 648, the conference report is considered as having been read.

(For conference report and statement, see proceedings of the House of October 24, 2000, at page H10537.)

The SPEAKER pro tempore. The gentleman from Pennsylvania (Mr. SHUSTER) and the gentleman from California (Mr. FILNER) each will control 30 minutes.

The Chair recognizes the gentleman from Pennsylvania (Mr. SHUSTER).

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

Mr. Speaker, this legislation, this conference report, includes several bills which have already passed the House. It includes the Estuaries Restoration Act authored by the gentleman from Maryland (Mr. GILCHREST); it includes the Chesapeake Bay Restoration Act, which was guided through the House by our late colleague, the gentleman from Virginia (Mr. BATEMAN); it includes the bill of the gentleman from New Jersey (Mr. SAXTON) to reauthorize the National Estuary Program; the bill of the gentlewoman from Connecticut (Mrs. JOHNSON) and the gentleman from New York (Mr. LAZIO), the Long Island Sound Restoration Act; it includes the bill of the gentleman from Louisiana (Mr. VITTER) and the gentleman from Louisiana (Mr. JEFFERSON), the Lake Pontchartrain Basin Restoration Act; the Alternate Water Sources Act authored by the gentlewoman from Florida (Mrs. THURMAN) and the gentlewoman from Florida (Mrs. FOWLER); the bill of the gentleman from New York (Mr. SWEENEY) to reauthorize the Clean Lakes Program; and the Tijuana River Valley Estuary and Beach Sewage Cleanup Act of 2000, authored by the gentleman from California (Mr. BILBRAY) and the gentleman from California (Mr. FILNER).

This legislation meets environmental restoration needs by encouraging cooperative efforts at the local, state and Federal levels and fostering public-private partnerships to identify and address water quality problems. I would like to assure my colleagues that this legislation does not create any new regulatory authorities and requires full public participation. In particular, the estuary habitat restoration strategy to be developed under section 106 of the act must be developed following public notice and a meaningful opportunity for comment. I expect the Estuary Habitat Restoration Council established under section 105 to provide a period of at least 90 days to allow the public to comment on the proposed strategy, or any subsequent revisions. This legislation is supported by state and local government, the business community and the environmental community. Every Member of Congress should be proud to support it.

I would like to thank the sponsors of the bills included in this conference report, the House conferees, and all the members of the Transportation and Infrastructure Committee. I would particularly like to thank Ranking Member OBERSTAR, Subcommittee Chairman BOEHLERT and Subcommittee Ranking Member BORSKI, for their hard work on bringing this legislation to the floor. Let me also congratulate and thank the Senate conferees, in particular Chairman SMITH and Ranking Member BAUCUS of the Environment and Public Works Committee, for their cooperation.

This conference report is also the result of a lot of hard work by House and Senate staff. Special thanks go to Susan Bodine, Carrie Jelsma, Donna Campbell, Ben Grumbles, Ken Kopocis, Ryan Seiger, Pam Keller, John

Rayfield, and David Jansen of the House staff and Ann Klee, John Pemberton, Suzanne Matwyshen, Ann Loomis, Jo-Ellen Darcy and Peter Washburn of the Senate staff. I urge all Members to support this comprehensive package of critically needed environmental bills.

Mr. Speaker, I yield 2 minutes to the gentleman from New Jersey (Mr. SAXTON).

Mr. SAXTON. Mr. Speaker, I would like to give my thanks to the chairman for this great work. This is, in fact, a major step forward for environmental protection and estuary enhancement. So I would like to thank the gentleman from Pennsylvania (Mr. SHUSTER) and the other conferees on the Committee on Transportation and Infrastructure for their great work on this bill.

The section of the bill that, of course, I authored, H.R. 1237, allows the authorized funding of $35 million annually through 2005. These Federal funds can be used for implementation, in addition to the development of comprehensive management plans in estuarine areas.

Congress recognized the importance of preserving and enhancing coastal environments with the establishment of the National Estuary Program, NEP, in 1987. The NEP's purpose is to facilitate State and local governments' preparation of comprehensive management plans for threatened and impaired estuaries.

In support of this effort, the EPA is authorized to make grants to States to develop CCMPs for 30 designated estuaries across the country. My own State of New Jersey has three approved sites in the NEP, one of which is Barnegat Bay, which lies mostly in my district. The bay is a watershed which drains land for approximately 550 square miles. Over 450,000 people live in the Barnegat Bay watershed and the population doubles there in the summer.

Nonpoint source pollution, while diffuse, is cumulatively the most important issue in addressing adverse impacts on water quality and the health of living resources in the bay. The final CCMP for Barnegat Bay is complete, but without the additional funding of this program, as well as explicitly permitting NEP to use Federal funds for the implementation of the program, the Federal Government would have absolved itself of the responsibility as a partner with the States in protecting and enhancing the Nation's most endangered habitats.

Therefore, I would like to thank my colleagues, in particular the chairman, for expeditiously moving this bill.

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

Mr. Speaker, I thank the chairman and the ranking member for doing such a fine job in bringing us this conference report. I would like to speak on one part of this conference report, a part that is a win-win-win solution for the people in San Diego, California, and all those areas which border the country of Mexico.

We have been dealing with the problem of Mexican sewage flowing into our area for many decades.

□ 1715

The gentleman from California (Mr. BILBRAY) and I introduced the legislation that has the provisions in this conference report. What we intended to do, Mr. Speaker, is to provide a comprehensive solution to the problem of Mexican sewage flowing into the United States in our waters.

We have a unique problem, the gentleman from California (Mr. BILBRAY) and I. I want to thank him for working so closely with me and for our staffs that worked so closely together. I do not think any other two Members of Congress can say that we have raw sewage flowing through our districts from another country onto our beaches and onto our riverbeds. And we, I know, jointly thank the chairman of our committee, the gentleman from Pennsylvania (Mr. SHUSTER); the ranking member, the gentleman from Minnesota (Mr. OBERSTAR); and their staffs, especially Ken Kopocis, Ryan Sieger, and David Heinsfeld because they worked very hard through some problems that we had between us and with the Senate. But once everyone realized the magnitude of the problem and, if I may say so, the historic opportunity to provide a comprehensive solution to it, these fine staff members and our leadership fought diligently to craft legislation on which all parties could agree. And the people of southern San Diego owe a great deal to the chairman and the ranking member, and I want to thank them so much on their behalf for their support.

We will advance, through this legislation, a common sense solution to the problem of international sewage, the treatment of Mexican sewage in Mexico. Before the gentleman from California (Mr. BILBRAY) and I introduced our legislation, plans called for treating less than half of the sewage that fouls our beaches and estuaries.

It has taken bureaucracies 10 years to prepare a secondary treatment farm of the International Wastewater Treatment Plant. In that time, the sewage flows have more than doubled. Yet, the plans have persisted for a so-called solution that will really not solve the problem but will only take us back 10 years ago. This legislation seizes the momentum for solving the problem and fixes the problem now and comprehensively.

My colleague from San Diego and I have been working, are working on this problem combined for probably 35 to 40 years. When we started this, 25 million gallons a day of sewage from Mexico needed to be treated to protect our water and land. Now it has reached 55 to 75 million gallons of sewage. Our residents and particularly our children need to be protected from this public health nightmare.

Private investors have come forward with an innovative public-private partnership to treat all of the sewage and treat it in Mexico. Mexico has generated the sewage and under a treaty has the right to the treated water. So it makes the most sense not only to treat the sewage that we have now but to treat it where it is generated and can be reused by that country's agricultural and industrial interest.

This is a win for the U.S. environment. It is a win for our children's health. It is a win for international relations and a win for recycling a precious resource.

So I urge support for this comprehensive solution. It is an innovative way to approach the issue. It is a longstanding health and environmental problem. And it most certainly has its own very needed place in the Estuaries and Clean Water Act of 2000.

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

Mr. SHUSTER. Mr. Speaker, I am pleased to yield 3 minutes to the gentleman from New York (Mr. BOEHLERT), the distinguished chairman of our subcommittee.

Mr. BOEHLERT. Mr. Speaker, I am proud to be a supporter of the conference report on S. 835, the Estuaries and Clean Water Act of 2000.

As my colleagues before me have stated very eloquently, the chairman and the gentleman from California (Mr. Filner) and others who will be addressing some specifics of this bill, it is good legislation; and it deserves to be passed.

I am particularly pleased with the final package because it includes a reauthorization and an expansion of the Long Island Sound Program. I want to give particular praise to my colleagues, the gentleman from New York (Mr. LAZIO) and the gentlewoman from Connecticut (Mrs. JOHNSON). They and their colleagues have worked tenaciously on this legislation.

Let me tell my colleagues, in my capacity as chairman of the subcommittee, I was summoned to the office of the gentleman from New York (Mr. LAZIO) several months ago; and thus began a partnership with the gentleman and the gentlewoman from Connecticut (Mrs. JOHNSON). We worked literally hundreds of hours to put together this package.

I want to praise Governor Rowland of Connecticut and Governor Pataki of my home State of New York. They have been real leaders. This just does not happen overnight. This required a lot of hard work on the part of a lot of people with vision. Let me say that the vision of the Lazio-Johnson team has been something very special.

There is a lot more in this bill that is very good, and I will let my colleagues

address that. But let me say that this is probably the last major bill of the Shuster chairmanship of the Committee on Transportation. And let me say, as someone who has been in this institution for many years as a staff member and as a Member of Congress in my own right, that the gentleman from Pennsylvania (Chairman SHUSTER) has proven by performance that he has been the most effective chairman this Congress has seen in many, many years.

He has assembled a very able, very capable, very professional team; and he has provided leadership for that team. And he has worked on a bipartisan basis. Every member of this committee, which is the largest committee in the history of the Congress, feels that they are part of the historic legislation, TEA–21, AIR–21; and we have laid the foundation for Water-21.

This does not just happen by accident. We have to have a leader. And the gentleman from Pennsylvania (Chairman SHUSTER) has provided that leadership. We have to have a very capable staff, and he has exercised the sound judgment to assemble a team second to none.

So as we look back on these 6 years, and incidentally, I think the idea of term limiting chairmen is crazy. I think the gentleman from Illinois (Mr. HYDE) had it right when he said it is a dumbing down of Congress. If we have good people in positions of major responsibility, we ought to keep them there. I might add, I am going to be a big beneficiary of term limits. But that is another story for another day.

But let me say in conclusion, this is a good bill. It came from a very productive committee that has had very able leadership. And I, for one, want to salute our very distinguished chairman as he brings this conference report to the floor for our consideration.

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

Mr. Speaker, I do want to thank the gentleman from Minnesota (Mr. OBERSTAR) and many other Members in this body. He has spent hours and hours learning about the issues in other parts of the country and my part of the world. In San Diego, California, I know how much time he has spent. He has asked his staff to make sure they understand the problem. He had legitimate questions and concerns, but he ended up fighting with us and for us to achieve this goal. And I thank him from the bottom of my heart.

Mr. Speaker, I yield 7 minutes to the gentleman from Minnesota (Mr. OBERSTAR), the distinguished ranking Democratic member of the Committee on Transportation and Infrastructure.

Mr. OBERSTAR. Mr. Speaker, I thank the gentleman for yielding me the time, and I appreciate the kind words of the gentleman.

But, Mr. Speaker, no one has been more persistent or vigorous in pursuit of a goal than has the gentleman from California (Mr. FILNER). He has doggedly pursued with the determination and with copious documentation the goal that we achieve today on this floor, and I compliment the gentleman on his extremely able representation of the people of his district. And I appreciate the partnership that has resulted also with the gentleman from California (Mr. BILBRAY) in equally pursuing. Practically the first issue that he discussed with me after his swearing into the Congress a few years ago was this very issue, and I have not forgotten.

I concur in the remarks of the able chairman of the Subcommittee on Water Resources. Our distinguished full committee chairman, on many occasions I have referred to his extraordinary leadership and record of accomplishment. But I am just a little puzzled. This should not be the last bill that the chairman brings to the House floor. We are hopeful that there will be another that will be a fitting cap to the chairman's distinguished career in the House and we finally act on the Water Resources Development Act.

I also want to pay deserved tribute to the gentleman from Pennsylvania (Mr. BORSKI) who has devoted an enormous amount of time to this legislation, of course to the gentleman from New York (Chairman BOEHLERT) for his pursuit of environmental protection on our committee. I appreciate the partnership that we have had and the leadership that he has given, Mr. Speaker.

The primary focus of this legislation is restoration of estuaries. In the Nation's ocean coastal regions, the estuary is the great meeting place of salt and fresh water, the great meeting place where new forms of life are created.

All through the world, there are about a handful of truly extraordinary great resources, estuaries. The Chesapeake Bay is one of those. There are others that we address today in this legislation. And the reason that we focus our attention on this legislation is that whatever drains into the estuary from the land, wherever the ocean meets that fresh water, either we are doing good for the generation of new species or the maintenance of existing species or we are doing irreparable harm.

The legislation that we act on today moves us in the direction of doing right by the fish and the wildlife in these vital transition areas between fresh and salt water.

In the most recent national water quality inventory, States reported that 44 percent of the Nation's assessed estuaries do not meet their designated use, fishing, swimming, supporting aquatic life.

In the Great Lakes, it is even more troubling; a matter that I spent a great deal of time on over my service in the Congress as a Member and previously as a member of the staff. The data on the Great Lakes are troubling. Ninety-six percent of the assessed shoreline miles of the Great Lakes do not meet one or more designated uses.

As expressed in one of the most important indicators of quality of water, fish consumption advisors, if we live anywhere in America, we have five parts per billion PCBs in our body. If we live within 25 miles of one of the Great Lakes and eat fish once a week, we have up to 440 parts per billion PCBs in our body.

We need to clean those estuaries. We need to remove the sediment on the bottom. We need to take those permanent toxins out of the bottom where they have been deposited over decades and remove them so that we can restore the health of the fishery and the health of the people who depend upon that beneficiary.

This bill does not address that issue, nor do I raise an issue about that. I just make the point that there is much more work for us to be done.

The $275 million over the next 5 years authorized under this bill will enable the Secretary of the Army and the Corps of Engineers to restore estuarine habitat. The cost will be shared with local sponsors to improve degraded estuaries and estuarine habitat, the goal of building a self-sustaining system integrated into the landscape surrounding the estuaries.

One important aspect of this program is the participation of nonprofit entities as local sponsors. The conference report allows nongovernmental organizations to act as local sponsors of estuary restoration projects after consultation and coordination with the appropriate State and local officials. Unlike the House-passed version of the bill, the conference report does not require the approval of the governor of a State before a nongovernmental organization can act as the non-Federal cosponsor.

I want to express to the chairman my great appreciation for his cooperation in working this matter out. It was very important to me and to the regions that I represent of Minnesota and those throughout the Great Lakes to have come to this accommodation, and I appreciate the chairman's assistance.

Mr. SHUSTER. Mr. Speaker, I am pleased to yield 2 minutes to the distinguished gentleman from Maryland (Mr. GILCHREST).

Mr. GILCHREST. Mr. Speaker, I thank the chairman for yielding me the time.

Mr. Speaker, as previous speakers have said, I would like to also add my comments and praise and respect to the gentleman from Pennsylvania (Chairman SHUSTER) of the Committee on Transportation and Infrastructure. It has been my experience in dealing with the gentleman from Pennsylvania (Chairman SHUSTER) that we have had

for a number of years an honorable, professional relationship. The chairman has helped with this package of restoration bills to restore a number of problems throughout this Nation, and I want to thank him for that.

□ 1730

We are here to pass the conference report that will do a great deal as far as restoring America's estuaries and other problems throughout our coastal regions and the Great Lakes of the United States. We are here because our approach to these problems has not been the best in the past. Our approach to deal with the Nation's estuaries and the Great Lakes have been the responsibility of, for example, the Corps of Engineers, Fish and Wildlife, Department of Agriculture, EPA, National Marine Fisheries Service, U.S. Geological Survey, and the list goes on and on and on; and each of those Federal entities has been responsible for a certain piece of the whole.

Now, they have also been responsible for things like dredging, which degrade estuaries; bulldozing; the building of dams; draining; paving; sewage discharge. The list goes on there as well.

Each of those areas, draining, bulldozing, sewage discharge, dredging, damming, air pollution, all of those things has a degrading, fragmenting effect on our estuaries. And each of the Federal agencies has approached each of those entities as something distinct and separate.

What this legislation does is it brings all of those Federal agencies and their appropriate counterparts on the State level, the local level, and the private sector and it sees the estuaries as a whole. The entire ecosystem not only will be researched and studied, but will be restored. The grasses will be replanted. The oysters, instead of oyster bars, will have oyster reefs. The migrating songbirds will have a place to rest on the way to South America. The migrating Canada geese or the snowgeese or the shad or any other fish species that we can think of will come back because the ecosystem, instead of being fragmented, will begin to become whole.

Mr. Speaker, I urge my colleagues to vote ''aye'' on the conference report. I thank the gentleman from Pennsylvania (Mr. SHUSTER), chairman of the committee, once again for his help with this legislation.

Mr. FILNER. Mr. Speaker, I yield 4 minutes to the gentlewoman from Florida (Mrs. THURMAN), my good friend.

Mrs. THURMAN. Mr. Speaker, the love fest that is going on around here obviously makes us all feel very good about what this committee has accomplished over the last couple of years in transportation and in water issues, and so I give my congratulations to all of my colleagues for the work that they have done. I do not serve on the committee, so I am expressing great gratitude to all members who have worked over the last several years with me.

Mr. OBERSTAR. Mr. Speaker, will the gentlewoman yield?

Mrs. THURMAN. I yield to the gentleman from Minnesota.

Mr. OBERSTAR. Mr. Speaker, she may not serve on this committee, but she has been so persistent in pursuit of the issues that she and the gentlewoman from Florida (Mrs. FOWLER) have both coordinated on, that this is a better bill because of the gentlewoman's persistence.

Mrs. THURMAN. Mr. Speaker, reclaiming my time, I thank the gentleman for those kind words.

I have to say that I am very excited about the Alternative Water Sources Act being put into this conference report. For 20 years in various capacities, whether on the city council or in the State Senate, I have worked on alternative water sources because of some particular problems in the State of Florida. Those problems sometimes are issues where in counties that I live and represent, we have an abundance of water and to the south of me, there is not as much water. So there is always this opportunity or problem going on of trying to come in and pipe water down to other areas.

So what we have tried to really do in this piece of legislation is to work with the technology that is available across this country for providing alternative water sources, because we are finding that States and other places are actually having to hunt for this water for drinking and agriculture and industrial and commercial uses.

What the bill represents is the beginning of a long-term, sustained effort to meet our future water needs. Over the years, Congress has adopted many water programs; some deal with quality and others deal with quantity. But the Alternative Water Sources Act will help States meet ever-expanding demands for water. This bill establishes a 3-year, $75 million program to fund water projects that conserve, reclaim, and reuse precious water resources in an environmentally sustainable manner.

As a result of innovative technology, such as deep-well infusion, new methods of reusing and enhancing area water supplies can be applied today. And if we use or improve this technology in one part of the country, it will help other parts of the country because it will reduce pressure to move water from one region to another.

A quote from the Christian Science Monitor on April 14 said, ''Whether it is desalinization, capturing rainwater, water-saving farming methods, or water pricing structures that impel greater conservation, humanity should use every tool available to safeguard this most basic natural resource.''

Alternative water projects provide an important tool to safeguard this to safeguard these resources. And I realize that water reuse alone will not solve coming water problems. But I do believe that a real national water policy, that actually the gentleman from Minnesota (Mr. OBERSTAR) and I talked about on this floor, must include improved conservation programs. I think this is a great first step.

Mr. Speaker, I am looking forward to the road that we travel next year in the 107th Congress. The only thing that I will miss is the gentlewoman from Florida (Mrs. FOWLER), who has been steadfast, as always with tenacity, in helping us move this legislation along and her friendship, and her confidence in this piece of legislation is deeply appreciated. I will miss the gentlewoman, and I know she will be with us working right alongside of us anyway.

Mr. SHUSTER. Mr. Speaker, I yield 2 minutes to the distinguished gentlewoman from Florida (Mrs. FOWLER).

Mrs. FOWLER. Mr. Speaker, I also rise in strong support of the conference report on S. 835, the Estuaries and Clean Waters Act of 2000. This bill is a combination of eight important water-related pieces of legislation, and it does represent the true bipartisanship of the Committee on Transportation and Infrastructure.

I do also want to add my commendations to the gentleman from Pennsylvania (Chairman SHUSTER) to those of my colleagues for his tireless efforts on this important legislation and his effectiveness as chairman, because it has been a real pleasure and an honor for me to serve on the Committee on Transportation and Infrastructure and as a subcommittee chairman under his leadership for the past 6 years.

I would also like to thank the gentleman from Minnesota (Mr. OBERSTAR), the gentleman from New York (Mr. BOEHLERT), the gentleman from Maryland (Mr. GILCHREST), and the gentleman from Pennsylvania (Mr. BORSKI) for their work on this important piece of legislation and all of their assistance that they provided in getting us to this point.

Mr. Speaker, I have worked on title VI of this bill, the Alternative Water Sources Act, with my colleague, the gentlewoman from Florida (Mrs. THURMAN), and she has worked tirelessly on this, and she is a true friend. This measure will create a pilot program providing Federal matching funds under the Clean Water Act to assist eligible States with the development of alternative water sources projects to meet the projected water supply demand for urban development, industrial, agricultural, and environmental needs.

Many will say our existing water supply is sufficient, but our children could have an uncertain future when they turn on the faucet. There are many

States, including Florida and New York, where the increase in population growth has put a significant strain on their water supply. That is why we need to encourage States to be forward thinking when it comes to water supply and alternative sources. A new Federal partnership is needed to avoid a crisis, a partnership that will ensure our water supply will keep pace with population growth and protect this natural resource.

So, I again want to thank the leadership of this committee for all of their hard work on this, and I encourage my colleagues to support this important legislation.

Mr. FILNER. Mr. Speaker, I yield 3 minutes to the gentleman from Texas (Mr. BENTSEN).

Mr. BENTSEN. Mr. Speaker, I thank the gentleman from California (Mr. FILNER) for yielding me this time.

Mr. Speaker, let me start by commending the gentleman from Pennsylvania (Mr. SHUSTER) and the gentleman from Minnesota (Mr. OBERSTAR), chairman and the ranking member of the committee. I have to say, while I have not always agreed with the chairman and the ranking member, I have the greatest respect for them and I think they have been the most effective team in the time that I have spent in the House. And quite frankly, they have been a model for how this House ought to operate, and so I commend both of them, particularly the gentleman from Pennsylvania (Chairman SHUSTER), as well as the chairman and ranking member of the subcommittee.

I have had the opportunity to work with them on a number of pieces of legislation, even though I do not sit on the committee; and both the full and subcommittee chair and ranking members have always been helpful. If a Member has a good idea, they are willing to listen and work with them.

Mr. Speaker, I rise in strong support of the conference report on S. 835, the Estuaries and Clean Water Act. I want to commend our colleague, the gentleman from Maryland (Mr. GILCHREST), for his work on this, and in particular on the National Estuary Act of which he is an original sponsor and I am one of the cosponsors. This bill is tremendously important to restore all of our national estuaries, including Galveston Bay, which borders my district in Texas.

Galveston Bay produces two-thirds of Texas' oyster harvest, one-third of Texas' bay shrimp catch, and one-quarter of Texas' blue crab catch. Galveston Bay's watershed is heavily industrialized and densely populated. Since the 1950s, 30,000 acres of wetlands have been lost in this estuary. Wastewater discharges into Galveston Bay account for half of Texas' total wastewater discharges every year. Like many of America's beloved bays and estuaries, the productivity of Galveston Bay has declined. Local community response, however, which is necessary, is facilitated by this act.

The report authorizes $275 million over 5 years in a matching grant for locally developed estuary habitat restoration projects. The goal of this money is the restoration of a million acres of estuary over the next 10 years. Only with our help will estuaries continue producing food, water quality, employment, and recreation benefits along America's coastlines.

I am also pleased that the conference report authorizes an additional $175 million for the National Estuary Program. These funds will be used to develop and implement comprehensive programs in estuaries of national significance, including Galveston Bay.

As proof of the ability of local communities and organizations to take on estuary restoration, I would like to share this about Galveston Bay. The Galveston Bay Foundation was created under the National Estuary Program, and they have undertaken the ambitious program of restoring 24,000 of the 30,000 estuary acres lost, habitat acres lost in Galveston Bay. Assisted by the National Estuary Program, the foundation also monitors water quality by training volunteers in distributing monitoring equipment.

In addition, I would add that the Galveston Bay Foundation has been the catalyst for developing an environmentally sensitive approach to the deepening and widening of the Houston ship channel, which was authorized under WRDA 1996 bill. So I think from Galveston Bay, and this is true with the other bays around the Nation, the Galveston Bay Foundation has proved that the National Estuary Program works and that the National Estuary Act can work as well.

Mr. Speaker, I commend the chairman, ranking member, and the subcommittee chairman and ranking member for having the foresight to move this bill; the gentleman from Maryland (Mr. GILCHREST) for authoring it; and I hope the other body will pass it and the President will sign it.

Mr. SHUSTER. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from New Orleans, Louisiana (Mr. VITTER).

Mr. VITTER. Mr. Speaker, I too rise in strong support of this conference report on the Estuaries and Clean Water Act of 2000. I speak with personal knowledge of the importance of this effort, because of Lake Pontchartrain, a lake that lies largely within my congressional district. It is vital to the health of the entire region. It is vital to the quality of life, to the economic health of the region, and so too with the other estuaries we address in this bill.

It is not a case of people versus the environment somehow. It is people and the environment, hand in hand. Lake Pontchartrain is a good example; 5,000 square miles in the Pontchartrain Basin that encompasses 16 parishes in Louisiana as well as four counties in Mississippi, one of the largest estuaries in the United States. In the middle of it, Lake Pontchartrain, 630 square miles, the second largest lake in the United States after the Great Lakes. The population center, of course, for Louisiana, being surrounded by 1.5 million residents.

But we have had problems in that estuary system over the last 60 years. Wetlands loss, human activities, natural forces have all had adverse impact on the basin. Wetlands around the basin have been drained, dredged, and filled and channeled for oil and gas development. Storm water discharges, inadequate wastewater treatment, agricultural activities, all of these activities have significantly degraded water quality.

Loss of wetlands due to subsidence, salt water intrusion, and hurricanes have also harmed the basin wildlife population so that 13 species are actually on the U.S. Fish and Wildlife Service's threatened or endangered list. And today, swimming is still not allowed on the south shore due to high levels of pollution.

□ 1745

As a result of this, I introduced last September the Pontchartrain Basin Restoration Act, and that is included in this conference report. It will create a coordinated, technically sound program that will truly bring restoration of the basin to the next level.

I want to thank everyone who was so helpful in passing this legislation in the conference report, certainly including the chairman, the ranking member of the full committee and the subcommittee and the subcommittee staff.

Mr. FILNER. Mr. Speaker, I yield 3 minutes to the gentlewoman from Florida (Ms. BROWN), a great member of our committee and a great advocate for the people of Florida.

Ms. BROWN of Florida. Mr. Speaker, I come to the floor to express my strong support for the conference report. This bill is important to the citizens of the State of Florida and it contains provisions that would improve quality of life and contribute to the cleanup of Lake Apopka, Florida's second largest but most polluted lake.

For months I have worked with Senator BOB GRAHAM and the ranking member, the gentleman from Minnesota (Mr. OBERSTAR), along with Members of the local community, such as Commissioner Bob Freeman of Orlando and Friends of Lake Apopka seeking to get Federal help in tackling this problem of Lake Apopka.

Before the Second World War, Lake Apopka was a nationally known bass fishing and vacation spot. This 31,000 acre water body supported over two

dozen fish camps as well as numerous hotels, restaurants and other businesses. This authorization is a well-deserved effort that includes Lake Apopka in a priority demonstration program under Clean Lakes administration by the EPA.

Regarding alternate water, I would like to congratulate also the gentlewoman from Florida (Mrs. THURMAN) and the conferees for their determination in getting a new grant program within EPA for alternate water sources.

I was proud to cosponsor this bill when it was introduced in the House, and I am very delighted it is included in this conference report. We must address the critical water resource needs of our expanding communities, especially in my home State, which so happens to be the fourth largest State and growing rapidly.

Mr. Speaker, the Water Infrastructure Network released a comprehensive report at the Conference of Mayors' press conference recently here at the Capitol on the crisis facing the Nation's waste water and drinking water systems. The report concluded that there is an ''increasing gap between the Nation's water infrastructure needs and the Federal Government's financial commitment to safe and clean water.''

This bill is a good start, and I want to commend the parties involved.

Mr. SHUSTER. Mr. Speaker, I yield 2 minutes to the distinguished gentlewoman from Connecticut (Mrs. JOHNSON).

Mrs. JOHNSON of Connecticut. Mr. Speaker, I thank the chairman for yielding me time, and I want to commend the gentleman from Pennsylvania (Chairman SHUSTER) for his outstanding leadership of the Committee on Transportation and Infrastructure in these 6 years of his chairmanship and thank him and the gentleman from New York (Mr. BOEHLERT) for their thorough and careful negotiating of this bill with the Senate and my colleague, the gentleman from Maryland (Mr. GILCHREST), who was so instrumental in writing this estuary bill which will restore 1 million acres of estuary habitat over the next 10 years through a voluntary incentive-based program. I believe it is going to serve the Nation admirably and enable us to do something we have long needed to do, which is better protect our estuaries.

In this bill is the Long Island Sound bill that the gentleman from New York (Mr. LAZIO), with Republican and Democrat backing from New York, and I, with the same broad backing from Connecticut, spearheaded. It will provide Connecticut and New York with the help they need to restore the Long Island Sound to full health so that all of our constituents can enjoy its beaches, its seafood and the products that come through its ports.

As important, this bill's provisions in regard to the Long Island Sound provide Connecticut and New York with the flexibility that they need to develop innovative approaches to cleaning the Sound, while reducing costs for small communities and impoverished cities.

Indeed, we cannot do things in the future in exactly the same way we have done them in the past. We must achieve the same goals, but we must do it in a way that does not destroy the taxpaying base of our small rural communities with their rather set tax capability or harm our impoverished cities.

So this bill provides flexibility to allow States like Connecticut and New York to develop the kind of innovative and cost-effective approaches using the most modern technologies to address the problems of Long Island Sound and restore it to its health.

I thank the chairman for his leadership and his support.

Mr. SHUSTER. Mr. Speaker, I am pleased to yield 2 minutes to the distinguished gentleman from California (Mr. HORN).

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

Mr. Speaker, the Estuary Restoration Act is good for the Nation and thus good for California. I commend the leadership of the House and the Committee on Transportation and Infrastructure for their hard work to bring this conference report before us.

This act demonstrates congressional commitment to restoring one million acres of estuaries over the next decade, while promoting a constructive partnership among all levels of government and the private sector.

This conference report directs the Secretary of the Army to give priority consideration to the Los Cerritos wetlands, located in the district that I represent. Restoration of these wetlands will help retain natural habitat in Los Angeles County and improve the quality of life for residents throughout the area. Los Angeles County has lost more than 93 percent of its coastal wetlands. Los Cerritos represents one of only three sizable areas remaining that could be restored and could include nearly 400 acres when completed.

The Estuary Restoration Act provides critical help to our Nation's environment, and I strongly urge support for this vital legislation.

Mr. SHUSTER. Mr. Speaker, I am pleased to yield 2 minutes to the distinguished gentleman from California (Mr. BILBRAY)

Mr. BILBRAY. Mr. Speaker, I would like to thank the chairman for not only this bill, for including my bill into this package, but also all of the work that he has done to help us with the Tijuana sewage problem in San Diego Imperial Beach area. I want to thank the ranking member for his sensitivity to it. I know we have been discussing this a long time.

This bill that the gentleman from California (Mr. FILNER) and I have been working on that has been included in this package is actually one that goes back to a recognition that 20 years ago the Federal Government of the United States decided that the Tijuana estuarine area was so important environmentally that 50 percent of the City of Imperial Beach, my hometown, had to be taken by condemnation to be able to preserve it for future generations.

Sadly, Mr. Speaker, is the fact that from the month that that designation of estuarine preserve was given by the Federal Government, the estuary has been polluted by foreign sources of sewage. I want to commend the chairman and the ranking member, because in this bill, it is the first comprehensive, long-term strategy to address that pollution problem that has existed for all too long.

I think it recognizes the fact that if the Federal Government thinks that the Tijuana estuary is so important to preserve by taking it in possession, it is also important enough to make sure it is not polluted and destroyed by a foreign government's adverse activity through the introduction of sewage. This bill will finally have that comprehensive approach and do it in a way that is not only not piecemeal, but actually binational as we work into it.

I think again, as we have said before, the fact is that this bill will include a prototype that I would ask my colleagues to look at, that will not only work in Imperial Beach and San Diego and the Tijuana estuary, but I think will be the vanguard of environmental strategies around the world, and that is paying for a service done, rather than a project built; paying for the environment to be cleaned up, not for a plan or a project that hopefully will clean up the problem.

This is not the end, but it is definitely the beginning of the end of addressing a problem that some of us have worked on for over 20 years and spent many years working on.

I want to thank everyone involved, and the estuary and the people that live around the estuary will thank you for this for years to come.

Mr. SHUSTER. Mr. Speaker, I am pleased to yield 2 minutes to the distinguished gentleman from New York (Mr. SWEENEY).

Mr. SWEENEY. Mr. Speaker, I thank the chairman for yielding me time.

Mr. Speaker, I have had the privilege and the pleasure of serving on the Committee on Transportation and Infrastructure for the past 2 years. The gentleman from Pennsylvania (Chairman SHUSTER) and the ranking member, the gentleman from Minnesota (Mr. OBERSTAR), have disproven an old thought or an old perception that you cannot have it both ways, you cannot rebuild

America's infrastructure and at the same time improve the environmental conditions here, and this is one of the best examples of that. I want to thank them for all of their hard work.

Earlier this year, this House passed the Clean Lakes Act by an overwhelmingly bipartisan vote of 420 to 5. I introduced the Clean Lakes bill because I have a strong belief that we can make a difference in preserving the environment for future generations. I am pleased to see the Clean Lakes bill included as amendment to S. 835, and I am proud of the hard work that went into the conference report, and strongly support its passage today.

This single bill encompasses eight excellent programs that will advance clean water initiatives across the country and will benefit the generations to come by cleaning up and restoring many of our estuaries, sounds, beaches, bays, basins, keys and lakes.

I just want to take a moment to focus specifically on the Clean Lakes Program. Where I am from, which includes the Catskill and Adirondack mountain ranges in upstate New York, the very lives of our lakes are threatened. This bill forwards a number of initiatives that will allow us and give us the resources to fight the fight that we need to, to ensure that their pristine nature and the way of life that many of my constituents know today can be preserved.

Again I want to thank both the chairman and the gentleman from Minnesota (Mr. OBERSTAR) for their terrific work.

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

Mr. Speaker, in conclusion, again I want to thank the chairman and his staff, particularly Carrie Jelsma, was very helpful to us and worked so hard; the gentleman from Minnesota (Mr. OBERSTAR) and his staff, they worked overtime to help the people I know in my area; and I am sure throughout the Nation. I want to thank the staff of the gentleman from California (Mr. BILBRAY), Dave Schroeder, and my own staff member, Mary Niez, who worked tirelessly on this bill.

Mr. Speaker, thanks from many parts of the Nation.

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

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

Mr. Speaker, while we are hopeful that we might have legislation to bring to this floor in the waning days of the Congress, that may well not be the case, so this could well be the last legislation that we will have before the body during my stewardship over the past 6 years as chairman of Committee on Transportation and Infrastructure, the largest committee of the Congress, 75 members, as well as the most productive.

I want to thank all of my colleagues on both sides of the aisle for their tremendous support in working to pass as much legislation as we have indeed passed to build America. The extraordinary bipartisanship of our committee is the reason why we were able to be so productive.

My dear friend, the gentleman from Minnesota (Mr. OBERSTAR), and I have worked shoulder to shoulder with all the members on both sides of the aisle. Over these past 6 years, this committee has passed through this House 265 bills, of which 109 pieces of legislation have been signed into law, an unparalleled record. Indeed, not only have there been a large number of bills come through our committee, but, as a result of the bipartisan effort in the committee and in this House, historic legislation as well.

We have put finally, after many years of battle, trust back into the transportation trust funds, in TEA–21, a $218 billion transportation to rebuild America, the largest transportation bill in the history not only of the United States but of the world, and yet no tax increase, because we simply unlocked the trust fund so the money the American people pay into that trust fund for transportation could be used.

Likewise, with AIR–21, a $40 billion bill to not only invest in building our aviation system, but to reform it as well. And, goodness knows, we need that investment and that reform in our aviation system. AIR–21 takes effect October 1, so it has just been in effect for a few weeks now. But in the months and years ahead, I am sure the American people will see the positive impact of that legislation.

We passed major environmental legislation to clean up our lakes and our waters, our water and sewer systems. We passed economic development legislation to create jobs and stimulate the economy. The committee indeed is the building committee of the Congress, and that is what that committee has been about for the past 6 years, on a totally bipartisan basis.

□ 1800

Mr. Speaker, I insert for the RECORD a report entitled ''Building a Transportation and Infrastructure Legacy, Accomplishments of the House Committee on Transportation and Infrastructure in the 104th, 105th, and 106th Congresses.''

BUILDING A TRANSPORTATION AND INFRASTRUCTURE LEGACY, ACCOMPLISHMENTS OF THE HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE, 104TH, 105TH, 106TH CONGRESSES

INTRODUCTION

The House Transportation and Infrastructure Committee has been a Committee of accomplishment. During the past six years, under the bipartisan leadership of Chairman Bud Shuster (R–PA) and Ranking Members Norm Mineta (D-CA) and James Oberstar (D-MN), the Committee has been a driving force in renewing America's commitment to building assets and promoting safety in all modes of transportation and key aspects of environmental protection. The T&I Committee succeeded in restoring integrity to the Highway and Aviation Trust Funds after nearly three decades of fiscal abuse, enabling us to make much-needed improvements to our roads, bridges, transit systems, airports, and air traffic control system in a fiscally responsible manner and without increasing taxes. In the spirit of Teddy Roosevelt's leadership on the Panama Canal and Dwight Eisenhower's on the Interstate Highway System, the Transportation and Infrastructure Committee has renewed the country's commitment to our national transportation network as the cornerstone of a strong economy. It is a legacy that will last well into the 21st Century.

Whether it be a renewed investment in highways and transit systems contained in the ''Transportation Equity Act for the 21st Century'' (''TEA 21''), a commitment to modernization and expanding our aviation system found in the ''Aviation Investment and Reform Act for the 21st Century'' (''AIR 21''), a reform package to help the financially troubled national passenger railroad Amtrak achieve solvency, changes to our international ocean shipping regulations to encourage competition and increase U.S. exports, or assistance for water and wastewater infrastructure and hazardous waste cleanup, the T&I Committee has worked in a bipartisan fashion to address the needs of America's communities.

In addition, the Committee has worked hard to make sure that—both through proper investment and appropriate federal oversight—the public safety is protected in all modes of transportation. Through its six subcommittees—Aviation; Coast Guard and Maritime Transportation; Economic Development, Public Buildings, Hazardous Materials, and Pipeline Safety; Ground Transportation; Water Resources and Environment; and Oversight, Investigations and Emergency Management—significant time was devoted to safety oversight of aviation, railroads, motor carrier and truck safety, pipelines, commercial vessel and recreational boating safety, and public buildings, including increased federal security in the wake of the bombing of the Alfred P. Murrah Federal Building in Oklahoma City.

An equally important Committee responsibility is that of protecting our environment. The Subcommittee on Water Resources and Environment has led the effort to increase assistance for community water infrastructure systems and to protect and restore degraded or threatened waters and watersheds. The results have been landmark laws, such as Water Resource Development Acts, other bipartisan, broadly supported bills as well as probing oversight hearings that have ushered in significant administrative reforms for controversial Superfund and Clean Water programs. The Coast Guard and Maritime Transportation Subcommittee also developed legislation to help the Coast Guard improve the enforcement of Federal laws protecting the marine environment, including the reduction of solid waste pollution and oil spills from vessels. The Subcommittee also conducted extensive oversight hearings on marine environmental protection.

During the six years that the T&I Committee was led by Chairman Shuster, it grew from a 61-Member panel to a 75-Member panel—the largest in the history of Congress. To carry out its broad responsibilities, the Committee held 314 hearings, passed 265 bills through the House, of which 109 have been enacted into law to date.

RESTORING TRUST TO THE TRANSPORTATION TRUST FUNDS

When the Highway Trust Fund was established in 1956, the principle was simple: motorists would pay a tax that would be put into a Trust Fund dedicated to improving the nation's roadways. In 1970, the same framework was applied to the establishment of the Aviation Trust Fund. Unfortunately, the principle was compromised. For three decades, more money was collected than was actually spent on road improvements. Each year, the unified budget ''borrowed'' money from the trust fund to offset other federal spending. In 1995, the Highway, Aviation and two smaller water infrastructure trust funds had a combined balance of about $30 billion that, under the Administration's proposal, was expected to balloon to $77 billion by 2002.

Under Chairman Shuster's leadership, the T&I Committee launched a successful campaign that released billions of dollars in highway, transit and aviation funds and established permanent budget reforms that restored integrity to the Highway and Aviation Trust Funds and provided a precedent for unlocking the water trust funds.

Beginning with the introduction of H.R. 842, the ''Truth in Budgeting Act'' in the 104th Congress, which had 224 cosponsors and passed the House by an overwhelming vote of 284–143, and a subsequent amendment to the FY 1998 Budget Resolution that again demonstrated the strong support for unlocking the trust funds, the foundation was paved for passage of critical budget reforms in the 105th Congress with the enactment of TEA 21 (Public Law 105–178). This landmark legislation reauthorized the nation's highway and transit programs and changed the budget treatment of the Highway Trust Fund, thereby permanently protecting it from budgetary abuse.

In the 106th Congress, the Committee focused its effort on unlocking the Aviation Trust Fund. Again, budget reforms were instituted as part of the AIR 21 (Public Law 106–181), that are just now resulting in significant increases in funding for much-needed airport expansion and air traffic control system modernization.

INVESTING IN AMERICA AND OUR COMMUNITIES

One of the oldest responsibilities of the federal government is the establishment and maintenance of our transportation and infrastructure system. Beginning with ocean ports and waterways, then later roads, railways, and airports, the government made the necessary investments and the nation prospered. In today's increasingly global marketplace, the need for an efficient transportation network is more important than ever before. Moreover, assuring modern environmental and water infrastructure is both a quality of life issue and, for many communities, an economic necessity.

The T&I Committee's flagship achievement was the 1998 enactment of TEA 21, which reauthorized the nation's highway, transit, motor carrier, and highway safety programs for fiscal years 1998–2003. This historic legislation created, for the first time, a statutory link between highway and transit investment and the fuel excise taxes paid by motorists and deposited into the Highway Trust Fund.

TEA 21 puts the financial resources of the Highway Trust Fund to work rebuilding and improving the nation's infrastructure, which had suffered from anemic under-funding during the past several decades. The overall authorized levels of $218 billion represents a 43 percent increase in funding for roads, bridges, and transit systems nationwide. These increases were accomplished without increasing taxes by simply unlocking the money already being collected from system users. Moreover, the budget reforms mean that, if Trust Fund receipts increase in the future, the amount available to maintain and improve our roads and transit systems will increase. It also included a greatly expanded, $3.5 billion rail infrastructure revolving loan program to help communities address serious transportation choke points at major port, transloading facilities, passenger terminals and other intermodal facilities.

TEA 21 directly addressed equity concerns of ''donor'' states by ensuring a fair return on each state's Highway Trust Fund contributions. On an average annual basis, each state will receive more in real dollars than it did in ISTEA, TEA 21's predecessor, and each state will receive a ''Minimum Guarantee'' of 90.5 percent return on what its motorists contributed. The minimum guarantee replaces the myriad equity programs that existed under ISTEA. TEA 21 also eliminated the donor state ''penalty'' that counted allocations of discretionary grants against the state's return.

In response to a growing concern over our aviation system's ability to handle the increased demand for air travel since deregulation of the airline industry, the Aviation Subcommittee sponsored and the House passed H.R. 2276, ''The Aviation Revitalization Act,'' to help the Federal Aviation Administration address some of the barriers to system improvements. These include changes to cumbersome personnel rules so the agency can move its most experienced air traffic controllers to areas of greatest needs and a simplification of procurement requirements in order to more quickly acquire advanced technology. The most significant of these reforms were ultimately enacted in the DOT appropriations bill.

In H.R. 3539, the ''Federal Aviation Authorization Act'' (Public Law 104–264), the Committee went further, increasing funding to enable FAA to hire and train additional maintenance and flight inspectors to achieve a higher level of safety for the flying public. It was in this legislation that Congress established the National Civil Aviation Review Commission to make recommendations on long-term actions to address increased demand.

In 1997, the National Civil Aviation Review Commission's report said that, ''Without prompt action, the United States' aviation system is headed toward gridlock shortly after the turn of the century. If this gridlock is allowed to happen, it will result in a deterioration of aviation safety, harm the efficiency and growth of our domestic economy, and hurt our position in the global marketplace. Lives may be endangered; the profitability and strength of the aviation sector could disappear; and jobs and business opportunities far beyond aviation could be foregone.''

In response to these findings and ever-growing frustration on the part of passengers across the country, the Committee successfully passed the AIR 21. Significant increases in funding for air traffic control modernization and airport expansion are just now being realized as a result of this landmark legislation. While the effects will not be immediate. FAA will now have the resources to modernize the air traffic control system and expand airport capacity, thereby reducing chronic delays, which have crippled the aviation system and frustrated passengers.

The T&I Committee continued to champion the Economic Development Administration (EDA) and the Appalachian Regional Commission (ARC), both founded in 1965 to address the chronic poverty in economically distressed regions of the country. Through highway and safe drinking water investments, as well as investments in technical and vocational schools and health care facilities, the Appalachian region has seen its poverty rates cut in half and its employment rate and number of high school graduates double. It is a dramatic example of how investment in roads and other public infrastructure can spur economic growth and reduce poverty. The 105th Congress reauthorized these programs (Public Law 105–393), providing $1.8 billion over 5 years to EDA and $207 million for three years to ARC. In the case of EDA, it was the first time in seventeen years that the agency's mission was formally reauthorized, so agency reforms were also instituted to better direct its activities to the most distressed communities.

The T&I Committee also maintains jurisdiction over the nation's water infrastructure, including ports, inland waterways, drinking and wastewater infrastructure, and dams and other water management infrastructure developed by the Army Corps of Engineers. The Committee has sought to provide significant increases in funding for this infrastructure to help communities meet their ever-growing needs.

The Water Resources Development Act (WRDA) of 1996 (Public Law 104–303), authorizing $5.4 billion in various Corps of Engineers projects and programs, successfully returned Congress and the nation to the two-year cycle for enacting water projects and policy changes. On a bipartisan basis, the Committee authorized 44 major projects for navigation, flood control, shore protection, environmental restoration, hydropower production, water supply, and recreation, as well as scores of other projects and project modifications. WRDA of 1999 (Public Law 106–53), authorizing $6.1 billion in various Corps projects and programs, signified yet another bipartisan success in meeting the nation's water resource needs on a timely basis. Among the highlights: 45 major project authorizations, including a controversial flood control project for the American River in California, a new program for flood control and ecosystem restoration, and modified or additional authorities for critical projects and regional programs for environmental restoration and related infrastructure. WRDA 2000 authorized the Army Corps of Engineers to begin an historic 20-year project to restore the natural water flow in the Florida Everglades as well as authorizing $5.1 billion in flood control, navigation improvements, environmental protection and restoration, and other national water infrastructure projects. The House passed WRDA 2000 on October 19, 2000, by a vote of 394–14.

In addition, the Committee has also approved 200 survey resolutions since 1995, directing the Corps of Engineers to study potential solutions to water-related infrastructure problems throughout the country, as well as four ''small watershed program'' projects directing the Natural Resources Conservation Service (NRCS), formerly the Soil Conservation Service, to construct projects in rural areas for flood control, water supply, and environmental restoration.

The ''Safe Drinking Water Act Amendments of 1996'' (Public Law 104–182) included key provisions championed by the T&I Committee. It established a new $1 billion per year state revolving fund (SRF) for drinking

water assistance, modeled on and integrated with the Clean Water Act's existing SRF, and included a new $350 million authorization for grants to States for drinking water infrastructure and watershed protection. It also included financial and technical assistance for the District of Columbia's drinking water treatment system and for sanitation needs in Alaska and along the U.S.-Mexico border.

Clean Water infrastructure also has been a major focus of the Committee over the last 6 years, including the development and passage of comprehensive legislation, over a dozen legislative and oversight hearings, and countless discussions with appropriators and members of the Executive Branch. The Committee has consistently sought to help communities and state and local water officials in their campaign to win more funding for core programs under the Clean Water Act, such as the SRF, and for grants to hardship communities, rural areas, and states for wastewater treatment, combined sewer and sanitary sewer overflows, and nonpoint source pollution. For example, the House-passed Clean Water Amendments of 1995 authorized over $11 billion for the SRF and $1 billion for nonpoint source grants.

In the 106th Congress, the Committee successfully moved important regional and national infrastructure and water quality bills through the House. For example, the ''Estuaries and Clean Waters Act of 2000'' authorized approximately $1.6 billion for various coastal and inland projects and infrastructure programs for the country. The House passed the conference report on this legislation (S. 835) on October 25, 2000, clearing the bill for the President.

PROMOTING TRANSPORTATION SAFETY

A key Committee responsibility is oversight of our Federal programs that protect the safety of the traveling public and our communities. The Committee took a number of steps to improve the public safety on board aircraft and marine vessels, and on our nation's roads, railroads, and pipeline transportation network.

Aviation safety played a prominent role during the past six years. In response to National Transportation Safety Board recommendations and at least seven accidents where pilot error was the cause and the pilot had a previous record of poor performance, Aviation Subcommittee Chairman Duncan sponsored the ''Airline Pilot Hiring and Safety Act.'' The legislation, enacted as part of the Federal Aviation Reauthorization Act of 1996, requires airlines to request and receive records of an individual's performance as a pilot before hiring that individual as a commercial pilot. In the 1995 reauthorization of the National Transportation Safety Board (Public Law 104–291), the Committee made changes to facilitate voluntary reporting of safety data. In this year's NTSB reauthorization, the Committee clarified the role of the Safety Board in accident investigations and strengthened the protection of information obtained from voice and flight data recorders.

The Aviation Subcommittee also responded to reports that more people die from heart attacks aboard aircraft than die as a result of aircraft accidents. The Committee enacted the ''Aviation Medical Assistance Act'' (Public Law 105–170) directing the Federal Aviation Administration to gather data and develop a rule to require that defibrillators be installed on aircraft. Since then, airlines have begun installing defibrillators and many lives have been saved.

Promoting safety of motor carrier operations on our Nation's highways has always been one of the Committee's top priorities. In 1999, in an effort to ensure that motor carrier safety issues were given their due attention and funding with the U.S. Department of Transportation, the Ground Transportation Subcommittee held a series of four hearings to examine the effectiveness of the Federal Highway Administration's (FHWA's) oversight of this ever-expanding industry. The Committee found that motor carrier safety functions were hampered by competition for resources at FHWA.

The Motor Carrier Safety Act of 1999 (Public Law 106–159) transferred motor carrier safety functions and oversight of the motor carrier safety program (MCSAP) out of FHWA and created a new Administration to take over those responsibilities. The Act also equipped the new Federal Motor Carrier Safety Administration with an increase in funding for the MCSAP program and tighter, more demanding commercial drivers' licensing requirements.

In April 1995, a home-made bomb exploded outside the Murrah Federal Building in Oklahoma City, killing 168 people, including several preschool children enrolled in the building's child care center, and causing $500 million in damages to 320 buildings in the vicinity. This tragedy illustrated the vulnerability of federal employees and facilities to random acts of violence. The Committee responded by calling on the General Services Administration to undertake an assessment of security at all federal buildings. In July 1995, the Administration submitted its security assessment and requested over $240 million for upgrades at the nation's federal buildings. For FY 1997, the Committee approved $40 million to ensure that all newly authorized federal buildings, courthouses, and border stations received these security enhancements. The Committee also sponsored the House-passed Baylee's Law, requiring GSA to notify parents enrolling children in child care centers in federal buildings of the current federal agencies occupying the building and the level of security of the building.

To address one of our nation's most dire public health problems, the nation's failure to reduce illegal drug use among America's youth, the Committee moved to tighten the noose around illegal narcotics smugglers. While the Administration has relied on programs to treat and retreat hard-core drug addicts, the T&I Committee has consistently supported Coast Guard drug interdiction efforts, which raise the street price of illegal drugs to deter casual drug users, especially teenagers. The ''Western Hemisphere Drug Elimination Act'' (Public Law 105–277), represented a bold move by Congress to address the increase in illicit drug use by teenagers over the last eight years. It provided the Coast Guard with an additional $151 million annually to expand its drug interdiction efforts. In addition, the House-passed ''Coast Guard Authorization Act of 1999'' provides $550 million in additional funding for Coast Guard drug interdiction above the level requested by the President for fiscal year 2001.

In order to strengthen and improve our nation's efforts to combat drunk driving, the T&I Committee adopted a number of broad programs in TEA 21 to reduce drunk driving and accidents and fatalities. These included: a $500 million incentive grant program for states which enact .08 Blood Alcohol Content (BAC) laws; increased funding of $219 million for the impaired driving grant program along with programmatic reforms to include performance-based factors and to target those drunk drivers who pose the highest risk on the roads; and provisions to encourage states to enact open container laws and minimum penalties for repeat offenders.

The T&I Committee has sought, through a number of vehicles, to improve maritime safety. The ''Sportfishing and Boating Safety Act of 1998,'' (enacted as part of Public Law 105–178) increased state funding for recreational boating safety programs. The Coast Guard Authorization Acts of 1996, 1998, and 2000 included provisions to improve maritime drug and alcohol testing programs, provide penalties for interfering with the safe operation of a vessel, and require a more prompt development of the Coast Guard's new National Distress and Response System. The Coast Guard and Maritime Transportation Subcommittee held numerous oversight hearings that highlighted the importance of safety in the maritime environment, including the Coast Guard's vessel traffic systems, commercial vessel safety mission, search and rescue mission, and icebreaking mission, as well as cruise ship safety, and recreational boating safety.

Lastly, the Committee has continued its oversight of the Pipeline Safety Program administered by the Department of Transportation. In the 104th Congress, the Committee reauthorized the pipeline safety program for a four-year term, introducing reform into the burdensome regulatory framework. In the 106th Congress,the Committee again sought to reauthorize the program, as well as address specific concerns raised by serious pipeline incident, which occurred in Bellingham, Washington, and Carlsbad, New Mexico. Towards this end, Chairman SHUSTER brought to the House for consideration S. 2438, a strong, bipartisan pipeline safety bill that passe the Senate 99–0. While the legislation received the support of a majority of House Members, it failed to gain the 2/3 vote required under ''suspension,'' with only 51 Democrats supporting the bill. Some of the major reforms sought by this comprehensive bill included: mandates for periodic testing of pipelines and for training and evaluating safety personnel; significantly increased penalties for safety violators; a lower reporting threshold to require reporting of smaller hazardous liquid spills; an increased state role in the oversight of interstate pipelines; and increased funding for safety efforts. The legislation also included a number of provisions on ''right to know'' to broaden public access to information on pipeline operations and hazards, whistle blower protection, and establishment of a formal research and development program to develop pipeline inspection and safety technology. It is hoped that Congress will revisit this issue early in the next Congress.

MAKING TRANSPORTATION PROGRAMS WORK MORE EFFICIENTLY

The T&I Committee has jurisdiction over federal agencies that regulate transportation. In 1995, the Committee began looking at ways to make many of the federal regulatory functions perform better. Two early efforts were the Interstate Commerce Commission (ICC), which had economic oversight over the trucking and railroad industries, and the Federal Maritime Commission, which had oversight over ocean shipping. These two agencies, both envisioned as small entities charged with preventing monopolistic practices in their respective industries, had failed to evolve with the changing marketplace.

In the case of the ICC, established more than a century ago to oversee the railroad

industry at the start of the industrial revolution, it had become archaic in the modern, global economy. The Interstate Commerce Commission Termination Act (Public Law 104–88) addressed these problems by eliminating the ICC and transferring nearly all of the remaining motor carrier regulatory oversight functions to the Federal Highway Administration. The remaining rail functions were transferred to a 3-member autonomous Surface Transportation Board within DOT. The legislation saved taxpayers money and established a regulatory framework that better ensures competition and smooth functioning of our $320 billion surface transportation industry.

The Federal Maritime Commission was subject to similar criticisms, where tariff filing requirements had saddled shippers and vessel operators with enormous administrative costs and strengthened foreign shipping cartels by providing them with access to the private shipping agreements of their U.S. competitors. In the 104th Congress, the T&I Committee put forward sweeping legislation to provide U.S. shippers and vessel operators with a level playing field in the global shipping industry. The legislation, H.R. 2149, received strong House support. Although the Senate failed to act on that legislation in the 104th Congress, it put forward compromise legislation in the 105th that incorporated many key elements of H.R. 2149. The House accepted the Senate's version and enacted the ''Ocean Shipping Reform Act of 1998 (OSRA)'' (Public Law 105–258). The most important provision of OSRA allows for ''confidential contracts'' for ocean transportation. At an oversight hearing a year after enactment, witnesses from the Federal Maritime Commission, international ocean carriers, U.S. shippers, and U.S. labor all reported that the new system was a success. The new system has increased competition in the international ocean shipping markets while allowing individual shippers and carriers to pursue private contracts that provide for the most efficient international ocean transportation arrangements.

The National Highway Designation Act of 1995 (Public Law 104–59) approved the designation of 160,000 miles of U.S. roadway as the National Highway System, and provided $13 billion in Interstate Maintenance and NHS highway funds to the states in 1996–97. The legislation also eliminated a number of federal sanctions that had been imposed on the states in the past, including penalties for states that fail to enforce a national maximum speed limit or compulsory motorcycle helmet laws, and streamlined the delivery of highway and transit programs.

In TEA 21, the Committee remained committed to making Federal highway and transit programs more efficient, working to streamline program delivery and cut red tape. The bill contained a landmark provision to streamline environmental reviews for highway and transit projects, which was backed by the Administration, state and local government groups and environmental constituencies.

Following the ValuJet and TWA airplane crashes in 1996, families who lost loved ones complained about their ill treatment at the hands of both government and airline officials. The Aviation Subcommittee held hearings that resulted in the introduction of the Aviation Disaster Family Assistance Act, which was included in the Federal Aviation Reauthorization Act of 1996 (Public Law 104–264). The law requires airlines to develop plans to handle these situations in the future and gives the National Transportation Safety Board responsibility for coordinating these efforts. As a result, more recent crashes have not given rise to the sort of complaints experienced in 1996. In 1999, the Committee sought to apply a similar framework to rail accidents in the Rail Passenger Disaster Family Assistance Act of 1999, which passed the House but was not enacted.

Under T&I Committee leadership, the 105th Congress enacted the Amtrak Reform and Accountability Act (Public Law 105–134). The bipartisan reforms contained in the Act remove Amtrak from a crippling statutory straight jacket. At the time, Amtrak was headed toward bankruptcy. Similar to legislation the T&I Committee successfully passed through the House in the 104th Congress but which the Senate declined to consider, this Act gave Amtrak the opportunity to operate in a more business-like fashion. Significantly, the Act allowed Amtrak for the first time to contract work (other than food service) with third parties and to evaluate routes based upon profitability rather than a congressionally determined route structure. It also eliminated statutory labor protections that required Amtrak to pay displaced workers a year of severance for each year of service (maximum of six years). Finally, the Act established a new, seven-member Reform Board filled with qualified professionals to provide a much-needed fresh start for Amtrak.

While the reform law provided Amtrak with many new tools, in addition to authorizing vastly increased funding, it did not and could not guarantee a successful outcome. The T&I Committee continues to conduct oversight of Amtrak operations and Reform Board actions. Recent reports from the General Accounting Office and the DOT Inspector General are that Amtrak is not taking advantage of the new law. The decisions it makes in the coming months will determine whether the goals of the reform law are realized.

In the 106th Congress, the T&I Committee worked with railroad labor groups and management to craft a reform package for the financially ailing Railroad Retirement program. The ''Railroad Retirement and Survivors Improvement Act'' provided long-term solvency to the federally-managed railroad pension fund by allowing limited trust fund resources to be privately invested. It also improved employee benefits by lowering the retirement age to 60 (with 30 years of service), increasing benefits for widows, and reducing the vesting period from 10 to 5 years.

Finally, the T&I Committee introduced and passed as part of AIR 21, an amendment to the ''Death on the High Seas Act.'' The Act ensures that families will be treated the same regardless of whether an aircraft crashes on land or at sea. Prior to the enactment of this legislation, families were unable to recover damages for the death of a child as a result of an aircraft accident on the high seas.

ENSURING A CLEAN, SAFE ENVIRONMENT

Over the last five years, the Committee has led the debate on innovative and effective environmental protection for the 21st Century. Legislative achievements and oversight initiatives have translated into cleaner, safer communities, more deference to state and local decision making, and greater emphasis on cost-effective, science-based regulations.

The Committee's bipartisan ''Clean Water Act Amendments of 1995,'' strongly supported by state and local officials, offered a comprehensive, commonsense approach to reauthorization and reform of the Clean Water Act. The House-passed legislation has served as a catalyst for regulatory reform in many ways including: more flexibility for water quality standards to reflect regional and seasonal variations; greater flexibility in the pretreatment and stormwater programs; increased focus on watershed-based effluent trading; greater emphasis on federal-state funding partnerships; increased funding for voluntary approaches to managing agricultural runoff and pilot projects to allow companies and communities regulatory flexibility to achieve environmental goals in more cost-effective ways.

The ''Beaches Environmental Assessment and Coastal Health Act of 2000'' authorized $150 million for EPA assistance to states to establish monitoring programs to provide the public with information about the quality of coastal recreational waters. This act also strengthens the science behind and effectiveness of water quality standards for coastal recreational waters. Comparable legislation had been pending, and languishing, in Congress for almost a decade. The ''Estuaries and Clean Water Act of 2000,'' comprising 10 separate House-passed bills, authorized $1.6 billion in non-regulatory, federal assistance for Clean Water Act and related programs. Such efforts will help restore and protect estuaries, coastal waters and publicly owned lakes.

Efforts in the 104th and 105th Congresses to enact Superfund reform and address brownfields highlighted the glaring deficiencies of the Superfund toxic waste program: cleanups that are costly, delayed, and ineffective and a liability system that rewards litigation and rejects fairness. The ''Reform of Superfund Act,'' the ''Superfund Acceleration, Fairness, and Efficiency Act,'' and Committee hearings helped push the Administration towards modest reforms to make Superfund cleanups ''faster, fairer, and more effective.''

In 1996 and 1998, in the annual Department of Defense Authorization bills, the Committee participated in the development of language to encourage the redevelopment of closed bases. Also in the FY 1997 Omnibus Consolidated Appropriations bill, the Committee participated in the development of language to protect lenders from Superfund liability.

The push for administrative reform and legislative overhaul of Superfund continued in the 106th Congress. In an historic vote of 69 to 2, the Committee approved the ''Recycle America's Land Act of 1999,'' reforming key aspects of Superfund liability and revitalizing brownfields. The legislation, which included liability for small businesses and incentives for voluntary cleanups, helped to initiate another round of modest administrative reforms.

With the enactment of the ''National Invasive Species Act of 1996'' (Public Law 104–332), the Committee expanded and improved efforts to combat problems from invasive, non-indigenous aquatic species (such as zebra mussels), including ballast water exchange procedures and Federal research and demonstration projects. Resulting efforts have benefited municipal, industrial and agricultural water supplies, maritime transportation, and the environment.

Finally, the National Parks Air Tour Management Act, sponsored by Aviation Subcommittee Chairman Duncan, helps minimize aircraft noise over national parks. The legislation, enacted as part of AIR 21, requires the FAA Administrator to prescribe operating conditions and limitations for

each commercial air tour operator and, in cooperation with the Director of the National Park Service (NPS), develop a plan before air tours can be conducted over national parks.

Mr. Speaker, indeed, in closing, I want to give my heartfelt thanks to all my colleagues for their tremendous support, because without that support we would not have any accomplishments to insert in the RECORD today or, more importantly, to provide to the American people in the years ahead.

Mr. OBERSTAR. Mr. Speaker, will the gentleman yield?

Mr. SHUSTER. I yield to the gentleman from Minnesota.

Mr. OBERSTAR. Mr. Speaker, just briefly, although I have commented many times in committee and on the several bills that we have had, since the gentleman from Pennsylvania (Chairman SHUSTER) is sounding a note this may, indeed, may be our last major bill on the floor, I just want to emphasize for our colleagues that in an era of rancor and divisiveness publicly in the body politic and between the parties and between the two bodies of Congress, this Committee on Transportation and Infrastructure has stood as a model of legislative achievement, as an example of how we can advance the commonweal of the Nation by working together in a relationship of trust and of understanding and of mutual respect.

Mr. Speaker, that is the bond that draws us together and the bond of respect that I hold for the gentleman from Pennsylvania (Mr. SHUSTER), our chairman, and for his leadership, steadfast throughout these 6 years of holding an ideal and working to achieve it.

Together we have accomplished something of lasting value for America, and I compliment the chairman on his leadership, his distinguished contribution to America. That will stand for all time.

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

Mr. Speaker, I thank the gentleman from Minnesota (Mr. OBERSTAR), my dear friend, and the key word, I think, is together. We have stood together, and so it is with heartfelt thanks that I thank the gentleman, the ranking member of the committee, as well as all of my colleagues for their tremendous support so that our stewardship of this committee could indeed be one in which we could be proud.

Mr. GEORGE MILLER of California. Mr. Speaker, the decline of estuary habitats—especially in the San Francisco Bay estuary—has been well-documented in the scientific and resource management literature for over 30 years. Tragically, San Francisco Bay has lost over 95% of its tidal wetlands and continues to be besieged by invasive and aquatic nuisance species.

Fortunately, S. 835, the Estuaries and Clean Water Act, will provide a reasonable, balanced approach to both preserve remaining estuarine habitats and to facilitate effective, locally-driven estuary restoration in estuaries like San Pablo Bay and Suisun Bay in my district.

I am particularly pleased that non-governmental organizations (NGOs) will be eligible to participate in this new program. NGOs, such as Save the Bay and The Bay Institute in the Bay Area, embody the locally driven focus of this legislation and provide local expertise and support.

Amendments agreed to in conference also enhance the role of the Estuary Habitat Restoration Council in the selection of projects and the delegation of oversight responsibilities for project implementation. This will bring additional expertise and provide direct ties to other successful Federal-State partnership programs for protecting the estuaries, such as the National Estuary Program, the National Estuarine Research Reserve Program, and the National Marine Fisheries Service's Fishery Habitat Restoration program.

This conference report is good environmental legislation and I encourage my colleagues on both sides of the aisle to support its passage.

Ms. DELAURO. Mr. Speaker, I strongly support the Conference Report on Estuaries and Clean Waters Act. This bill provides critical relief to the Long Island Sound and estuaries across the country.

Estuaries are an integral part of our environment, as well as our economy. They give live to and provide a habitat for many important species, they naturally cleanse our water, they provide protection against floods and storm damage, and serve as a playground for children and families during the summer months. The health of our nation's estuaries are critical to the protection of our natural heritage, and to those who make their lives off these waters.

The Long Island Sound, in particular, is one of the most complex estuaries in the country—10 percent of the U.S. population lives within 50 miles of the Sound and millions more flock to it for recreation every year. It brings in more than $5 billion annually to the regional economy from various activities—all of which require clean water.

However, these natural jewels are in danger of being lost forever, Estuaries are suffering from severe water quality problems, declining habitat quality, and, in some areas, total habitat loss. More than 50 percent of wetlands in coastal states have been destroyed—an amount equal in size to six Grand Canyons.

If you don't want to take my word on how important an estuary can be to our communities and our economy, I invite you to visit with the lobstermen in my district. Walk the docks with them, and listen to their stories. We are suffering a massive lobster die-off in the Long Island Sounds that has virtually wiped out an industry. While we are still searching for the specific cause of the die-off, we do know that a safer, cleaner Sound would mean that incidents like this would be less likely to occur in the future.

This bill provides a sensible approach to a problem that has plagued efforts to clean up our estuaries—the lack of a reliable, steady funding source for implementing conservation and management plans. Cleaning up estuaries cannot be piecemeal effort. This conference report takes a step in the right direction by authorizing the Long Island Sound Program at $200 million over five years—a significant increase over the $3 million a year it currently receives. It takes a comprehensive approach to fix such a complex problem.

That is why I have fought alongside NITA LOWEY to pass the Water Pollution Control and Estuary Restoration Act, which we first introduced nearly eight years ago, and which we fought for again in the current Congress. I want to thank all of my colleagues that have supported this effort over the years, especially my colleagues from Connecticut and New York, who have worked together to bring relief to the Sound. Thank you for working together on a bipartisan approach to fixing a non-partisan problem.

We have an obligation to protect and preserve the Sound for future generations. It is the right thing to do for our children and for our economy, and for men and women—like the Long Island Sound's lobstermen that are still struggling to stay afloat. I urge the House to pass this important legislation.

Mr. SHAYS. Mr. Speaker, I rise today in strong support of S. 835, the Estuary Habitat and Chesapeake Bay Restoration Act.

I would like to thank Mr. GILCHREST for all his efforts in bringing this bill forward.

I am thrilled that we are recognizing the critical importance of estuaries—the diverse, thriving habitats where fresh and salt water mix—and that this legislation will strengthen the all-important partnerships between federal, state, and local interests for estuary habitat restoration.

As a co-chair with NITA LOWEY of the Long Island Sound Caucus, I am particularly pleased that this legislation includes a title on Long Island Sound Restoration.

All of us who live in the Long Island Sound region owe a debt of gratitude to NANCY JOHNSON, and RICK LAZIO for their sponsorship and stewardship of the Long Island Sound Restoration Act.

Republicans and Democrats alike have worked for years on the ongoing local-state-federal effort to restore the Sound, and know just how important this important body of water is.

The Sound contributed over $5.5 billion to our regions economy in 1994—and obviously contributes even more today—through water-dependent activities such as commercial and recreational fishing, boating, and tourism.

The $40 million annual authorization for the Sound in this legislation will make it possible to continue the progress begun six years ago when New York and Connecticut first signed the Comprehensive Conservation and Management Plan (CCMP) for long Island Sound, which in itself was the culmination of 10 years of effort.

Since the implementation of the CCMP, our states have spent an extraordinary amount on Long Island Sound. The federal government has played a small, though vital role.

Today we have the opportunity to back up the promise of the CCMP with a commitment to fund Long Island Sound restoration in line with the Sound's place as the center of a watershed region encompassing 8 million people, with over 15 million living within 50 miles of the Sound's shores.

This is truly an estuary of national significance and one which deserves the support of

this body. I urge my colleague to vote for this excellent bill.

Mr. SHUSTER. Mr. Speaker, I yield back the balance of my time, and I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. SHUSTER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the conference report on S. 835.

The SPEAKER pro tempore (Mr. OSE). Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

FEDERAL COURTS IMPROVEMENT ACT OF 2000

Mr. COBLE. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 2915) to make improvements in the operation and administration of the Federal courts, and for other purposes, 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. SCOTT. Mr. Speaker, reserving the right to object, I would ask the gentleman from North Carolina (Mr. COBLE) to explain the procedure and what he is offering.

Mr. COBLE. Mr. Speaker, will the gentleman yield?

Mr. SCOTT. I yield to the gentleman from North Carolina.

Mr. COBLE. Mr. Speaker, the purpose of the request is to take S. 2915, which improves the Federal Court System by improving its administration and procedures, eliminating operational inefficiencies, and reducing operating expenses, and not to pass the whole bill but to offer an amendment which will make technical corrections, strike section 103, and make modifications to section 309.

Section 103, which I propose to strike, provides that retirement funds contributed by the judiciary be transferred back to the judiciary, which judges for whom the contributions were made elected to transfer to another retirement system.

The amendment also makes modifications in section 309 which deals with insurance programs relating to judges of the Court of Federal Claims.

This amendment is noncontroversial.

Mr. SCOTT. Mr. Speaker, with that explanation, I support the bill.

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. 2915

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

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Federal Courts Improvement Act of 2000''.

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

Sec. 1. Short title and table of contents.

TITLE I—JUDICIAL FINANCIAL ADMINISTRATION

Sec. 101. Extension of Judiciary Information Technology Fund.
Sec. 102. Disposition of miscellaneous fees.
Sec. 103. Transfer of retirement funds.
Sec. 104. Increase in chapter 9 bankruptcy filing fee.
Sec. 105. Increase in fee for converting a chapter 7 or chapter 13 bankruptcy case to a chapter 11 bankruptcy case.
Sec. 106. Bankruptcy fees.

TITLE II—JUDICIAL PROCESS IMPROVEMENTS

Sec. 201. Extension of statutory authority for magistrate judge positions to be established in the district courts of Guam and the Northern Mariana Islands.
Sec. 202. Magistrate judge contempt authority.
Sec. 203. Consent to magistrate judge authority in petty offense cases and magistrate judge authority in misdemeanor cases involving juvenile defendants.
Sec. 204. Savings and loan data reporting requirements.
Sec. 205. Membership in circuit judicial councils.
Sec. 206. Sunset of civil justice expense and delay reduction plans.
Sec. 207. Repeal of Court of Federal Claims filing fee.
Sec. 208. Technical bankruptcy correction.
Sec. 209. Technical amendment relating to the treatment of certain bankruptcy fees collected.
Sec. 210. Maximum amounts of compensation for attorneys.
Sec. 211. Reimbursement of expenses in defense of certain malpractice actions.

TITLE III—JUDICIAL PERSONNEL ADMINISTRATION, BENEFITS, AND PROTECTIONS

Sec. 301. Judicial administrative officials retirement matters.
Sec. 302. Applicability of leave provisions to employees of the Sentencing Commission.
Sec. 303. Payments to military survivors benefits plan.
Sec. 304. Creation of certifying officers in the judicial branch.
Sec. 305. Amendment to the jury selection process.
Sec. 306. Authorization of a circuit executive for the Federal circuit.
Sec. 307. Residence of retired judges.
Sec. 308. Recall of judges on disability status.
Sec. 309. Personnel application and insurance programs relating to judges of the Court of Federal Claims.
Sec. 310. Lump-sum payment for accumulated and accrued leave on separation.
Sec. 311. Employment of personal assistants for handicapped employees.
Sec. 312. Mandatory retirement age for Director of the Federal Judicial Center.
Sec. 313. Reauthorization of certain Supreme Court Police authority.

TITLE IV—FEDERAL PUBLIC DEFENDERS

Sec. 401. Tort Claims Act amendment relating to liability of Federal public defenders.

TITLE V—MISCELLANEOUS PROVISIONS

Sec. 501. Extensions relating to bankruptcy administrator program.
Sec. 502. Additional place of holding court in the district of Oregon.

TITLE I—JUDICIAL FINANCIAL ADMINISTRATION

SEC. 101. EXTENSION OF JUDICIARY INFORMATION TECHNOLOGY FUND.

Section 612 of title 28, United States Code, is amended—

(1) by striking ''equipment'' each place it appears and inserting ''resources'';

(2) by striking subsection (f) and redesignating subsections (g) through (k) as subsections (f) through (j), respectively;

(3) in subsection (g), as so redesignated, by striking paragraph (3); and

(4) in subsection (i), as so redesignated—

(A) by striking ''Judiciary'' each place it appears and inserting ''judiciary'';

(B) by striking ''subparagraph (c)(1)(B)'' and inserting ''subsection (c)(1)(B)''; and

(C) by striking ''under (c)(1)(B)'' and inserting ''under subsection (c)(1)(B)''.

SEC. 102. DISPOSITION OF MISCELLANEOUS FEES.

For fiscal year 2001 and each fiscal year thereafter, any portion of miscellaneous fees collected as prescribed by the Judicial Conference of the United States under sections 1913, 1914(b), 1926(a), 1930(b), and 1932 of title 28, United States Code, exceeding the amount of such fees in effect on September 30, 2000, shall be deposited into the special fund of the Treasury established under section 1931 of title 28, United States Code.

SEC. 103. TRANSFER OF RETIREMENT FUNDS.

Section 377 of title 28, United States Code, is amended by adding at the end the following:

''(p) TRANSFER OF RETIREMENT FUNDS.—Upon election by a bankruptcy judge or a magistrate judge under subsection (f) of this section, all of the accrued employer contributions and accrued interest on those contributions made on behalf of the bankruptcy judge or magistrate judge to the Civil Service Retirement and Disability Fund under section 8348 of title 5 shall be transferred to the fund established under section 1931 of this title, except that if the bankruptcy judge or magistrate judge elects under section 2(c) of the Retirement and Survivor's Annuities for Bankruptcy Judges and Magistrates Act of 1988 (Public Law 100–659), to receive a retirement annuity under both this section and title 5, only the accrued employer contributions and accrued interest on such contributions, made on behalf of the bankruptcy judge or magistrate judge for service credited under this section, may be transferred.''.

SEC. 104. INCREASE IN CHAPTER 9 BANKRUPTCY FILING FEE.

Section 1930(a)(2) of title 28, United States Code, is amended by striking ''$300'' and inserting ''equal to the fee specified in paragraph (3) for filing a case under chapter 11 of title 11. The amount by which the fee payable under this paragraph exceeds $300 shall be deposited in the fund established under section 1931 of this title''.

SEC. 105. INCREASE IN FEE FOR CONVERTING A CHAPTER 7 OR CHAPTER 13 BANKRUPTCY CASE TO A CHAPTER 11 BANKRUPTCY CASE.

The flush paragraph at the end of section 1930(a) of title 28, United States Code, is amended by striking ''$400'' and inserting ''the amount equal to the difference between the fee specified in paragraph (3) and the fee specified in paragraph (1)''.

SEC. 106. BANKRUPTCY FEES.

Section 1930(a) of title 28, United States Code, is amended by adding at the end the following:

''(7) In districts that are not part of a United States trustee region as defined in section 581 of this title, the Judicial Conference of the United States may require the debtor in a case under chapter 11 of title 11 to pay fees equal to those imposed by paragraph (6) of this subsection. Such fees shall be deposited as offsetting receipts to the fund established under section 1931 of this title and shall remain available until expended.''.

TITLE II—JUDICIAL PROCESS IMPROVEMENTS

SEC. 201. EXTENSION OF STATUTORY AUTHORITY FOR MAGISTRATE JUDGE POSITIONS TO BE ESTABLISHED IN THE DISTRICT COURTS OF GUAM AND THE NORTHERN MARIANA ISLANDS.

Section 631 of title 28, United States Code, is amended—

(1) by striking the first two sentences of subsection (a) and inserting the following: ''The judges of each United States district court and the district courts of the Virgin Islands, Guam, and the Northern Mariana Islands shall appoint United States magistrate judges in such numbers and to serve at such locations within the judicial districts as the Judicial Conference may determine under this chapter. In the case of a magistrate judge appointed by the district court of the Virgin Islands, Guam, or the Northern Mariana Islands, this chapter shall apply as though the court appointing such a magistrate judge were a United States district court.''; and

(2) by inserting in the first sentence of paragraph (1) of subsection (b) after ''Commonwealth of Puerto Rico,'' the following: ''the Territory of Guam, the Commonwealth of the Northern Mariana Islands,''.

SEC. 202. MAGISTRATE JUDGE CONTEMPT AUTHORITY.

Section 636(e) of title 28, United States Code, is amended to read as follows:

''(e) CONTEMPT AUTHORITY.—

''(1) IN GENERAL.—A United States magistrate judge serving under this chapter shall have within the territorial jurisdiction prescribed by the appointment of such magistrate judge the power to exercise contempt authority as set forth in this subsection.

''(2) SUMMARY CRIMINAL CONTEMPT AUTHORITY.—A magistrate judge shall have the power to punish summarily by fine or imprisonment such contempt of the authority of such magistrate judge constituting misbehavior of any person in the magistrate judge's presence so as to obstruct the administration of justice. The order of contempt shall be issued under the Federal Rules of Criminal Procedure.

''(3) ADDITIONAL CRIMINAL CONTEMPT AUTHORITY IN CIVIL CONSENT AND MISDEMEANOR CASES.—In any case in which a United States magistrate judge presides with the consent of the parties under subsection (c) of this section, and in any misdemeanor case proceeding before a magistrate judge under section 3401 of title 18, the magistrate judge shall have the power to punish, by fine or imprisonment, criminal contempt constituting disobedience or resistance to the magistrate judge's lawful writ, process, order, rule, decree, or command. Disposition of such contempt shall be conducted upon notice and hearing under the Federal Rules of Criminal Procedure.

''(4) CIVIL CONTEMPT AUTHORITY IN CIVIL CONSENT AND MISDEMEANOR CASES.—In any case in which a United States magistrate judge presides with the consent of the parties under subsection (c) of this section, and in any misdemeanor case proceeding before a magistrate judge under section 3401 of title 18, the magistrate judge may exercise the civil contempt authority of the district court. This paragraph shall not be construed to limit the authority of a magistrate judge to order sanctions under any other statute, the Federal Rules of Civil Procedure, or the Federal Rules of Criminal Procedure.

''(5) CRIMINAL CONTEMPT PENALTIES.—The sentence imposed by a magistrate judge for any criminal contempt provided for in paragraphs (2) and (3) shall not exceed the penalties for a Class C misdemeanor as set forth in sections 3581(b)(8) and 3571(b)(6) of title 18.

''(6) CERTIFICATION OF OTHER CONTEMPTS TO THE DISTRICT COURT.—Upon the commission of any such act—

''(A) in any case in which a United States magistrate judge presides with the consent of the parties under subsection (c) of this section, or in any misdemeanor case proceeding before a magistrate judge under section 3401 of title 18, that may, in the opinion of the magistrate judge, constitute a serious criminal contempt punishable by penalties exceeding those set forth in paragraph (5) of this subsection; or

''(B) in any other case or proceeding under subsection (a) or (b) of this section, or any other statute, where—

''(i) the act committed in the magistrate judge's presence may, in the opinion of the magistrate judge, constitute a serious criminal contempt punishable by penalties exceeding those set forth in paragraph (5) of this subsection;

''(ii) the act that constitutes a criminal contempt occurs outside the presence of the magistrate judge; or

''(iii) the act constitutes a civil contempt, the magistrate judge shall forthwith certify the facts to a district judge and may serve or cause to be served, upon any person whose behavior is brought into question under this paragraph, an order requiring such person to appear before a district judge upon a day certain to show cause why that person should not be adjudged in contempt by reason of the facts so certified. The district judge shall thereupon hear the evidence as to the act or conduct complained of and, if it is such as to warrant punishment, punish such person in the same manner and to the same extent as for a contempt committed before a district judge.

''(7) APPEALS OF MAGISTRATE JUDGE CONTEMPT ORDERS.—The appeal of an order of contempt under this subsection shall be made to the court of appeals in cases proceeding under subsection (c) of this section. The appeal of any other order of contempt issued under this section shall be made to the district court.''.

SEC. 203. CONSENT TO MAGISTRATE JUDGE AUTHORITY IN PETTY OFFENSE CASES AND MAGISTRATE JUDGE AUTHORITY IN MISDEMEANOR CASES INVOLVING JUVENILE DEFENDANTS.

(a) AMENDMENTS TO TITLE 18.—

(1) PETTY OFFENSE CASES.—Section 3401(b) of title 18, United States Code, is amended by striking ''that is a class B misdemeanor charging a motor vehicle offense, a class C misdemeanor, or an infraction,'' after ''petty offense''.

(2) CASES INVOLVING JUVENILES.—Section 3401(g) of title 18, United States Code, is amended—

(A) by striking the first sentence and inserting the following: ''The magistrate judge may, in a petty offense case involving a juvenile, exercise all powers granted to the district court under chapter 403 of this title.'';

(B) in the second sentence by striking ''any other class B or C misdemeanor case'' and inserting ''the case of any misdemeanor, other than a petty offense,''; and

(C) by striking the last sentence.

(b) AMENDMENTS TO TITLE 28.—Section 636(a) of title 28, United States Code, is amended by striking paragraphs (4) and (5) and inserting in the following:

''(4) the power to enter a sentence for a petty offense; and

''(5) the power to enter a sentence for a class A misdemeanor in a case in which the parties have consented.''.

SEC. 204. SAVINGS AND LOAN DATA REPORTING REQUIREMENTS.

Section 604 of title 28, United States Code, is amended in subsection (a) by striking the second paragraph designated (24).

SEC. 205. MEMBERSHIP IN CIRCUIT JUDICIAL COUNCILS.

Section 332(a) of title 28, United States Code, is amended—

(1) by striking paragraph (3) and inserting the following:

''(3) Except for the chief judge of the circuit, either judges in regular active service or judges retired from regular active service under section 371(b) of this title may serve as members of the council. Service as a member of a judicial council by a judge retired from regular active service under section 371(b) may not be considered for meeting the requirements of section 371(f)(1) (A), (B), or (C).''; and

(2) in paragraph (5) by striking ''retirement,'' and inserting ''retirement under section 371(a) or 372(a) of this title,''.

SEC. 206. SUNSET OF CIVIL JUSTICE EXPENSE AND DELAY REDUCTION PLANS.

Section 103(b)(2)(A) of the Civil Justice Reform Act of 1990 (Public Law 101–650; 104 Stat. 5096; 28 U.S.C. 471 note), as amended by Public Law 105–53 (111 Stat. 1173), is amended by inserting ''471,'' after ''sections''.

SEC. 207. REPEAL OF COURT OF FEDERAL CLAIMS FILING FEE.

Section 2520 of title 28, United States Code, and the item relating to such section in the table of contents for chapter 165 of such title, are repealed.

SEC. 208. TECHNICAL BANKRUPTCY CORRECTION.

Section 1228 of title 11, United States Code, is amended by striking ''1222(b)(10)'' each place it appears and inserting ''1222(b)(9)''.

SEC. 209. TECHNICAL AMENDMENT RELATING TO THE TREATMENT OF CERTAIN BANKRUPTCY FEES COLLECTED.

(a) AMENDMENT.—The first sentence of section 406(b) of the Departments of Commerce,

Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1990 (Public Law 101–162; 103 Stat. 1016; 28 U.S.C. 1931 note) is amended by striking ''service enumerated after item 18'' and inserting ''service not of a kind described in any of the items enumerated as items 1 through 7 and as items 9 through 18, as in effect on November 21, 1989,''.

(b) APPLICATION OF AMENDMENT.—The amendment made by subsection (a) shall not apply with respect to fees collected before the date of enactment of this Act.

SEC. 210. MAXIMUM AMOUNTS OF COMPENSATION FOR ATTORNEYS.

Section 3006A(d)(2) of title 18, United States Code, is amended—

(1) in the first sentence—

(A) by striking ''$3,500'' and inserting ''$5,200''; and

(B) by striking ''$1,000'' and inserting ''$1,500'';

(2) in the second sentence by striking ''$2,500'' and inserting ''$3,700'';

(3) in the third sentence—

(A) by striking ''$750'' and inserting ''$1,200''; and

(B) by striking ''$2,500'' and inserting ''$3,900'';

(4) by inserting after the second sentence the following: ''For representation of a petitioner in a non-capital habeas corpus proceeding, the compensation for each attorney shall not exceed the amount applicable to a felony in this paragraph for representation of a defendant before a judicial officer of the district court. For representation of such petitioner in an appellate court, the compensation for each attorney shall not exceed the amount applicable for representation of a defendant in an appellate court.''; and

(5) in the last sentence by striking ''$750'' and inserting ''$1,200''.

SEC. 211. REIMBURSEMENT OF EXPENSES IN DEFENSE OF CERTAIN MALPRACTICE ACTIONS.

Section 3006A(d)(1) of title 18, United States Code, is amended by striking the last sentence and inserting ''Attorneys may be reimbursed for expenses reasonably incurred, including the costs of transcripts authorized by the United States magistrate or the court, and the costs of defending actions alleging malpractice of counsel in furnishing representational services under this section. No reimbursement for expenses in defending against malpractice claims shall be made if a judgment of malpractice is rendered against the counsel furnishing representational services under this section. The United States magistrate or the court shall make determinations relating to reimbursement of expenses under this paragraph.''.

TITLE III—JUDICIAL PERSONNEL ADMINISTRATION, BENEFITS, AND PROTECTIONS

SEC. 301. JUDICIAL ADMINISTRATIVE OFFICIALS RETIREMENT MATTERS.

(a) DIRECTOR OF ADMINISTRATIVE OFFICE.—Section 611 of title 28, United States Code, is amended—

(1) in subsection (d), by inserting ''a congressional employee in the capacity of primary administrative assistant to a Member of Congress or in the capacity of staff director or chief counsel for the majority or the minority of a committee or subcommittee of the Senate or House of Representatives,'' after ''Congress,'';

(2) in subsection (b)—

(A) by striking ''who has served at least fifteen years and'' and inserting ''who has at least fifteen years of service and has''; and

(B) in the first undesignated paragraph, by striking ''who has served at least ten years,'' and inserting ''who has at least ten years of service,''; and

(3) in subsection (c)—

(A) by striking ''served at least fifteen years,'' and inserting ''at least fifteen years of service,''; and

(B) by striking ''served less than fifteen years,'' and inserting ''less than fifteen years of service,''.

(b) DIRECTOR OF THE FEDERAL JUDICIAL CENTER.—Section 627 of title 28, United States Code, is amended—

(1) in subsection (e), by inserting ''a congressional employee in the capacity of primary administrative assistant to a Member of Congress or in the capacity of staff director or chief counsel for the majority or the minority of a committee or subcommittee of the Senate or House of Representatives,'' after ''Congress,'';

(2) in subsection (c)—

(A) by striking ''who has served at least fifteen years and'' and inserting ''who has at least fifteen years of service and has''; and

(B) in the first undesignated paragraph, by striking ''who has served at least ten years,'' and inserting ''who has at least ten years of service,''; and

(3) in subsection (d)—

(A) by striking ''served at least fifteen years,'' and inserting ''at least fifteen years of service,''; and

(B) by striking ''served less than fifteen years,'' and inserting ''less than fifteen years of service,''.

SEC. 302. APPLICABILITY OF LEAVE PROVISIONS TO EMPLOYEES OF THE SENTENCING COMMISSION.

(a) IN GENERAL.—Section 996(b) of title 28, United States Code, is amended by striking all after ''title 5,'' and inserting ''except the following: chapters 45 (Incentive Awards), 63 (Leave), 81 (Compensation for Work Injuries), 83 (Retirement), 85 (Unemployment Compensation), 87 (Life Insurance), and 89 (Health Insurance), and subchapter VI of chapter 55 (Payment for accumulated and accrued leave).''.

(b) SAVINGS PROVISION.—Any leave that an individual accrued or accumulated (or that otherwise became available to such individual) under the leave system of the United States Sentencing Commission and that remains unused as of the date of the enactment of this Act shall, on and after such date, be treated as leave accrued or accumulated (or that otherwise became available to such individual) under chapter 63 of title 5, United States Code.

SEC. 303. PAYMENTS TO MILITARY SURVIVORS BENEFITS PLAN.

Section 371(e) of title 28, United States Code, is amended by inserting after ''such retired or retainer pay'' the following: '', except such pay as is deductible from the retired or retainer pay as a result of participation in any survivor's benefits plan in connection with the retired pay,''.

SEC. 304. CREATION OF CERTIFYING OFFICERS IN THE JUDICIAL BRANCH.

(a) APPOINTMENT OF DISBURSING AND CERTIFYING OFFICERS.—Chapter 41 of title 28, United States Code, is amended by adding at the end the following:

''§ 613. Disbursing and certifying officers

''(a) DISBURSING OFFICERS.—The Director may designate in writing officers and employees of the judicial branch of the Government, including the courts as defined in section 610 other than the Supreme Court, to be disbursing officers in such numbers and locations as the Director considers necessary. Such disbursing officers shall—

''(1) disburse moneys appropriated to the judicial branch and other funds only in strict accordance with payment requests certified by the Director or in accordance with subsection (b);

''(2) examine payment requests as necessary to ascertain whether they are in proper form, certified, and approved; and

''(3) be held accountable for their actions as provided by law, except that such a disbursing officer shall not be held accountable or responsible for any illegal, improper, or incorrect payment resulting from any false, inaccurate, or misleading certificate for which a certifying officer is responsible under subsection (b).

''(b) CERTIFYING OFFICERS.—

''(1) IN GENERAL.—The Director may designate in writing officers and employees of the judicial branch of the Government, including the courts as defined in section 610 other than the Supreme Court, to certify payment requests payable from appropriations and funds. Such certifying officers shall be responsible and accountable for—

''(A) the existence and correctness of the facts recited in the certificate or other request for payment or its supporting papers;

''(B) the legality of the proposed payment under the appropriation or fund involved; and

''(C) the correctness of the computations of certified payment requests.

''(2) LIABILITY.—The liability of a certifying officer shall be enforced in the same manner and to the same extent as provided by law with respect to the enforcement of the liability of disbursing and other accountable officers. A certifying officer shall be required to make restitution to the United States for the amount of any illegal, improper, or incorrect payment resulting from any false, inaccurate, or misleading certificates made by the certifying officer, as well as for any payment prohibited by law or which did not represent a legal obligation under the appropriation or fund involved.

''(c) RIGHTS.—A certifying or disbursing officer—

''(1) has the right to apply for and obtain a decision by the Comptroller General on any question of law involved in a payment request presented for certification; and

''(2) is entitled to relief from liability arising under this section in accordance with title 31.

''(d) OTHER AUTHORITY NOT AFFECTED.—Nothing in this section affects the authority of the courts with respect to moneys deposited with the courts under chapter 129 of this title.''.

(b) CONFORMING AMENDMENT.—The table of sections for chapter 41 of title 28, United States Code, is amended by adding at the end the following:

''613. Disbursing and certifying officers.''.

(c) RULE OF CONSTRUCTION.—The amendment made by subsection (a) shall not be construed to authorize the hiring of any Federal officer or employee.

(d) DUTIES OF DIRECTOR.—Section 604(a)(8) of title 28, United States Code, is amended to read as follows:

''(8) Disburse appropriations and other funds for the maintenance and operation of the courts;''.

SEC. 305. AMENDMENT TO THE JURY SELECTION PROCESS.

Section 1865 of title 28, United States Code, is amended—

(1) in subsection (a) by inserting ''or the clerk under supervision of the court if the court's jury selection plan so authorizes,'' after ''jury commission,''; and

(2) in subsection (b) by inserting ''or the clerk if the court's jury selection plan so provides,'' after ''may provide,''.

SEC. 306. AUTHORIZATION OF A CIRCUIT EXECUTIVE FOR THE FEDERAL CIRCUIT.

Section 332 of title 28, United States Code, is amended by adding at the end the following:

''(h)(1) The United States Court of Appeals for the Federal Circuit may appoint a circuit executive, who shall serve at the pleasure of the court. In appointing a circuit executive, the court shall take into account experience in administrative and executive positions, familiarity with court procedures, and special training. The circuit executive shall exercise such administrative powers and perform such duties as may be delegated by the court. The duties delegated to the circuit executive may include the duties specified in subsection (e) of this section, insofar as such duties are applicable to the Court of Appeals for the Federal Circuit.

''(2) The circuit executive shall be paid the salary for circuit executives established under subsection (f) of this section.

''(3) The circuit executive may appoint, with the approval of the court, necessary employees in such number as may be approved by the Director of the Administrative Office of the United States Courts.

''(4) The circuit executive and staff shall be deemed to be officers and employees of the United States within the meaning of the statutes specified in subsection (f)(4).

''(5) The court may appoint either a circuit executive under this subsection or a clerk under section 711 of this title, but not both, or may appoint a combined circuit executive/clerk who shall be paid the salary of a circuit executive.''.

SEC. 307. RESIDENCE OF RETIRED JUDGES.

Section 175 of title 28, United States Code, is amended by adding at the end the following:

''(c) Retired judges of the Court of Federal Claims are not subject to restrictions as to residence. The place where a retired judge maintains the actual abode in which such judge customarily lives shall be deemed to be the judge's official duty station for the purposes of section 456 of this title.''.

SEC. 308. RECALL OF JUDGES ON DISABILITY STATUS.

Section 797(a) of title 28, United States Code, is amended—

(1) by inserting ''(1)'' after ''(a)''; and

(2) by adding at the end the following:

''(2) Any judge of the Court of Federal Claims receiving an annuity under section 178(c) of this title (pertaining to disability) who, in the estimation of the chief judge, has recovered sufficiently to render judicial service, shall be known and designated as a senior judge and may perform duties as a judge when recalled under subsection (b) of this section.''.

SEC. 309. PERSONNEL APPLICATION AND INSURANCE PROGRAMS RELATING TO JUDGES OF THE COURT OF FEDERAL CLAIMS.

(a) IN GENERAL.—Chapter 7 of title 28, United States Code, is amended by inserting after section 178 the following:

''§ 179. Personnel application and insurance programs

''(a) For purposes of construing and applying title 5, a judge of the United States Court of Federal Claims shall be deemed to be an 'officer' under section 2104(a) of such title.

''(b) For purposes of construing and applying chapter 89 of title 5, a judge of the United States Court of Federal Claims who—

''(1) is retired under section 178 of this title; and

''(2) was enrolled in a health benefits plan under chapter 89 of title 5 at the time the judge became a retired judge,

shall be deemed to be an annuitant meeting the requirements of section 8905(b)(1) of title 5, notwithstanding the length of enrollment prior to the date of retirement.

''(c) For purposes of construing and applying chapter 87 of title 5, including any adjustment of insurance rates by regulation or otherwise, a judge of the United States Court of Federal Claims in regular active service or who is retired under section 178 of this title shall be deemed to be a judge of the United States described under section 8701(a)(5) of title 5.''.

(b) TECHNICAL AND CONFORMING AMENDMENT.—The table of sections for chapter 7 of title 28, United States Code, is amended by striking the item relating to section 179 and inserting the following:

''179. Personnel application and insurance programs.''.

SEC. 310. LUMP-SUM PAYMENT FOR ACCUMULATED AND ACCRUED LEAVE ON SEPARATION.

Section 5551(a) of title 5, United States Code, is amended in the first sentence by striking ''or elects'' and inserting '', is transferred to a position described under section 6301(2)(xiii) of this title, or elects''.

SEC. 311. EMPLOYMENT OF PERSONAL ASSISTANTS FOR HANDICAPPED EMPLOYEES.

Section 3102(a)(1) of title 5, United States Code, is amended—

(1) in subparagraph (A) by striking ''and'';

(2) in subparagraph (B) by adding ''and'' after the semicolon; and

(3) by adding at the end the following:

''(C) an office, agency, or other establishment in the judicial branch;''.

SEC. 312. MANDATORY RETIREMENT AGE FOR DIRECTOR OF THE FEDERAL JUDICIAL CENTER.

(a) IN GENERAL.—Section 627 of title 28, United States Code, is amended—

(1) by striking subsection (a); and

(2) by redesignating subsections (b) through (f) as subsections (a) through (e), respectively.

(b) TECHNICAL AND CONFORMING AMENDMENTS.—Section 376 of title 28, United States Code, is amended—

(1) in paragraph (1)(D) by striking ''subsection (b)'' and inserting ''subsection (a)''; and

(2) in paragraph (2)(D) by striking ''subsection (c) or (d)'' and inserting ''subsection (b) or (c)''.

SEC. 313. REAUTHORIZATION OF CERTAIN SUPREME COURT POLICE AUTHORITY.

Section 9(c) of the Act entitled ''An Act relating to the policing of the building and grounds of the Supreme Court of the United States'', approved August 18, 1949 (40 U.S.C. 13n(c)) is amended in the first sentence by striking ''2000'' and inserting ''2004''.

TITLE IV—FEDERAL PUBLIC DEFENDERS

SEC. 401. TORT CLAIMS ACT AMENDMENT RELATING TO LIABILITY OF FEDERAL PUBLIC DEFENDERS.

Section 2671 of title 28, United States Code, is amended in the second undesignated paragraph—

(1) by inserting ''(1)'' after ''includes''; and

(2) by striking the period at the end and inserting the following: '', and (2) any officer or employee of a Federal public defender organization, except when such officer or employee performs professional services in the course of providing representation under section 3006A of title 18.''.

TITLE V—MISCELLANEOUS PROVISIONS

SEC. 501. EXTENSIONS RELATING TO BANKRUPTCY ADMINISTRATOR PROGRAM.

Section 302(d)(3) of the Bankruptcy Judges, United States Trustees, and Family Farmer Bankruptcy Act of 1986 (28 U.S.C. 581 note) is amended—

(1) in subparagraph (A), in the matter following clause (ii), by striking ''or October 1, 2002, whichever occurs first''; and

(2) in subparagraph (F)—

(A) in clause (i)—

(i) in subclause (II), by striking ''or October 1, 2002, whichever occurs first''; and

(ii) in the matter following subclause (II), by striking ''October 1, 2003, or''; and

(B) in clause (ii), in the matter following subclause (II)—

(i) by striking ''before October 1, 2003, or''; and

(ii) by striking '', whichever occurs first''.

SEC. 502. ADDITIONAL PLACE OF HOLDING COURT IN THE DISTRICT OF OREGON.

Section 117 of title 28, United States Code, is amended by striking ''Eugene'' and inserting ''Eugene or Springfield''.

AMENDMENTS OFFERED BY MR. COBLE

Mr. COBLE. Mr. Speaker, I offer amendments.

The Clerk read as follows:

Amendments offered by Mr. COBLE:

Strike section 103 and redesignate the remaining sections accordingly.

In section 636(e)(6) of title 28, United States Code, as inserted by section 202 of the bill, strike the semicolons in subparagraph (A) and in clauses (i) and (ii) of subparagraph (B) and insert commas.

In section 179 of title 28, United States Code, as inserted by section 309(a) of the bill, strike subsection (b) and insert the following:

''(b)(1)(A) For purposes of construing and applying chapter 89 of title 5, a judge of the United States Court of Federal Claims who—

''(i) is retired under subsection (b) of section 178 of this title, and

''(ii) at the time of becoming such a retired judge—

''(I) was enrolled in a health benefits plan under chapter 89 of title 5, but

''(II) did not satisfy the requirements of section 8905(b)(1) of title 5 (relating to eligibility to continue enrollment as an annuitant),

shall be deemed to be an annuitant meeting the requirements of section 8905(b)(1) of title 5, in accordance with the succeeding provisions of this paragraph, if the judge gives timely written notification to the chief judge of the court that the judge is willing to be called upon to perform judicial duties under section 178(d) of this title during the period of continued eligibility for enrollment, as described in subparagraph (B)(ii) or (C)(ii) (whichever applies).

''(B) Except as provided in subparagraph (C)—

''(i) in order to be eligible for continued enrollment under this paragraph, notification under subparagraph (A) shall be made before the first day of the open enrollment period preceding the calendar year referred to in clause (ii)(II); and

''(ii) if such notification is timely made, the retired judge shall be eligible for continued enrollment under this paragraph for the period—

''(I) beginning on the date on which eligibility would otherwise cease, and

''(II) ending on the last day of the calendar year next beginning after the end of the open enrollment period referred to in clause (i).

''(C) For purposes of applying this paragraph for the first time in the case of any particular judge—

''(i) subparagraph (B)(i) shall be applied by substituting 'the expiration of the term of

office of the judge' for the matter following 'before'; and

''(ii)(I) if the term of office of such judge expires before the first day of the open enrollment period referred to in subparagraph (B)(i), the period of continued eligibility for enrollment shall be as described in subparagraph (B)(ii); but

''(II) if the term of office of such judge expires on or after the first day of the open enrollment period referred to in subparagraph (B)(i), the period of continued eligibility shall not end until the last day of the calendar year next beginning after the end of the next full open enrollment period beginning after the date on which the term expires.

''(2) In the event that a retired judge remains enrolled under chapter 89 of title 5 for a period of 5 consecutive years by virtue of paragraph (1) (taking into account only periods of coverage as an active judge immediately before retirement and as a retired judge pursuant to paragraph (1)), then, effective as of the day following the last day of that 5-year period—

''(A) the provisions of chapter 89 of title 5 shall be applied as if such judge had satisfied the requirements of section 8905(b)(1) on the last day of such period; and

''(B) the provisions of paragraph (1) shall cease to apply.

''(3) For purposes of this subsection, the term 'open enrollment period' refers to a period described in section 8905(g)(1) of title 5.

In section 310, strike ''6301(2)(xiii)'' and insert ''6301(2)(B)(xiii)''.

In section 501, strike paragraphs (1) and (2) and insert the following:

(1) in subparagraph (A), in the matter following clause (ii), by striking ''or October 1, 2002, whichever occurs first,''; and

(2) in subparagraph (F)—

(A) in clause (i)—

(i) in subclause (II), by striking ''or October 1, 2002, whichever occurs first''; and

(ii) in the matter following subclause (II)—

(I) by striking ''October 1, 2003, or''; and

(II) by striking '', whichever occurs first''; and

(B) in clause (ii), in the matter following subclause (II)—

(i) by striking ''October 1, 2003, or''; and

(ii) by striking '', whichever occurs first''.

Amend the table of contents accordingly.

Mr. COBLE (during the reading). Mr. Speaker, I ask unanimous consent that the amendments be considered as read and printed in the RECORD.

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

There was no objection.

The SPEAKER pro tempore. The question is on the amendments offered by the gentleman from North Carolina (Mr. COBLE).

The amendments were agreed to.

The Senate bill, as amended, was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BULLETPROOF VEST PARTNERSHIP GRANT ACT OF 2000

Mr. HUTCHINSON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 2413) to amend the Omnibus Crime Control and Safe Streets Act of 1968 to clarify the procedures and conditions for the award of matching grants for the purchase of armor vests, 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 Arkansas?

Mr. SCOTT. Mr. Speaker, reserving the right to object, I ask the distinguished gentleman from Arkansas (Mr. HUTCHINSON) to explain the purpose of his request.

Mr. HUTCHINSON. Mr. Speaker, will the gentleman yield?

Mr. SCOTT. I yield to the gentleman from Arkansas.

Mr. HUTCHINSON. Mr. Speaker, S. 2413, the Bulletproof Vest Partnership Grant Act of 2000, is identical to its House counterpart H.R. 4033, which passed the House on January 26, 2000, by a margin of 413–3.

This legislation will reauthorize the Bulletproof Vest Partnership Grant Program through fiscal year 2004. It will increase the authorized funding to $50 million per year and guarantee that smaller jurisdictions receive full funding available under the program.

Mr. Speaker, I thank the gentleman from Virginia (Mr. SCOTT) for making that inquiry.

Mr. SCOTT. Mr. Speaker, with that explanation, I support the bill.

Mr. Speaker, I withdraw my reservation of objection.

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

There was no objection.

The Clerk read the Senate bill, as follows:

S. 2413

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 ''Bulletproof Vest Partnership Grant Act of 2000''.

SEC. 2. FINDINGS.

Congress finds that—

(1) the number of law enforcement officers who are killed in the line of duty would significantly decrease if every law enforcement officer in the United States had the protection of an armor vest;

(2) according to studies, between 1985 and 1994, 709 law enforcement officers in the United States were killed in the line of duty;

(3) the Federal Bureau of Investigation estimates that the risk of fatality to law enforcement officers while not wearing an armor vest is 14 times higher than for officers wearing an armor vest;

(4) according to studies, between 1985 and 1994, bullet-resistant materials helped save the lives of more than 2,000 law enforcement officers in the United States; and

(5) the Executive Committee for Indian Country Law Enforcement Improvements reports that violent crime in Indian country has risen sharply, despite a decrease in the national crime rate, and has concluded that there is a ''public safety crisis in Indian country''.

SEC. 3. MATCHING GRANT PROGRAM FOR LAW ENFORCEMENT ARMOR VESTS.

(a) MATCHING FUNDS.—Section 2501(f) of part Y of title I of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3796ll(f)) is amended—

(1) by striking ''The portion'' and inserting the following:

''(1) IN GENERAL.—The portion'';

(2) by striking ''subsection (a)'' and all that follows through the period at the end of the first sentence and inserting ''subsection (a)—

''(A) may not exceed 50 percent; and

''(B) shall equal 50 percent, if—

''(i) such grant is to a unit of local government with fewer than 100,000 residents;

''(ii) the Director of the Bureau of Justice Assistance determines that the quantity of vests to be purchased with such grant is reasonable; and

''(iii) such portion does not cause such grant to violate the requirements of subsection (e).''; and

(3) by striking ''Any funds'' and inserting the following:

''(2) INDIAN ASSISTANCE.—Any funds''.

(b) ALLOCATION OF FUNDS.—Section 2501(g) of part Y of title I of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3796ll(g)) is amended to read as follows:

''(g) ALLOCATION OF FUNDS.—Funds available under this part shall be awarded, without regard to subsection (c), to each qualifying unit of local government with fewer than 100,000 residents. Any remaining funds available under this part shall be awarded to other qualifying applicants.''.

(c) APPLICATIONS.—Section 2502 of part Y of title I of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3796ll–1) is amended by adding at the end the following:

''(d) APPLICATIONS IN CONJUNCTION WITH PURCHASES.—If an application under this section is submitted in conjunction with a transaction for the purchase of armor vests, grant amounts under this section may not be used to fund any portion of that purchase unless, before the application is submitted, the applicant—

''(1) receives clear and conspicuous notice that receipt of the grant amounts requested in the application is uncertain; and

''(2) expressly assumes the obligation to carry out the transaction, regardless of whether such amounts are received.''.

(d) DEFINITION OF ARMOR VEST.—Section 2503(1) of part Y of title I of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3796ll–2(1)) is amended—

(1) by striking ''means body armor'' and inserting the following: ''means—

''(A) body armor'';

(2) by adding ''or'' at the end; and

(3) by adding at the end the following:

''(B) body armor that has been tested through the voluntary compliance testing program, and found to meet or exceed the requirements of NIJ Standard 0115.00, or any revision of such standard;''.

(e) INTERIM DEFINITION OF ARMOR VEST.—For purposes of part Y of title I of the Omnibus Crime Control and Safe Streets Act of 1968, as amended by this Act, the meaning of the term ''armor vest'' (as defined in section 2503 of such Act (42 U.S.C. 3796ll–2)) shall, until the date on which a final NIJ Standard 0115.00 is first fully approved and implemented, also include body armor which has been found to meet or exceed the requirements for protection against stabbing established by the State in which the grantee is located.

(f) AUTHORIZATION OF APPROPRIATIONS.—Section 1001(a)(23) of title I of the Omnibus

Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3793(a)(23)) is amended by inserting before the period at the end the following: '', and $50,000,000 for each of fiscal years 2002 through 2004''.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PRESIDENTIAL THREAT PROTECTION ACT OF 2000

Mr. HUTCHINSON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 3048) to amend section 879 of title 18, United States Code, to provide clearer coverage over threats against former Presidents and members of their families, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments numbered 2 and 4, concur in Senate amendments numbered 1 and 3, and concur in Senate amendment numbered 5, with an amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, and the House amendment to the Senate amendment, as follows:

Senate Amendments:

Page 3, strike out lines 19 through 24 and insert:

''(e)(1) When directed by the President, the United States Secret Service is authorized to participate, under the direction of the Secretary of the Treasury, in the planning, coordination, and implementation of security operations at special events of national significance, as determined by the President.

''(2) At the end of each fiscal year, the President through such agency or office as the President may designate, shall report to the Congress—

''(A) what events, if any, were designated special events of national significance for security purposes under paragraph (1); and

''(B) the criteria and information used in making each designation.''.

Page 7, line 6, after ''offense'' insert: *or apprehension of a fugitive*

Page 8, strike out lines 17 through 19

Page 9, strike out line 14 and insert:

issuance.

''(11) With respect to subpoenas issued under paragraph (1)(A)(i)(III), the Attorney General shall issue guidelines governing the issuance of administrative subpoenas pursuant to that paragraph. The guidelines required by this paragraph shall mandate that administrative subpoenas may be issued only after review and approval of senior supervisory personnel within the respective investigative agency or component of the Department of Justice and of the United States Attorney for the judicial district in which the administrative subpoena shall be served.''.

Page 10, after line 8, insert:

SEC. 6. ADMINISTRATIVE SUBPOENAS TO APPREHEND FUGITIVES.

(a) AUTHORITY OF ATTORNEY GENERAL.—Section 3486(a)(1) of title 18, United States Code, as amended by section 5 of this Act is further amended in subparagraph (A)(i)—

(1) by striking ''offense or'' and inserting ''offense,''; and

(2) by inserting ''or (III) with respect to the apprehension of a fugitive,'' after ''children,''.

(b) ADDITIONAL BASIS FOR NONDISCLOSURE ORDER.—Section 3486(a)(6) of title 18, United States Code, as amended by section 5 of this Act, is further amended in subparagraph (B)—

(1) by striking ''or'' and the end of clause (iii);

(2) by striking the period at the end of clause (iv) and inserting ''; or''; and

(3) by adding at the end the following:

''(v) otherwise seriously jeopardizing an investigation or undue delay of a trial.''.

(c) DEFINITIONS.—Section 3486 of title 18, as amended by section 5 of this Act, is further amended by adding at the end the following:

''(g) DEFINITIONS.—In this section—

''(1) the term 'fugitive' means a person who—

''(A) having been accused by complaint, information, or indictment under Federal law of a serious violent felony or serious drug offense, or having been convicted under Federal law of committing a serious violent felony or serious drug offense, flees or attempts to flee from, or evades or attempts to evade the jurisdiction of the court with jurisdiction over the felony;

''(B) having been accused by complaint, information, or indictment under State law of a serious violent felony or serious drug offense, or having been convicted under State law of committing a serious violent felony or serious drug offense, flees or attempts to flee from, or evades or attempts to evade, the jurisdiction of the court with jurisdiction over the felony;

''(C) escapes from lawful Federal or State custody after having been accused by complaint, information, or indictment of a serious violent felony or serious drug offense or having been convicted of committing a serious violent felony or serious drug offense; or

''(D) is in violation of subparagraph (2) or (3) of the first undesignated paragraph of section 1073;

''(2) the terms 'serious violent felony' and 'serious drug offense' shall have the meanings given those terms in section 3559(c)(2) of this title; and

''(3) the term 'investigation' means, with respect to a State fugitive described in subparagraph (B) or (C) of paragraph (1), an investigation in which there is reason to believe that the fugitive fled from or evaded, or attempted to flee from or evade, the jurisdiction of the court, or escaped from custody, in or affecting, or using any facility of, interstate or foreign commerce, or as to whom an appropriate law enforcement officer or official of a State or political subdivision has requested the Attorney General to assist in the investigation, and the Attorney General finds that the particular circumstances of the request give rise to a Federal interest sufficient for the exercise of Federal jurisdiction pursuant to section 1075.''.

SEC. 7. FUGITIVE APPREHENSION TASK FORCES.

(a) IN GENERAL.—The Attorney General shall, upon consultation with appropriate Department of Justice and Department of the Treasury law enforcement components, establish permanent Fugitive Apprehension Task Forces consisting of Federal, State, and local law enforcement authorities in designated regions of the United States, to be directed and coordinated by the United States Marshals Service, for the purpose of locating and apprehending fugitives.

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Attorney General for the United States Marshals Service to carry out the provisions of this section $30,000,000 for the fiscal year 2001, $5,000,000 for fiscal year 2002, and $5,000,000 for fiscal year 2003.

(c) OTHER EXISTING APPLICABLE LAW.—Nothing in this section shall be construed to limit any existing authority under any other provision of Federal or State law for law enforcement agencies to locate or apprehend fugitives through task forces or any other means.

SEC. 8. STUDY AND REPORTS ON ADMINISTRATIVE SUBPOENAS.

(a) STUDY ON USE OF ADMINISTRATIVE SUBPOENAS.—Not later than December 31, 2001, the Attorney General, in consultation with the Secretary of the Treasury, shall complete a study on the use of administrative subpoena power by executive branch agencies or entities and shall report the findings to the Committees on the Judiciary of the Senate and the House of Representatives. Such report shall include—

(1) a description of the sources of administrative subpoena power and the scope of such subpoena power within executive branch agencies;

(2) a description of applicable subpoena enforcement mechanisms;

(3) a description of any notification provisions and any other provisions relating to safeguarding privacy interests;

(4) a description of the standards governing the issuance of administrative subpoenas; and

(5) recommendations from the Attorney General regarding necessary steps to ensure that administrative subpoena power is used and enforced consistently and fairly by executive branch agencies.

(b) REPORT ON FREQUENCY OF USE OF ADMINISTRATIVE SUBPOENAS.—

(1) IN GENERAL.—The Attorney General and the Secretary of the Treasury shall report in January of each year to the Committees on the Judiciary of the Senate and the House of Representatives on the number of administrative subpoenas issued by them under this section, whether each matter involved a fugitive from Federal or State charges, and the identity of the agency or component of the Department of Justice or the Department of the Treasury issuing the subpoena and imposing the charges.

(2) EXPIRATION.—The reporting requirement of this subsection shall terminate in 3 years after the date of enactment of this section.

House amendment to Senate amendment No. 5:

In lieu of the matter inserted by the Senate amendment numbered 5, insert the following:

SEC. 6. FUGITIVE APPREHENSION TASK FORCES.

(a) IN GENERAL.—The Attorney General shall, upon consultation with appropriate Department of Justice and Department of the Treasury law enforcement components, establish permanent Fugitive Apprehension Task Forces consisting of Federal, State, and local law enforcement authorities in designated regions of the United States, to be directed and coordinated by the United States Marshals Service, for the purpose of locating and apprehending fugitives.

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Attorney General for the United States Marshals Service to carry out the provisions of this section $30,000,000 for the fiscal year 2001, $5,000,000 for fiscal year 2002, and $5,000,000 for fiscal year 2003.

(c) OTHER EXISTING APPLICABLE LAW.—Nothing in this section shall be construed to limit any existing authority under any other provision of Federal or State law for law enforcement agencies to locate or apprehend fugitives through task forces or any other means.

SEC. 7. STUDY AND REPORTS ON ADMINISTRATIVE SUBPOENAS.

(a) STUDY ON USE OF ADMINISTRATIVE SUBPOENAS.—Not later than December 31, 2001, the Attorney General, in consultation with the Secretary of the Treasury, shall complete a study on the use of administrative subpoena power by executive branch agencies or entities and shall report the findings to the Committees on the Judiciary of the Senate and the House of Representatives. Such report shall include—

(1) a description of the sources of administrative subpoena power and the scope of such

subpoena power within executive branch agencies;

(2) a description of applicable subpoena enforcement mechanisms;

(3) a description of any notification provisions and any other provisions relating to safeguarding privacy interests;

(4) a description of the standards governing the issuance of administrative subpoenas; and

(5) recommendations from the Attorney General regarding necessary steps to ensure that administrative subpoena power is used and enforced consistently and fairly by executive branch agencies.

(b) REPORT ON FREQUENCY OF USE OF ADMINISTRATIVE SUBPOENAS.—

(1) IN GENERAL.—The Attorney General and the Secretary of the Treasury shall report in January of each year to the Committees on the Judiciary of the Senate and the House of Representatives on the number of administrative subpoenas issued by them under this section and the identity of the agency or component of the Department of Justice or the Department of the Treasury issuing the subpoena and imposing the charges.

(2) EXPIRATION.—The reporting requirement of this subsection shall terminate in 3 years after the date of enactment of this section.

Mr. HUTCHINSON (during the reading). Mr. Speaker, I ask unanimous consent that the Senate amendments be considered as read and printed in the RECORD.

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

There was no objection.

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

Mr. SCOTT. Mr. Speaker, reserving the right to object, I would ask the gentleman to explain the purpose of his request and the amendments that are being proposed.

Mr. HUTCHINSON. Mr. Speaker, will the gentleman yield?

Mr. SCOTT. I yield to the gentleman from Arkansas.

Mr. HUTCHINSON. Mr. Speaker, H.R. 3048, the Presidential Threat Protection Act of 2000 passed the House by voice vote on June 26 of this year.

The bill was introduced by the chairman of the Subcommittee on Crime, the gentleman from Florida (Mr. MCCOLLUM), to clarify the authority of the Secret Service to protect the President, former Presidents and their families, and candidates for the Office of President and Vice President and their families.

When this bill was considered in the other body, provisions were added that would have authorized the Attorney General to issue administrative subpoenas, principally through the U.S. Marshal Service in connection with investigations of fugitives from justice.

These provisions have caused considerable concern in the House, and in response to those concerns the unanimous consent request that I am making today will strike all of the provisions dealing with the administrative subpoenas in fugitive cases.

The unanimous request retains a provision from the Senate amendment to the underlying bill that requires the Attorney General to establish and fund fugitive apprehension task forces which are comprised of Federal, State, and local law enforcement agencies who work together to catch Federal and State fugitives.

Mr. Speaker, task forces such as these, led by the FBI with respect to violent crimes generally and led by the Marshals Service in fugitive cases, have proven effective over the years and should be continued.

The Attorney General retains the discretion as to where these task forces should be located; however, we believe that fugitive task forces created under this provision should not be located in places where they might overlap with existing FBI violent crime task forces.

Finally, Mr. Speaker, the unanimous consent requests that I am making today retain two minor amendments to the underlying Secret Service bill requested by the Senate.

Mr. Speaker, as I have said, this bill first passed the House by voice vote. The provisions added by the Senate that have caused concern here in the House will be deleted by my request. It is vitally important to the protective operation of the Secret Service that the remaining portions of this bill, the provisions that have passed without opposition, be enacted into law.

Mr. SCOTT. Mr. Speaker, based on the explanation, particularly in light of the disagreement to Senate amendments numbered 2 and 4, and the other amendments I do agree with, I support their concurrence.

Mr. Speaker, I withdraw my reservation of objection.

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

There was no objection.

A motion to reconsider was laid on the table.

DAIRY MARKET ENHANCEMENT ACT OF 2000

Mr. SIMPSON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 2773) to amend the Agricultural Marketing Act of 1946 to enhance dairy markets through dairy product mandatory reporting, and for other purposes, 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 Idaho?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 2773

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 ''Dairy Market Enhancement Act of 2000''.

SEC. 2. DAIRY PRODUCT MANDATORY REPORTING.

The Agricultural Marketing Act of 1946 (7 U.S.C. 1621 et seq.) is amended by adding at the end the following:

"Subtitle C—Dairy Product Mandatory Reporting

"SEC. 271. PURPOSE.

''The purpose of this subtitle is to establish a program of information regarding the marketing of dairy products that—

''(1) provides information that can be readily understood by producers and other market participants, including information with respect to prices, quantities sold, and inventories of dairy products;

''(2) improves the price and supply reporting services of the Department of Agriculture; and

''(3) encourages competition in the marketplace for dairy products.

"SEC. 272. DEFINITIONS.

''In this subtitle:

''(1) DAIRY PRODUCTS.—The term 'dairy products' means manufactured dairy products that are used by the Secretary to establish minimum prices for Class III and Class IV milk under a Federal milk marketing order issued under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937.

''(2) MANUFACTURER.—The term 'manufacturer' means any person engaged in the business of buying milk in commerce for the purpose of manufacturing dairy products.

''(3) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture.

"SEC. 273. MANDATORY REPORTING FOR DAIRY PRODUCTS.

''(a) ESTABLISHMENT.—The Secretary shall establish a program of mandatory dairy product information reporting that will—

''(1) provide timely, accurate, and reliable market information;

''(2) facilitate more informed marketing decisions; and

''(3) promote competition in the dairy product manufacturing industry.

''(b) REQUIREMENTS.—

''(1) IN GENERAL.—In establishing the program, the Secretary shall only—

''(A)(i) subject to the conditions described in paragraph (2), require each manufacturer to report to the Secretary information concerning the price, quantity, and moisture content of dairy products sold by the manufacturer; and

''(ii) modify the format used to provide the information on the day before the date of enactment of this subtitle to ensure that the information can be readily understood by market participants; and

''(B) require each manufacturer and other person storing dairy products to report to the Secretary, at a periodic interval determined by the Secretary, information on the quantity of dairy products stored.

''(2) CONDITIONS.—The conditions referred to in paragraph (1)(A)(i) are that—

''(A) the information referred to in paragraph (1)(A)(i) is required only with respect to those package sizes actually used to establish minimum prices for Class III or Class IV milk under a Federal milk marketing order;

''(B) the information referred to in paragraph (1)(A)(i) is required only to the extent that the information is actually used to establish minimum prices for Class III or Class

IV milk under a Federal milk marketing order;

''(C) the frequency of the required reporting under paragraph (1)(A)(i) does not exceed the frequency used to establish minimum prices for Class III or Class IV milk under a Federal milk marketing order; and

''(D) the Secretary may exempt from all reporting requirements any manufacturer that processes and markets less than 1,000,000 pounds of dairy products per year.

''(c) ADMINISTRATION.—

''(1) IN GENERAL.—The Secretary shall promulgate such regulations as are necessary to ensure compliance with, and otherwise carry out, this subtitle.

''(2) CONFIDENTIALITY.—

''(A) IN GENERAL.—Except as otherwise directed by the Secretary or the Attorney General for enforcement purposes, no officer, employee, or agent of the United States shall make available to the public information, statistics, or documents obtained from or submitted by any person under this subtitle other than in a manner that ensures that confidentiality is preserved regarding the identity of persons, including parties to a contract, and proprietary business information.

''(B) RELATION TO OTHER REQUIREMENTS.—Notwithstanding any other provision of law, no facts or information obtained under this subtitle shall be disclosed in accordance with section 552 of title 5, United States Code.

''(3) VERIFICATION.—The Secretary shall take such actions as the Secretary considers necessary to verify the accuracy of the information submitted or reported under this subtitle.

''(4) ENFORCEMENT.—

''(A) UNLAWFUL ACT.—It shall be unlawful and a violation of this subtitle for any person subject to this subtitle to willfully fail or refuse to provide, or delay the timely reporting of, accurate information to the Secretary in accordance with this subtitle.

''(B) ORDER.—After providing notice and an opportunity for a hearing to affected persons, the Secretary may issue an order against any person to cease and desist from continuing any violation of this subtitle.

''(C) APPEAL.—

''(i) IN GENERAL.—The order of the Secretary under subparagraph (B) shall be final and conclusive unless an affected person files an appeal of the order of the Secretary in United States district court not later than 30 days after the date of the issuance of the order.

''(ii) FINDINGS.—A finding of the Secretary under this paragraph shall be set aside only if the finding is found to be unsupported by substantial evidence.

''(D) NONCOMPLIANCE WITH ORDER.—

''(i) IN GENERAL.—If a person subject to this subtitle fails to obey an order issued under this paragraph after the order has become final and unappealable, or after the appropriate United States district court has entered a final judgment in favor of the Secretary, the United States may apply to the appropriate United States district court for enforcement of the order.

''(ii) ENFORCEMENT.—If the court determines that the order was lawfully made and duly served and that the person violated the order, the court shall enforce the order.

''(iii) CIVIL PENALTY.—If the court finds that the person violated the order, the person shall be subject to a civil penalty of not more than $10,000 for each offense.

''(5) FEES.—The Secretary shall not charge or assess a user fee, transaction fee, service charge, assessment, reimbursement fee, or any other fee under this subtitle for—

''(A) the submission or reporting of information;

''(B) the receipt or availability of, or access to, published reports or information; or

''(C) any other activity required under this subtitle.

''(6) RECORDKEEPING.—Each person required to report information to the Secretary under this subtitle shall maintain, and make available to the Secretary, on request, original contracts, agreements, receipts, and other records associated with the sale or storage of any dairy products during the 2-year period beginning on the date of the creation of the records.

''(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section.''.

Mr. KIND. Mr. Speaker, I rise tonight to share my strong support for S. 2773—the Dairy Marketing Enhancement Act of 2000. To our nation's dairy farmers this legislation is commonly referred to as the mandatory price reporting bill. This legislation was passed by the Senate earlier today. Identical legislation, H.R. 5495, was introduced by myself, Congressman SIMPSON and others. This legislation is urgently needed to restore producer confidence in the dairy market following recent cheese and butter price/inventory reporting fiascoes that sent markets plunging.

As my colleagues who represent dairy farmers know, recent reporting errors in cheese and butter stocks have highlighted the need to make reporting of storable dairy products mandatory, verifiable and enforceable. A Chicago Mercantile Exchange warehouse reporting error resulted in a sizable inventory adjustment and caused a 10 cent drop in the double a butter price.

This latest inventory reporting error came less than a year after a similar error with the U.S. Department of Agriculture cheese inventory. Following that reporting error cheese prices dropped within a week to their lowest levels in almost a decade. These events have caused a great deal of concern among our nation's dairy producers.

Under current law, manufacturers of dairy products voluntarily provide the USDA with the amount and price of dairy commodities (cheese and butter) that the manufacturer has sold during a given month.

This information is then used by the USDA to establish the minimum monthly prices under the federal milk marketing order system. This legislation will foster a more accurate price and inventory reporting system for dairy products and enable farmers to base business decisions on the most accurate information.

By requiring mandatory reporting, dairy producers will be given more accurate, complete and timely market information. This information will lead to a better price discovery for all dairy products and allow producers and other market participants to make fully informed business decisions with respect to the marketing of raw milk.

Mr. Speaker, since the beginning of the calender year, dairy farmers have experienced excruciating low milk prices. These inhospitable market conditions have resulted in the loss of 3-to-4 family dairy farmers in my home state of Wisconsin each day. With the loss of these farmers, the economies of our rural communities are also placed under extreme financial pressure.

While this legislation is no panacea for ailing milk prices, it will go a long way in improving prevailing attitude and restore some much needed optimism.

It is for this reason that I ask all of my colleagues to join me in passing this simple but important piece of legislation.

Mr. STENHOLM. Mr. Speaker, I rise in strong support of S. 2733. The bill represents a consensus among processor and producer groups. It will benefit the entire industry.

Mr. Speaker, under recently reformed Federal milk marketing orders, monthly minimum prices are determined based on market prices for manufactured dairy products, including nonfat dry milk, butter, cheddar cheese, and whey. USDA determines those product prices by surveying manufacturers. The responses are voluntary and USDA has limited authority to verify accuracy.

Mr. Speaker, because the determination of accurate market prices is key to establishing milk orders that are reflective of supply and demand, processors have agreed to subject themselves to the requirements that will result from the passage of this bill. The bill requires that USDA use the current survey format as a starting point for mandating reporting. For many processors, this will mean that little will change with the establishment of the mandatory program.

Mr. Speaker, in order to ensure accuracy, the bill allows the Secretary to require that reporting companies make their records available for Department audit. Any willful and intentional violation of requirements to make accurate and timely reports is punishable by a civil fine of up to $20,000 under the terms of the bill.

The bill also requires that USDA guard the confidentiality of information from each reporting company.

Mr. Speaker, I urge my colleagues to support S. 2733.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. SIMPSON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on S. 2773.

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

There was no objection.

□ 1815

SPECIAL ORDERS

The SPEAKER pro tempore (Mr. OSE). 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.

THANKING THE PEOPLE OF THE 12TH DISTRICT OF FLORIDA FOR THE HONOR TO SERVE IN THE UNITED STATES HOUSE OF REPRESENTATIVES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. CANADY) is recognized for 5 minutes.

Mr. CANADY of Florida. Mr. Speaker, some time in the next few days, the last vote of the 106th Congress will be cast. For those of us who will not be returning next year, that vote will mark the end of our legislative career.

Mr. Speaker, 260 years ago, Samuel Johnson wrote of those ''points of time where one course of action ends and another begins,'' times when ''we are forced to say of something, 'this is the last.' ''

For those of us who will soon end our course as Members of Congress and begin some new endeavor, the sense of the honor it is to serve here is felt more keenly now than ever before. As I approach the point in time when I am forced to say with the vote I cast that this is the last, I wish to express my thanks to the people of the twelfth district of Florida for giving me the opportunity to serve as their representative over the last 8 years.

What a great privilege it is to serve in this House and to participate in the great American enterprise of government by reflection and choice. What an awesome privilege it is to be chosen to come from the communities we represent to this House and to take on the responsibilities imposed by our oath of office: the responsibility to support and defend the Constitution of the United States against all enemies, foreign and domestic; the responsibility to bear true and faithful allegiance to that Constitution; and the responsibility to well and faithfully discharge the duties of the office on which we enter. I will always be humbled by the knowledge that the people of the district I represent had the confidence in me to entrust me with these important responsibilities.

God has blessed our Nation in many ways. It has been a single blessing for the people of the United States to have a Constitution, a Constitution which has indeed secured for us the blessings of liberty.

Among the chief objects of our Constitution was to establish justice. The work of this House involves many mundane issues of passing significance. Much that takes place here will not long be remembered, but when we act to further the constitutional goal of establishing justice, we deal with matters of enduring significance.

As Members of this House, we can come to stand and to speak in this Chamber. We can rise in this place to speak against injustice; and when truth stumbles in the public square, we can sound a warning that in our life as a people, as well as in our individual lives, nothing is more important than the truth. We can sound a warning that justice is in peril whenever the truth is not respected. As Members, on occasion we have the privilege to stand here in defense of the powerless and to speak for those who cannot speak for themselves. The value of the opportunity to do such things is inestimable.

To all those who have made it possible for me to serve as a Member of this House, I owe a great debt of gratitude, a debt of gratitude which I do not have the words to express as I would like. I can simply say, thank you for allowing me to be your Congressman.

SCHOOL CONSTRUCTION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. ETHERIDGE) is recognized for 5 minutes.

Mr. ETHERIDGE. Mr. Speaker, I rise this evening to talk for just a few minutes about an issue that is critical not only to my district, but to communities and children all across this country. This issue is school construction. I am pleased that several of my Democratic colleagues have agreed to join me this evening to talk about school construction and other priorities in the Democrats' education agenda. I shall restrict my remarks mostly to school construction.

Today is October 25. The fiscal year started October 1; and yet, the Republican leadership of this House has failed to do its work and get the work done for the American people. To put it in school terms, they are tardy and they are incomplete. They have failed the test of leadership for the American people. Today, the House passed a stopgap spending measure to keep the government from shutting down for one more day. This is the fifth time this year that we have had to pass one of these bills just because the leadership, the Republican leadership has failed to get the people's work done.

Specifically, they have failed to act on important educational priorities, like the bipartisan school construction bill that is desperately needed in communities all across this country. The bill would provide $25 billion in school construction bonds to build new schools, renovate them, and to relieve overcrowding, reduce class size, and enhance the opportunity for discipline in the classroom and improve education by making sure that all of our children get the kind of individual attention that they need to learn.

Mr. Speaker, I have been working with my colleagues on both sides of the political aisle to pass this bill since I first came to this people's house 4 years ago. We have gathered more than 228 members on H.R. 4094; and yet, the Republican leadership has refused to simply bring this bill to a vote.

As this Congress crawls to its conclusion, more than 3 weeks late, the educational funding bill is the very last priority of the Republican leadership. While education languishes under the threats of cuts and the current congressional leadership has loaded up the appropriations bill with special interest pork, we are still waiting.

Last week, I told this body about a Senator from Arizona's observation that the leadership's pork has swelled each of the spending bills that have been passed. For example, he pointed out that the transportation appropriation contains some $700 million in transportation earmarks for the Chicago Metropolitan Transit Authority in the home State of the Speaker of the House. The transportation appropriations bill also earmarked $102 million for a bridge across the Mississippi River in the home State of the majority leader of the other body. A senior Republican appropriations member got $1.5 million to refurbish something called the Vulcan Statue in Alabama.

Today, I was shocked to read in the paper that one of the Republican appropriation members describing the raid on the U.S. Treasury by the chairman of the Senate Committee on Appropriations. The House Republican described items like $1.25 million for repairs to a church, $176,000 for a Reindeer Herders Association for somewhere in southeastern Alaska. That Republican concluded by saying, ''You need a cargo plane to carry all of this money back.''

Mr. Speaker, each of these projects may very well merit Federal support. These projects may not be the big spending Federal pork that they appear to be. I am not an expert on these items. But as a former State superintendent of the State of North Carolina, I know that our local neighborhood schools need our help. Our schools are bursting at the seams, and our communities do not have the resources to build or repair and provide the quality schools that our children need. As a result, children are stuffed into overcrowded classrooms, substandard facilities and rickety trailers that they should not be in.

My Republican colleagues like to talk about block grants, but when it comes to their own special projects, they are not shy about adding earmarks, and all of us in this body know what earmarks are. They are directed projects to be spent specifically for that purpose. If they were not so important, why did they not just put them in the transportation bill and let them decide at the local level how to spend the money. When it comes to roads, airports, bridges and prisons, special interest pork is powerful when it comes to powerful politicians.

Mr. Speaker, we should be able to come up with common sense legislation to build a few schools for the children in this country, and I think H.R.

4094 is that common sense bill. Mr. Speaker, I call on the Members to pass it and pass it now. Prisons ought not to be nicer than our schools.

Finally, Mr. Speaker, I think it is important to remind my colleagues that the bills we passed here are much more important than the abstract arguments about outlays and budget authority. These bills reflect our values, and these bills demonstrate what our priorities are.

CELEBRATING 10 YEARS OF SERVICE IN HOUSE OF REPRESENTATIVES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. EWING) is recognized for 5 minutes.

Mr. EWING. Mr. Speaker, last evening, rather late into the night, a number of my colleagues came here to the floor to do a Special Order celebrating or recognizing my retirement, I am not sure which. But it was certainly something that I appreciated, and I am not going to try and discredit the fine things that were said. All of those were very much appreciated.

But I did want to recognize my colleague from Illinois (Mr. SHIMKUS), who arranged for the group to come to the House Chamber; the gentleman from Illinois (Mr. PORTER); the gentlewoman from Illinois (Mrs. BIGGERT); and on the other side of the aisle, the gentleman from Texas (Mr. STENHOLM); the gentleman from Illinois (Mr. COSTELLO); and the gentleman from Illinois (Mr. LIPINSKI). I appreciate very much their comments and the recognition of the years that I have spent in this body.

I would like to say that serving in the United States Congress was the fulfillment of an ambition that I probably first thought about when I was in high school, and serving on the Committee on Agriculture and being a chairman there was part of that dream that I had for many years. So my almost 10 years in this body has been very fulfilling, very rewarding, and certainly a highlight in my life. The ability that I have had here to grow and to learn and to develop I think is something that one will take with them forever.

Mr. Speaker, I wish that I could say this to everyone in this country: The people in this House are some of the finest people that a person could meet anywhere, on both sides of the aisle. I cannot think of one person that I have served with in this House that I did not like, that I did not find had merit to what they said and believed in what they fought for here.

Unfortunately, the American people I do not think understand how we come here and how we fight and how we talk and stand for issues that are important to us, issues that we believe in. And even though we may disagree to a great extent, I never questioned somebody's motives or judgment, and that is, to me, a great honor. Everyone that I have served with here is a good person, and they are serving this country and our system.

I often say to many people, do not complain about the harsh rhetoric in the House. We never see tanks, we never see troops in the streets of this country because we fight our issues out right here on the floor of the House, and every society has to have a safety valve and it has to be a place for those issues to be vetted. This is that place. It is a great institution.

Mr. Speaker, I will always be proud to have been a part of this House, to have served in the Congress of the United States of America.

Mr. Speaker, thank you to you, thank you to every Member of this House.

□ 1830

INDONESIA

The SPEAKER pro tempore (Mr. OSE). Under a previous order of the House, the gentleman from Pennsylvania (Mr. PITTS) is recognized for 5 minutes.

Mr. PITTS. Mr. Speaker, once again I rise to share my concern over the continued bloodshed in Indonesia. I continue to receive reports that, despite statements of the Indonesian government in Jakarta, the violence, destruction and murder continues in Ambon.

The people living in the Malukus are pleading for the international community to get involved and bring them relief, both in terms of humanitarian aid and physical protection.

Reports from Indonesian NGOs state that refugees are not only neglected, but are harassed.

Recently, at least 32 people were killed in a day-long attack by Muslims on an outlying village in Ambon, the capital of the Maluka Islands. Eyewitnesses stated that the Jihad attackers were aided by government soldiers during the attack on the village of Hatiwe Besar.

Many who were killed died violently. Most of them, including a 10-month-old infant, were shot and their bodies were tossed in the fires of houses burned by the attackers.

In a different account of recent violence, families in one village that refused to fight were killed and their bodies were found deposited in the wells in the village.

Yet another account tells of women and girls who, at the sound of gunfire, ''were desperately clawing at the small yellow buses, hammering on the side for the driver to stop and let them on. As we slowed down, they tried to board our vehicle. I had never seen such fear in people's faces, people who knew the sound of automatic guns meant that the army was in action and that death was not far away.''

More eyewitness accounts reveal that even 3 weeks ago Jihad warriors were still moving by boat into the Malukus from Java and surrounding islands.

One man said, ''We desperately need weapons to defend ourselves. Nobody cares about us. Nobody offers to help us. We cannot trust the army because they are often supporting the Jihad fighters. The politicians and authorities talk a lot, but their words and promises are not translated into action.''

Many people who witness the violent attacks confirmed that, although the Indonesian Army was present during the attacks, either nothing was done to protect the villagers or some of the soldiers actually joined the aggressors in shooting at the escaping villagers.

Unfortunately, even people such as the current leader of the People's Consultative Assembly, Dr. Armien Rais, openly supported calls for Jihad or an Islamic holy war against the Christians and other religious believers in Indonesia.

However, there are other Islamic leaders who clearly state that this jihad should not be happening. "A.T. Zees, a Muslim leader in Minahasa, told a crowd of Protestant, Catholic, Hindu, and Buddhist leaders Sept. 14 that the jihad fighters should leave . . . In Islam, jihad is a holy war against all evils—not murdering Christians, destroying their houses and churches, robbing, and doing other contemptible deeds," he said. "A number of peaceful Muslims have tried to protect Christians."

Why does the world not pay attention to the continued violence in which reportedly over 4,000 people have been killed and over 350,000 are now refugees?

When the three U.N. workers were killed in East Timorese refugee camps, the whole world raised their voices and condemned the killings—rightly so. Yet, thousands have died in the Malukus, but instead of outrage, silence has reverberated.

Church leaders and other community leaders are pleading for the international community to send aid and protect the people against death from the Jihad fighters. Church leaders say that, if the U.N. will not send peacekeepers, the least we ask is that ships be kept ready to evacuate the surviving Christians. Otherwise they will be forced to choose between Islam and death.

Mr. Speaker, a whole population has been targeted and is slowly being wiped out or forced out of their homeland. Why will the Indonesian Government not act so that the killing stops? Where is the outrage in the international community? Something must be done, or we will see the destruction of an entire society.

Both Christians and Muslims from this area want peace. They have lived in peace for many years and in friendship with their neighbors.

We should ask that the IMF, the World Bank, U.N. officials take appropriate action to let the Indonesian Government know that they must take steps to stop the killing. It is not simply an internal Indonesian affair. The Indonesian people are crying out for help from the international community because they are not receiving it from their own government.

Delegations from the U.N. and other countries need to visit the Malukus to investigate and report on the bloodshed and destruction throughout the area.

In addition, our government needs to seriously consider the implications of resuming the close military ties with the Indonesian Government. The record of human rights abuses by the Indonesian military is well documented.

Further, our government needs to examine the religious nature of these killings. This is not simply a local economic conflict. Declarations of Jihad underscore the religious aspects to the violence, and this must be considered in terms of U.S. Government actions.

I enjoyed my visit to Indonesia earlier this year. Indonesia is a land of many resources in its people and its abundance of natural resources. We are friends of the Indonesian people. It is our hope that all the people in Indonesia will be able to live in peace.

EDUCATION ACHIEVEMENTS OF CLINTON ADMINISTRATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. HINOJOSA) is recognized for 5 minutes.

Mr. HINOJOSA. Mr. Speaker, there is much good news in higher education this year, and we should take a few moments in the House of Representatives to take notice of it.

Education Secretary Dick Riley appeared today before the last Committee on Education and the Workforce hearing of the 106th Congress. Although the stated purpose of the hearing was a sad commentary on presidential politics, it was an excellent opportunity to highlight the educational achievements of the past 8 years under Secretary Riley. He has been a true friend to all American children during his tenure, and especially to the Hispanic community, as no other Education Secretary before him.

On behalf of all American children, I want to commend Secretary Riley for his tireless dedication to improving both education programs and the Education Department. I know I for one have greatly enjoyed the opportunity to work with such a great and inspirational figure.

I am very glad to have worked with Secretary Riley personally, who visited my district twice over the past 4 years. It has afforded us both valuable experience because each time he has had the opportunity to witness the beneficial impact of Federal programs such as the E-Rate, bilingual education, or Gear-up in my south Texas congressional district.

For example, we have reaped a great benefit from the $75 million given to date to the Region One Education Service Center, which overseas 38 school districts in south Texas, serving 298,000 students, 95 percent of whom are Hispanic.

I know each time he visited he raised the morale of our students, strengthening the appreciation for education among Hispanic, low-income, and extremely motivated and bright students.

While many of the Department's achievements were noted in his testimony, there are others worthy of note here tonight. For example, $18 billion has been added to the annual Federal education spending since 1995. Math SAT scores are at an all-time high. NAEP, the National Assessment of Education Progress, reading achievement scores have significantly improved in all grades tested, and ACT scores increased from 1992 to 1999. Better still, the numbers of females and minorities taking the ACT test increased five-fold.

Secretary Riley is the undisputed champion of minority education. Under his tenure, the Department of Education has helped more than 200 colleges and universities, middle and high schools form Gear-up partnerships to help 480,000 students and their families to attend college. Many of the beneficiaries are minority students.

The Department of Education has also been an avid partner in implementing the Hispanic Education Action Plan, or HEAP, as we call it. It was started in 1994. These are among the exemplary programs that assist a great number of minority students and their families in districts such as mine in south Texas, the third poorest metropolitan statistical area in the Nation.

The Department's accomplishments included in the Secretary's testimony are sharply contrasted by a Rand report released yesterday on public education in my home State of Texas. The Rand report raises serious questions about the purported test score gains in our State standards test, the Texas Assessment of Academic Skills, commonly referred to as TAAS.

In particular, this report finds that results on TAAS, collected by Governor Bush's State Education Agency, and other standardized tests such as NAEP tell very different stories. Rand is by all accounts an unbiased, well-respected research organization. So when their reports state that alleged minority students' gains are illusory, we must take notice.

The report goes on to observe that ''evidence regarding the validity of score gains on the TAAS can be obtained by investigating the degree to which these gains are also present on other measures of these same general skills.'' So how did they measure up?

Mr. Speaker, I want to conclude and say that it is vital to remember that the true education reform is slow and steady and based on empirical and unbiased data as Secretary Riley and the rest of the Department employees have done.

EDUCATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. SAWYER) is recognized for 5 minutes.

Mr. SAWYER. Mr. Speaker, I rise today to join with the gentleman from Texas (Mr. HINOJOSA) and the gentleman from North Carolina (Mr. ETHERIDGE) in their interest in the subject of education.

We are fond of pointing out the absolute truth that education is a local function. It is a State responsibility. But from time to time in our Nation's history, it has become an overarching national concern. Such a time occurred a little over a hundred years ago as the United States emerged from what was largely an agrarian era in this Nation's history, a time when half of all of Americans lived and worked on farms because it took that many of us to feed and clothe all of us, to the entrance into the second industrial revolution.

It changed everything. Mechanized manufacturing and agriculture and transportation made it possible for cities to grow in ways that had never ever occurred before, and it changed the skill expectations of an entire country. It was a time when we really faced the challenge of elevating the skill level of an entire Nation from one end of the spectrum to another, all at the same time. That is an extraordinary undertaking in the life of any nation, and we have been through it. It was a time of overarching national concern.

The land grant colleges changed the way we educated people for nation-building here in the United States. Normal schools improved the education of teachers who, up to that point, the majority of whom had barely gotten beyond high school themselves when they were teaching high school. It was done through a partnership of local, State and Federal activity, and it really was a reinvention of America. It was the invention of the American century.

Today we find ourselves in a time of very similar change. Technology today is changing everything. We are seeing a time when the need has expanded in very much the same way as it did a hundred years ago.

Today we are finding an entire generation of baby boom teachers who began their careers in the late 1960s

and early 1970s moving toward retirement, at the same time that the largest school age population in the Nation's history is moving through our classrooms, breaking enrollment records every year and likely to again for the next 12 to 15 years.

All of this is happening at a time when we are seeing the greatest shift in job skills expectation that we have seen in this country perhaps since that time 100 or 110 years ago when we became a new country.

We see at the same time that school buildings, some tired, many worn out, often obsolete, buildings that were at least in, close to a third of which were built prior to the Great Depression, coming into a time of extreme challenge and expectation. That is the circumstance that we face today. It is what the gentleman from North Carolina (Mr. ETHERIDGE) was talking about. It is what the gentleman from Texas (Mr. HINOJOSA) was talking about.

This is not a crisis, but it is a time when we need to understand those needs. We have been through that any number of times since 100 years ago when we put together the Land Grant Colleges Acts. We have seen it in the G.I. bill when millions of men came home from the Second World War, a war fought with some 23 percent high school graduates. It was not until 1951 that we saw half of all Americans graduating from high school. Today those numbers are up into the mid-80s, and the performance of minority populations are the highest they have ever been.

We saw that kind of cooperation in the National Defense Education Act in the wake of Sputnik and in title I for the educationally disadvantaged in the 1960s, the development of special education in the mid-1970s, the adult education programs that have grown in need and performance in the course of this decade alone.

□ 1845

And we have seen college aid, through financial loans and grants, change the face of higher education in the United States. It has not happened just because it is possible; it has happened because it has been necessary. It has been necessary as we seek to change the face of the Nation yet again.

We need to develop a whole new cohort of well-qualified teachers and to assist in the financing of a new school construction and renovation plan that will make it possible for this largest generation of school learners to take part in that education. This is not something we do simply because we think it would be nice. As we stand here trying to seek to extend the kind of prosperity that we enjoy today through paying down the national debt, through extending the solvency of Social Security, there is no better way we can do that than through ensuring the skill levels of a new Nation.

Our children will have to learn as if their entire world depended on it, because it does. Their world and our world.

HUNGER RELIEF ACT, H.R. 3192

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from North Carolina (Mrs. CLAYTON) is recognized for 5 minutes.

Mrs. CLAYTON. Mr. Speaker, we observed World Food Day last week, and we paused to recognize that hunger is still a way of life for far too many in America and around the world. It is for that reason that I rise once again to urge this House and this Congress to pass the remaining provisions of the Hunger Relief Act, H.R. 3192.

This legislation enjoys the support of 186 cosponsors in the House, Democrats and Republicans. The companion bill, S. 1805 enjoys the support of 35 cosponsors in the Senate, Democrats and Republicans. Nearly 1,400 national, State and local organizations in all 50 States have endorsed the Hunger Relief.

Editorial boards, columns, articles and op-eds from the East Coast to the West Coast, from the far north to the far south, have expressed support for the act. Among those are The Washington Post, the Lincoln Journal Star, The New York Times, the Oregonian, the Philadelphia Inquirer, the Tulsa World, the Indianapolis Star, the Dallas Morning News, the Newark Star-Ledger and the North Carolina News and Observer.

In a recent letter, 25 leaders from the religious community urged the President and the Congress to make food stamp benefit restoration for legal immigrants a top priority during the final days of this session. Represented in that group of religious leaders are Catholic, Jewish, Methodist, Lutheran, Presbyterian, Mennonite, and other denominations.

More recently, more than 25 Members of this body sent a letter to the President urging him to help complete this task.

The National Conference of State Legislators, a group that supported the 1996 welfare reform bill, have also joined in that call. The U.S. Conference of Mayors and the National Black Caucus of State Legislators have also endorsed the Hunger Relief Act.

In short, Mr. Speaker, there is widespread support for finishing the job we started earlier with the passage of the agriculture appropriation conference report. As a part of that conference report we included two vitally important provisions from the Hunger Relief Act. We changed the vehicle limit so that families can retain a reliable car without losing food stamp benefits, and we changed the shelter cap so that families can obtain decent shelter without losing food stamp benefits. At the very least, we should now restore food stamp benefits for all legal immigrants.

Those legal immigrants who are now excluded from food stamp coverage came to America at a different time than our ancestors, but they should not be treated differently for that reason. They too embrace the promise of liberty etched on the statue in the harbor in New York. It seems strange that we must fight for food for those legal immigrants who cannot fight for themselves.

America is a strong Nation, and we are strong because we can provide quality food at affordable prices. There are many places in the world where the same cannot be said. But the real strength of America is not due to our advanced technology, our economic base, or our military might. The real strength of America is in its compassion for people. The real strength of America is caring and being concerned about those who live in the shadows of life: the poor, the weak, the frail, the disabled, our children, our seniors, the hungry. America's compassion makes us strong.

Less than 3 percent of the budget goes to help to feed the hungry, yet nearly 70 percent of legal immigrants are women, many of them with children.

Mr. Speaker, hunger is more than a mere word; it is a way of life for far too many legal immigrants. When we passed the welfare reform legislation, we did some things that were right, but there was one thing that was wrong. We excluded legal immigrants from the food stamp program.

With such broad-based bipartisan support from the Congress to the White House, from State legislators to governors' mansions and throughout the private sector, we have a chance to correct that mistake. Let us not go home to the comfort of our living rooms and to the refrigerators full of bounty while leaving legal immigrants without one of the most basic necessities of life, and that is food. Let us pass the other part of the Hunger Relief Act.

SOCIAL SECURITY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. SMITH) is recognized for 5 minutes.

Mr. SMITH of Michigan. Mr. Speaker, Social Security has really come to light, so I am going to spend 5 minutes talking about Social Security, the problem and the potential solution, and what the presidential candidates are doing in their suggestions to help resolve this serious problem of Social Security.

Mr. Speaker, I came into Congress in 1993; and I introduced my first Social

Security bill. I have introduced a Social Security bill every session, and the last three were scored by the Social Security Administration to keep Social Security solvent for the next 75 years.

I was selected to be chairman of the bipartisan task force on Social Security. I have found it is sort of like an automobile mechanic, the more the mechanic knows about the inside operations, probably the better he lubricates and adds the oil and greases his car. I am concerned, knowing some of the internal operations of Social Security, that there is a lot of friction there, that it is not solvent.

Just briefly, insolvency is certain. We know how many people there are. We know when they are going to retire. We know that people will live longer in retirement. We know how much they are going to pay in and how much they are going to take out. Payroll tax is not going to cover the benefits starting in 2015. It is a pay-as-you-go program. Current workers pay in their tax, and it is almost immediately sent out to current retirees. It is going to take $120 trillion over and above tax revenues over the next 75 years to accommodate the promises we have made in Social Security.

Some have suggested that economic growth is great now, that that is going to help solve the problem of Social Security. Not true. Social Security benefits are indexed to wage growth. So the higher the wages, the higher the benefits for everybody. When the economy grows, workers pay more in taxes, but also they will earn more in benefits when they retire. Growth makes the numbers look better now but leaves a larger hole to fill later.

The administration has used these short-term advantages as an excuse to do nothing. So if there is one criticism I would have it is the missed opportunity over the last 8 years of not really stepping up to the plate and fixing Social Security.

The Vice President has suggested that if we pay down the debt to the public, the debt we owe to the public is $3.4 trillion, the suggestion is that we use some of the Social Security surplus, pay down that debt, and then apply another IOU, or use the interest savings on that debt to help fix this big tall tower over here of $46.6 trillion. So the suggestion is that by paying down the debt, we will solve this problem. This next graph shows why that will not happen. The blue at the bottom represents $260 billion a year that we are now paying in interest on the debt.

So, look, it has to be a priority. Putting Social Security in the lockbox was a great thing the Republicans did. This year saying that at least 90 percent of the surplus has to go to pay down the debt was a good idea. But even if all of the $260 billion every year for the next 57 years was used to go into the Social Security Trust Fund, there would still be a shortfall of $35 trillion.

Look, this is a big-time problem. We have to do it now and not leave a big mortgage for our kids.

Very briefly, the biggest risk is doing nothing at all. I want to show these charts, because AL GORE has criticized Governor Bush of taking a trillion dollars out of Social Security, or using it twice. He is saying that the Governor is going to use it once to pay benefits and once to start private investment accounts.

Over the next 10 years, the revenues coming in to the Social Security Trust Fund are $7.8 trillion. The benefits, or the money going out, is $5.4 trillion. That leaves a surplus of $2.4 trillion. Governor Bush is suggesting we take $1 trillion of that and start using that to accommodate personally owned retirement accounts that individuals own; that if they die it goes into their estate, unlike Social Security, of course.

So as we can see, having current medium-income workers retire much wealthier by having this kind of magic that will develop with the magic of compound interest is one way to increase retirement benefits and save the system.

Some people have said it is too risky. I show this chart just because this represents the up and down of a 30-year average. Over a 30-year average for the last hundred years, the average income is 6.7 percent.

TRIBUTE TO THE HONORABLE THOMAS EWING AND THE HONORABLE JOHN PORTER, MEMBERS OF CONGRESS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. DAVIS) is recognized for 5 minutes.

Mr. DAVIS of Illinois. Mr. Speaker, I rise to pay tribute to two retiring Members of the Illinois delegation who have faithfully and effectively served their constituents and the citizens of this Nation.

First, the gentleman from Illinois (Mr. EWING), who spent 17 years in the Illinois General Assembly and rose to the position of assistant Republican leader and deputy minority leader before he came to Congress. In Congress, TOM EWING has focused much of his attention on issues relating to agriculture, crime prevention, education, economic growth and health care.

It has been a pleasure to work with him, and I wish him well as he returns to the very pleasant, peaceful, and friendly community in and around Pontiac, Illinois.

Now, Mr. Speaker, I turn my attention to the gentleman from Illinois (Mr. PORTER), who is completing his 11th term as a Member and is the very astute, sensitive, and effective chairman of the Subcommittee on Labor, Health and Human Services and Education of the Committee on Appropriations. He is founder and cochairman of the Congressional Human Rights Caucus. He has been cited many times by various budget watchdog groups and has stood in the vanguard on environmental issues.

JOHN PORTER has been a strong supporter of biomedical research, a friend of community health centers, and has stood tall against the continuous spread of HIV/AIDS. The Core Center of Chicago stands today as a model to fight these dreaded diseases and is indeed a testament to the support which JOHN PORTER gave to its efforts.

One of the things that I have always liked best about JOHN PORTER is his ability to convey optimism even when the cupboard is practically bare. He is always eager to look, to see, to try and determine and figure out whether or not he can find greatly needed resources for these programs.

□ 1900

I thank him for his sensitivity to the issues facing America and especially my district and wish him well in retirement.

Mr. Speaker, I also take this opportunity to pay tribute to the Honorable Donald Lemm, Mayor of Bellwood, Illinois, on the occasion of his pending retirement.

Mayor Lemm has lived in Bellwood all of his life, he and his late wife and four children and five grandchildren. He and his current wife, Joy, live at 517 51st Avenue. Mayor Lemm is a graduate of DePaul University with a degree in business administration and accounting. He is a member of the VFW and served in Korea with the 71st Station Hospital as sergeant major.

Prior to becoming mayor, Donald Lemm was a CTA executive for 40 years, serving in the capacities of training specialist, methods analyst, superintendent of bus and rail transportation, and retired as manager of insurance and pensions. He also served as administrative assistant to the chairman of the CTA Board and was retained by the Chicago Transit Authority as a consultant for 3 years after retirement.

Mayor Lemm is active in St. Simeon parish, has served several times as president of the Holy Name Society, is a member of the St. Simeon Contemporary Choir and St. Simeon Traveling Troop, is a lector and minister of the cup, and has served as a member of the parish financial planning commission.

Prior to becoming mayor, Donald Lemm served for 16 years as village clerk. As mayor, he has led the Village of Bellwood into the new millennium, opening up opportunity, creating increased property values, and serving as the role model.

Mr. Lemm has demonstrated what it really means to be a true public servant, always putting the interests of his community and his people above any personal interests.

And so, I am pleased to congratulate him on an excellent public career and wish him and his family well in retirement.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Lundregan, one of its clerks, announced that the Senate has passed without amendment a joint resolution of the House of the following title:

H.J. Res. 115. Joint resolution making further continuing appropriations for the fiscal year 2001, and for other purposes.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 4811) ''An Act making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2001, and for other purposes.''.

EDUCATION AND CONDITION OF SCHOOLS NATIONWIDE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. HINCHEY) is recognized for 5 minutes.

Mr. HINCHEY. Mr. Speaker, I want to take just a few minutes to bring to the attention of the Members of the House some information with regard to education and the condition of schools around the country, both in the State of New York and nationwide.

In New York, for example, there are a total number of 4,172 schools currently operating in the State. The total State and local district school construction spending in the most recent year for which figures are available was $1.6 billion.

According to the Census Bureau, New York, along with Texas and Florida, spends the most on the cost of school construction. However, despite being among the top three spenders for school construction, the poor condition of too many New York schools sends a clear signal that State and local funding is simply not enough to meet modernization needs.

In New York, as is true in many places around the country, the local school districts rely on the local real property tax to pay for the cost of education, including construction and modernization of our schools.

Ninety percent of the schools report a need to upgrade or repair buildings in order to bring them up to a good overall condition. In other words, 90 percent are less than good. Sixty-seven percent report at least one inadequate building feature such as the roof, plumbing, electricity. Seventy-six percent report at least one unsatisfactory environmental factor such as air quality, ventilation, or lighting. There are computers in the schools, but there is only one computer for every 16 students, 16 students trying to use each computer.

In 1998 and 1999, New York paid $618 million in interest on school debt. Again, this money comes out of the local real property tax. Sadly, these statistics reflect the condition of school buildings in almost every place around the country.

Two years ago, I conducted a school modernization study in the district that I represent, which is a largely rural district in upstate central New York. It has five small cities, but the rest of the district is largely rural. In addition to finding similar results as those I have just mentioned, I discovered also that nearly one-third of the schools in the New York State district that I represent were built before 1940. More than one-third of the schools surveyed reported being cited for fire code violations at some point within the previous year. Over half the respondents said that overcrowding in their classrooms was a serious problem.

This is costing us. It is costing us in the education of our children and the ability of those children to perform in the future, and it is going to cost our economy unless we face up to this problem.

The Democrats in this House, along with President Clinton and Vice President GORE, believe very strongly that in order to get our schools into the condition that they should be in the Federal Government needs to help local school districts afford to repair and modernize our schools.

We have a bipartisan bill. It is sponsored by Republicans as well as Democrats. It would provide $22 billion in public bonding authority to help rebuild and repair over 5,000 public schools. This bill would bring $2.5 billion to New York State alone for school construction and modernization.

The bill is popular in this House. It has 228 sponsors, including a number of Republicans as well as Democrats. And yet, the Republican leadership has thus far refused to allow for any consideration, any reasonable debate or a hearing on the floor of the House.

According to the General Accounting Office, a record 52.7 million children are enrolled currently in elementary and secondary schools across the country. That number is expected to climb to 54.3 children within less than 8 years. Thousands of new public schools will be needed within the next few years to accommodate rising enrollments.

We cannot expect States and local school districts, relying as they do on local real property taxes, to shoulder this financial burden. We ought to bring this bill to the floor of the House. We ought to give it careful and thoughtful consideration. We ought to give the Members of this House an opportunity to debate and vote on the bill.

The 228 sponsors believe that if that happens the bill will pass and we will provide the relief that is necessary for school districts and the children and the families they serve across the country.

I hope that before we leave here this bill will come to the floor and we will give it the consideration that it needs. The future of our country and specifically the future of our children and communities all across America depend upon modernizing our schools, providing these school construction funds.

AMERICA'S BETTER CLASSROOMS ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from California (Mrs. CAPPS) is recognized for 5 minutes.

Mrs. CAPPS. Mr. Speaker, I am pleased to follow my colleague the gentleman from New York (Mr. HINCHEY) in speaking about our public schools.

Once again, I rise to express my deep concern over the state of the schools across this Nation, which are overcrowded and in disrepair. In these precious last few days of the 106th Congress, I call upon our leadership to pass comprehensive school modernization legislation.

I strongly believe that education is a local issue, but overcrowding is a local problem which deserves a national response.

Just 1 month ago, I stood here holding a letter signed by over 300 students from Peabody Elementary School in Santa Barbara, California, expressing their desire for passage of school construction legislation.

At this school, students receive a top-notch education. Unfortunately, the students also feel the disturbing effects of overcrowding. This is a school built for 200 students, but now it has an enrollment of over 600.

The added portable classrooms take up precious playground space, which should be used so that students can take part in physical education and activities.

I have visited other schools in my district which suffer from similar circumstances. In Santa Maria, the Oakley School's enrollment is currently over 800, while the school was originally built for 480 students. The first of four lunch sessions begins at 10:30. The last children do not finish until well after 1:30 in the afternoon.

In San Luis Obispo County, Cambria Grammar School was built to handle 200 students. With eight portable buildings, they now have 345. Students have very limited playground space here, and their kindergarten needed to move to a nearby middle school because of overcrowding. This kindergarten is

now housed in a portable room with a small, fenced-in playground.

I spent over 20 years as a school nurse in the Santa Barbara school system. I have seen firsthand the damage that deteriorating school buildings can do. Students cannot thrive academically if they are learning in overcrowded and crumbling buildings at the most crucial time for learning in their lives.

We simply must do better for our students. I strongly support the America's Better Classroom Act. This legislation enjoys bipartisan support and has 225 cosponsors. It would provide approximately $25 billion in interest-free funds to State and local governments for school construction and modernization projects.

Such funding would help schools like Peabody, Oakley, and Cambria Grammar School to make improvements in classrooms and playgrounds that would help reduce class sizes.

When I think what our local educators are forced to deal with and the struggle they are engaged in to address all these problems, I am awed and impressed by how they pull it off each day. They all deserve our most heartfelt appreciation, and I applaud them for the work they do.

I believe that Members of Congress should come to the Central Coast of California and see the crowded conditions that students and faculty must contend with on a daily basis. Then I think we could see some action.

Here in Congress we must set our standards high to ensure that all children have a healthy and safe start. All children deserve to have safe, clean, modern schools to attend each day.

So, Mr. Speaker, I join with the students of the Central Coast of California and I ask that we bring H.R. 4094 to the floor for a vote before this session of Congress comes to a close. There is no excuse not to debate this important bipartisan bill. The 106th Congress is coming to an end, but our students have a lifetime of learning ahead and they need our help.

COMPILATION OF PRESCRIPTION DRUG LETTERS FOR HOUSE FLOOR

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Michigan (Ms. STABENOW) is recognized for 5 minutes.

Ms. STABENOW. Mr. Speaker, beginning on April 12, for the 20 weeks that the House has been in session, I have read 22 letters from MI seniors who desperately need help with their high prescription drug costs.

In that time, I have been pushing consistently for prescription drug coverage under Medicare. Our time is nearly up, and we still have not passed this important legislation.

Looking back through the 22 letters that I have read on the House floor, I am reminded of why it is so important to modernize Medicare and provide prescription drug coverage for seniors.

From Shirley and Raymond Radcliff, Escanaba: "We are a couple on a fixed income and cannot afford these drugs that continue to escalate. Our income cannot keep up with it. Fifteen pills of [one medication] are $41.99. I cannot afford that and discontinued taking them . . . A two month supply of [another medication] is $82.53. I no longer take those either, because I cannot afford them."

From Concetta Lisuzzo, Dearborn: "If you can bring these prices [down] I will be very grateful to you. It seems like a visit to the doctor adds one more prescription. Please help us, so we won't have to make choices between food or prescriptions."

From Annabelle Lewis, Alma: "I stopped taking [my medication] in January 1999, having cut pills in half."

From Julia Kanopsky, Livonia: "I just wish the government would take an interest in problems like this. To curb high prices, I eat two meals a day, and any more hike in health cost, I'll have to go on one meal."

From Dolores Graycheck, Indian River: "Each month we get deeper in debt and soon we, like a lot of other people, won't have anything left . . . I think it's a shame that our supposed Golden Years aren't Golden after all."

From Mr. and Mrs. Arnold Crook, Hillsdale: "We can't go [anywhere] or do anything because it takes all our income for the cost to live. Some weeks, I wonder how long we can go on. It keeps going up in cost and we cannot live."

From Harriett Simmons, Detroit: "We are senior citizens today but yesterday we were active, taxpaying citizens. Don't mistreat us now. We need protection."

USS LST MEMORIAL, INC.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. HALL) is recognized for 5 minutes.

Mr. HALL of Texas. Mr. Speaker, this is a story about a World War II LST that is coming home. She is one of the last of her kind. She has seen a lot in her time. And now, at about 65 years of age, she is about to take on one of the biggest challenges of her entire lifetime.

She was there on D-Day, June 6, 1944. Time and again, the gallant LST 325 returned to Omaha Beach, through murderous gunfire, to unload more men and more equipment to replenish the high casualty and death rate being suffered. She was repaired, and she survived.

At the close of World War II, she was transferred for service to Greece and her name was changed to Syros. After years of good service to Greece, Syros was no longer needed.

About 3 years ago, my constituent, James Edwards of Canton, Texas, contacted me with a request for assistance in the retransfer of the LST from Greece to the United States LST Ship Memorial, Inc., a nonprofit organization whose membership consists of former Navy service members, mostly World War II type guys. I understand the feelings, as I fall in that category, too.

The members of this organization had a dream and a goal that never died. They planned, dreamed, and worked for years to own their own LST. They had a vision of using the ship for educational purposes.

□ 1915

They wanted young people to tour the ship and experience the value of such a trip in helping to win the war and to honor the work it had done. They wanted young Navy midshipmen to train on her, and they wanted Americans of all ages to climb aboard and visit her and even sail on her. Therefore, the LST had to be a movable museum, one that could sail around the waters of the United States and even up the rivers, docking at cities along the way to welcome visitors aboard. That was a tall order, but a worthy cause.

After learning of this noble plan, I introduced legislation to secure the transfer from Greece, and I want to thank my colleagues who supported this effort and helped pass it. I think it should be noticed that the legislation never required one Federal dollar. Unique in itself, the Memorial Association has been raising money and saving funds for years, waiting for that day when they could bring a ''live'' LST back home.

Mr. Speaker, the good news is that the veterans have been in Greece for 3 months, at their own expense, renovating the ship in preparation for the journey back home. She is equipped with the newest radar, repainted and made safe and livable for this historic trip. LST 325 will be sailed home by these veterans, most of whom are veterans of World War II and many of them who are retired. The average age is reported to be at 74 years young.

Recently, the men took LST 325 for a 5-hour shakedown. They cruised around Crete, and she performed perfectly. The report came back to me that the veterans said how wonderful to feel the salt air in their faces again, and I heard that there were some tears of joy mixed in. These men are being cheered and supported by current Navy personnel stationed in Crete and by members of the Hellenic Navy. I am pleased to tell my colleagues that our Ambassador to Greece, Nicholas Burns, and officials of our American Embassy, have done much to make all of this good news possible, and I am sure my colleagues will join me in being appreciative of their assistance.

Finally, having planned very well and believing they had all loose ends tied up, these veterans discovered that their source for food was not going to be available. Neither was their source for fuel. That was the bad news. How

were they going to get the LST back home?

This story is fraught with heroes. This epic, this ongoing saga of 40 courageous World War II veterans giving of their hearts to bring the LST 325 home, found another big heart and that is the heart of Mike McAdams, a vice president of British Petroleum, a fellow Texan and former staffer of mine, who went to other officials of BP with the story of this little band of veterans, so full of bravery and determination and so in need of fuel.

Mr. Speaker, the good news is that British Petroleum has donated over 40,000 gallons of fuel to the men and the memorial ship, enough to bring LST 325 back home to America. They are ecstatic and grateful and so am I.

The corporate leaders of British Petroleum have shown a responsibility to share which cuts across all generations in a salute to those who have given so much and served so proudly. Mr. Speaker, I say: thank you, Mike Mc Adams and thank you British Petroleum.

The transfer of documents will take place in Athens momentarily and the LST 325 will be on her way. The plan is to stop in Rota, Spain, taking the southern route home. She is expected in Fort Lauderdale sometime around Thanksgiving, as she travels only 7½ knots an hour. I hope to be there when she arrives. What a celebration that will be.

When the men, these veterans, come home, they will have realized a dream of many years and a vision for a memorial that will honor all veterans who have put their lives in harm's way. Many of their shipmates lost their lives during the amphibious assaults, and the LST memorial will honor these men who sail this ship today in the memory of all who have gone before them.

Mr. Speaker, as we approach the end of the 106th Congress, I am honored to pay tribute to the veterans of the LST and all those who helped make this dream come true. I hope that my colleagues will join me in wishing them well and say a prayer for their safe journey back home.

STATEMENT OF THE HONORABLE TOM BLILEY, CHAIRMAN, COMMITTEE ON COMMERCE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Virginia (Mr. BLILEY) is recognized for 5 minutes.

Mr. BLILEY. Mr. Speaker, in an effort to provide a complete legislative record, I am providing the CBO cost estimates for H.R. 762, the Lupus Research and Care Amendments of 2000, and H.R. 3850, the Independent Telecommunications Consumer Enhancement Act of 2000, which were not included in the Committee's reports on the bills.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE
Washington, DC, October 4, 2000.

Hon. TOM BLILEY,
Chairman, Committee on Commerce, House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 3850, the Independent Telecommunications Consumer Enhancement Act of 2000.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Ken Johnson, who can be reached at 226–2860.

Sincerely,

BARRY B. ANDERSON
(for Dan L. Crippen, Director).

Enclosure.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE, OCTOBER 4, 2000

H.R. 3850: INDEPENDENT TELECOMMUNICATIONS CONSUMER ENHANCEMENT ACT OF 2000, AS ORDERED REPORTED BY THE HOUSE COMMITTEE ON COMMERCE ON SEPTEMBER 14, 2000

H.R. 3850 would exempt small telecommunications carriers from certain rules and reporting requirements administered by the Federal Communications Commission (FCC). The bill would relieve small carriers from the requirement to maintain separate affiliates to provide advanced telecommunications services. This provision could alter payments that such firms receive from the Universal Service Fund. The legislation also would require that the FCC grant or deny merger petitions from small telecommunications firms within 60 days, and all reconsideration and waiver petitions within 90 days.

CBO estimates that H.R. 3850 would have no significant impact on the federal budget. The bill could, however, have small effects on both direct spending and governmental receipts (revenues), so pay-as-you-go procedures would apply. H.R. 3850 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

Based on information from the FCC, CBO estimates that the agency would spend about $3 million a year to implement H.R. 3850. The commission would need more staff to investigate the costs incurred by small telecommunications carriers, which the bill would exempt from certain reporting requirements. The FCC also would have to hire additional personnel to review merger, reconsideration, and waiver petitions in order to meet the bill's deadlines for acting on such petitions. Under current law, enforcement and regulatory costs that the agency incurs are offset by fees charged to the industries that the FCC regulates. Therefore, CBO expects that the net effect on the FCC's appropriated spending would be negligible.

H.R. 3850 would affect governmental receipts and direct spending in two ways. First, it could allow small telecommunications carriers to receive larger payments from the Universal Service Fund to support the added costs of providing advanced telecommunications services. Using the Universal Service Fund established by the Telecommunications Act of 1996, the FCC seeks to provide universal access to telecommunications services, in part through assessments on telephone companies to finance payments to companies that serve high-cost regions. Receipts to the Universal Service Fund are recorded as governmental receipts, and payments do not require annual appropriation action. Based on information from the FCC and the Universal Service Administrative Company, CBO estimates that any change in the Universal Service Fund's spending resulting from this legislation would not be significant and would be offset by either lower payments to other companies or higher revenues.

Second, H.R. 3850 would affect application fees the FCC collects to offset costs associated with tariff filings and other applications from the telecommunications industry. Those licensing fees are recorded as offsetting receipts. Based on information from the FCC, CBO expects that H.R. 3850 could affect the number of tariffs filed by small telecommunications carriers. However, CBO estimates that the resulting change, if any, in receipts from application fees would not be significant.

The CBO staff contact for this estimate is Ken Johnson, who can be reached at 226–2860. This estimate was approved by Robert A. Sunshine, Assistant Director for Budget Analysis.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, October 13, 2000.

Hon. TOM BLILEY,
Chairman, Committee on Commerce, House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 762, the Lupus Research and Care Amendments of 2000.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Alexis K. Ahlstrom, who can be reached at 226–9010.

Sincerely,

BARRY B. ANDERSON
(For Dan L. Crippen, Director).

Enclosure.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE, OCTOBER 13, 2000

H.R. 762: LUPUS RESEARCH AND CARE AMENDMENTS OF 2000, AS PASSED BY THE HOUSE OF REPRESENTATIVES ON OCTOBER 10, 2000

H.R. 762 would require the Director of the National Institute of Arthritis and Musculoskeletal and Skin Diseases (NIAMSD) of the National Institutes of Health (NIH) to expand and intensify research and related activities of the institute regarding lupus. The NIH will spend approximately $50 million on lupus research this year. The act would require the Director to coordinate activities with similar activities conducted by other national research institutes and agencies of the NIH. The act also would require NIAMSD to conduct or support research to expand the understanding of the causes of lupus, and to increase research into finding a cure for the disease.

H.R. 762 would authorized grants for the establishment, operation, and coordination of delivery of essential services to individuals with lupus and their families. The act also would regulate charges (such as enrollment fees, premiums, deductible, cost sharing, copayments, coinsurance, or other charges) imposed by grantees on service recipients.

H.R. 762 would authorize the appropriation of such sums as necessary to carry out the act's provisions in fiscal years 2001 through 2003. At this time, CBS cannot estimate how much would be necessary to implement H.R. 762. However, because the act would not affect direct spending or receipts, pay-as-you-go procedures would not apply.

H.R. 762 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act. State and local governments, as well as a number of

community and nonprofit organizations, would be eligible for grants established by H.R. 762 for the purpose of delivering and enhancing health care and related services for individuals with lupus.

The CBO staff contact is Alexis K. Ahlstrom, who can be reached at 226–9010. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

TODAY'S CHALLENGE: EDUCATION IN AMERICA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. BACA) is recognized for 5 minutes.

Mr. BACA. Mr. Speaker, the challenge confronting us today is education. Before us is the future of education. We as a Nation must place education as the number one priority if we are to meet the challenges and needs of the 21st century; if we are to look where our children are going to be and if they are well prepared to meet those challenges.

We need to invest in education. We need to come together in a bipartisan effort and support H.R. 4094; 228 Members are cosponsors. This is not a partisan issue. This is a bipartisan issue. This is about education and putting a high priority and investing in the future of America.

We need to make sure that class size reduction for our children is there. We have got to make sure that our children have the same opportunity that many other individuals have where they have small classes, but it can only happen through modernization and class size reduction.

We need to fund education at the highest level. When a child comes into school, they must feel comfortable to know that the ratio is 25 to one, student to teacher. If the atmosphere is good, the students feel good, the teachers feel good. They are in an atmosphere that they can learn. That is positive for a lot of our students. The individual attention is important to a student, because a student has to develop self-esteem, self-confidence in themselves. If he or she has confidence in himself and they know that the teacher is working in areas that they need, then we can have the accountability to make sure that our students are progressing and learning in our public institutions. It can only happen if we reduce the class sizes.

Yes, Mr. Speaker, we need teacher training; and, yes, we do need accountability. That is very important for us as well. But we must invest in education; we must allow that to happen. We must provide the tools and the instruments to make sure that our teachers have the resources and the funding. I know that it is very difficult in today's society. When we look at California alone, that has over 6 million students in our K through 12. More and more students are coming in, and yet we have a ratio of 45 to one in many of our schools. We need to make sure that we look across the Nation and we provide the funding.

My son, Joseph Baca, Jr., is a teacher in junior high, and he is going out and buying supplies. This should not happen to him and many other teachers because we are not providing the funds that are very much needed in our classrooms. We need to make sure that we provide not only the funding to make sure that teachers have the equipment, have the supplies, and create the atmosphere; we want to make sure that when children go into our schools, that they know very well that they are coming into a school that they do not have to worry about leaking roofs. They do not have to worry about not having any faucets that are fixed, and they do not have to worry about looking at windows that are broken. They do not have to look at walls that have graffiti. We want to create an atmosphere that is good for them.

If an atmosphere is good for them, then they will begin to learn. And if it is good for them, then teachers feel good about being energized in teaching.

At the same time, we have to make sure that we look at not only modernization, but the digital divide, to look at technology to make sure that we fund every one of our schools so that our children are well prepared to meet the 21st century and well prepared and well trained. If they are not, what is going to happen to our Nation? What is going to happen to our Nation? It is our responsibility that we provide the funding at a higher level. We have got to invest more. We are not investing enough in education.

Mr. Speaker, I believe the answer and the beginning and the right steps are in H.R. 4094. That is a step in the right direction. When an individual receives the funding, then that means we have the accountability. At the same time, when we look at where are our students, we must prepare them to meet the 21st century so they are ready to go to a community college and State college and our universities.

Are community colleges ready for them? We have to make sure that we provide tax incentives and tax rates and tuition that is available for our students to go on to our community colleges. More and more students are going to our community colleges right now, and we have to make sure that we provide the funding there. And as we look at those students who are transferring on to 4-year institutions, to make sure that they can get into a State college or university.

Mr. Speaker, I know that we have honors programs and other programs, but it becomes difficult when we do not have the funding and we do not have the financing that are available for a lot of our students. The tax incentives and tax breaks are there. Mr. Speaker, we need to invest more in education. We can take the right steps. The steps are ahead of us, but we have to come together in a bipartisan effort.

TRIBUTE TO CONGRESSMAN RON PACKARD UPON HIS RETIREMENT

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 1999, the gentleman from California (Mr. MCKEON) is recognized for 60 minutes as the designee of the majority leader.

Mr. MCKEON. Mr. Speaker, the leader of our California delegation, the gentleman from California (Mr. LEWIS), has given me the honor of putting together a night to honor the gentleman from California (Mr. PACKARD), one of our colleagues who is leaving the House, retiring at the end of this session.

We wanted to take a little time to talk a little bit of his accomplishments while here in the Congress. First of all, we will hear from our leader, the gentleman from California (Mr. LEWIS). I yield to him such time as he desires.

Mr. LEWIS of California. Mr. Speaker, I very much appreciate my colleague yielding. And, Mr. Speaker, I would like to join my colleagues this evening in paying tribute to our friend from the Committee on Appropriations, RON PACKARD. RON is retiring from the House after 18 years of service to his constituents. He has had the privilege of representing one of the most beautiful parts of our State in south Orange County and north San Diego County, a small piece of Riverside County as well, as he would remind us.

It is understandable why RON would want to spend more time at home. He has just completed the building of a new home with his wife, Jean, seven children and too many grandchildren to count. He has got plenty to look forward to as he goes back home to his district.

RON came to the Congress after serving in the U.S. Navy and later as a member of the school board, active in the chamber of commerce. He served on the city council and was mayor of Carlsbad. RON was elected to Congress as a result of his success as a write-in candidate in 1982, one of the very few occasions in which a write-in candidate has been successful.

I have worked most closely with RON in the appropriations process where over the years he has been the chairman of the Subcommittee on Legislative Appropriations, the chairman of the Subcommittee on Military Construction Appropriations, and is just completing a tour representing our State very well on the subcommittee that deals with energy and water appropriations, a most important appropriations bill.

Mr. Speaker, we are going to miss RON greatly as a member of our committee. He has been of great service to Southern California.

Mr. MCKEON. Mr. Speaker, I yield now to the gentleman from Long Beach, California (Mr. HORN).

Mr. HORN. Mr. Speaker, RON PACKARD is truly a man of the House of Representatives. He is a gentleman. He is civility. He is a good listener, and he has got a ready smile. He won friends all over this Chamber on both sides of the aisle; and, of course, that is what effective legislators do.

Of course, when we all learned that he had a total of 44 children and grandchildren, 7 children, 34 grandchildren, and three great grandchildren, we were envious. And I always wondered how he remembered their names. I suspect Jean, his charming wife, maybe put a sort of easel up and when they were coming, said here are the names.

RON, in whatever he did as a legislator here, first on public works, now known as the Committee on Transportation and Infrastructure, but now on the Committee on Appropriations, he was very fair when he listened to all of us, Democrats, Republicans, Easterners, Westerners, Northerners, Southerners. On appropriations, he brought basic common sense to the Subcommittee on Energy and Water Development, one of the most difficult committees in this Chamber, because it involves floods, it involves ecology, it involves environment. RON could deal with all of those pressures.

He cared about our troops abroad, in particular. In the period when he was chairman of the Subcommittee on Military Construction, our troops abroad in Korea were in Second World War barracks going to pieces, and RON knew that should not be. If we have families, as we do now in all the services, we need good facilities and we need a place where they can call home when it is abroad.

Mr. Speaker, I want to thank RON for all he has done in this Chamber, and all he will do when he goes back to, as the gentleman from California (Mr. LEWIS) said, that beautiful part of the California coast.

So, Jean and RON, you are a great couple to have as a mentor and have as a model, and we thank you for what you have done in your 2 decades here, and we wish you well in the years ahead.

Mr. MCKEON. Mr. Speaker, I yield now to the gentleman from New Jersey (Mr. FRELINGHUYSEN), a colleague of RON PACKARD's on the Committee on Appropriations.

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Mr. FRELINGHUYSEN. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I rise tonight to wish our colleague RON PACKARD well in his retirement from the House of Representatives at the end of this 106th Congress.

Tonight a number of us have gathered in this Chamber during this special time to pay tribute to our colleague and our friend who has served with distinction in this people's House for 18 years. All of us know this very good-natured gentleman from California is one of only four Members of Congress to have ever won their first election to the Congress as a write-in candidate, a tremendous feat in and of itself. Little did we know that RON would go from that point in 1982 to become chairman of three very important House appropriations subcommittees.

As other Members have mentioned, many of us here tonight know RON for his years of service on the House Committee on Appropriations. I myself have had the honor of serving with him on that committee, and most recently I have had the pleasure of serving under his chairmanship on the appropriations Subcommittee on Energy and Water.

For the past 2 years, RON has been steadfast in reversing the President's decision to underfund our Nation's infrastructure needs. Due to his leadership, the Congress has maintained a strong commitment to partnerships with our local communities and States by providing these needed funds for flood control, shore protection and dredging our harbors and the like.

As a former businessman, school board member, city councilman, and mayor, RON has always believed that the Federal Government should provide a helpful hand but the true power and decisions should be returned to State and local government officials who know the best needs of their constituents.

On a personal note, in July of 1999, I traveled with RON and his wife, Jean, and other Members to Russia as part of our committee assignment on Energy and Water. RON and our colleagues toured the Russian ''closed cities'' or the former nuclear sites and met with numerous Russian officials. It was a trip to remember, in large part due to RON's leadership, his insistence that we see where U.S. dollars were being spent to dispose of or contain nuclear waste.

Throughout our trip within Russia, RON showed his dedication to our purpose for being there and to the American people by insisting on receiving a complete understanding of the current status of all of these nuclear sites. Additionally during this trip, I had the opportunity to get to know RON and Jean; and I can tell you, judging from our discussions about our families, that RON and Jean will definitely continue to be busy grandparents, taking a very active role in all of their 34 grandchildren's lives. The Congress' loss will be his family's gain.

I wish you well in retirement, RON. You have set a high standard for all of us to follow that remain. We will miss you. Good luck and Godspeed.

Mr. MCKEON. Mr. Speaker, I yield to the gentleman from Riverside, California (Mr. CALVERT), another of RON's good friends and neighbors.

Mr. CALVERT. Mr. Speaker, I thank the gentleman from Valencia, California, for putting together this special order for our good friend, RON PACKARD; and I say that very sincerely.

I do not know if the gentleman remembers, but in 1982 we both ran for Congress in Republican primaries, and, something we have in common, we both lost. I lost my Republican primary, but RON went on to win a very substantial victory in a write-in campaign.

That has only happened four times in the history of the United States House of Representatives, which shows how popular and well loved he is in his district. I know that for a fact, because our districts adjoin each other in the Temecula-Marrietta areas of our district. And every year we would get together for the last 8 years I have been in the House, and we would meet and have what they call the RON and KEN show up there. And we would talk about issues that affect the Temecula-Marrietta Valley. I will miss that very much; and you need to come out, RON, to celebrate those times.

On issues out in those areas, Pierce's Disease, which is devastating the vintners out there in that area, and avocados, that we just successfully concluded here shortly, those I am sure are issues you are very proud of in the local sense. But, obviously, on a national sense, the service that you have done for the Committee on Appropriations in all the various subcommittees, legislative branch, certainly military construction, where you have helped a lot of young families get better housing and a better place to live, to help retention in our military forces, something I am sure you are very proud of. And certainly the energy and water account in which you have done many things throughout the country, and happily in our own area, the Temecula-Marrietta area that has devastating floods, that we can finally move toward flood protection for the many people that live in that area and the property we would like to protect.

So RON, it has been a privilege serving with you. I know that another thing that I do not know if a lot of people know, he is probably the finest golfer in the House. No doubt about it. He will be giving me at least a stroke a hole from now on. I really appreciate that.

I thank the gentleman for his service and look forward to many years to come of friendship.

Mr. MCKEON. Mr. Speaker, I yield to the gentleman from California (Mr. BACA), another golfer, a Member from the other side of the aisle, and also a neighbor and friend of RON's.

Mr. BACA. Mr. Speaker, it is a pleasure for me to be up here to say a few words about an individual. I am the new kid on the block. I just got elected not too long ago. I said, who is RON PACKARD? But, you know what, since I have gotten to know RON PACKARD, basically he reached out and touched the lives of many of us.

You may think the type of relationship he built here on a bipartisan is very important. I know we are going to miss you. I know I am going to miss you, since I am relatively new here. I know, not only because you are on the Committee on Appropriations, the Committee on Transportation and Infrastructure, the Subcommittee on Energy and Water, but what you have done throughout the area is you really have left a legacy for many other individuals in the community, because truly your legislation and your policies have been bipartisan, in the interests of California, in the interests of the Nation.

That is important for people to remember when they look at a legislator that is serving us. That is why not only is he well liked and loved in his district, but throughout the Nation and by many of us. You truly are a leader, a visionary, an individual who cares about not only our communities as a whole, and in your district, but you are an individual that is willing to listen on a bipartisan basis and say what is important for our Nation, what is important for California, and take action, which is very important on a bipartisan basis.

As the new kid on the block, I find that very energizing, I find that very enthusiastic, and I find that very motivating, because it is important to get motivated. Everybody told me, when you come up here, JOE, it is going to be so partisan. I found out that not everything is so partisan. Sometimes, yes, but there are individuals that are not, and you truly have developed a kind of friendship and you have opened the doors to many individuals to say what is it that you have to say that is good for California, what is it that is good for all of us. If it is good, I am willing to listen. That kind of relationship and kind of friendship, there is no dollar value that you can put on it.

It truly has been an honor to be your friend and know you this short period of time. I wish you were here longer. But I know that you left a legacy, not only the legacy in policy, but the legacy in golf. You truly are one individual that has been an outstanding golfer. A lot us are going to try to follow in the same footsteps, and hopefully we can. Thank you very much for serving the State of California and our Nation.

Mr. MCKEON. I yield to the gentleman from San Diego, California (Mr. CUNNINGHAM).

Mr. CUNNINGHAM. Mr. Speaker, I would like to thank JOE BACA, a Member from the other side of the aisle, for giving tribute to someone that we cherish very, very much.

You know, RON PACKARD was a write-in, and what a rich legacy he gave the constituents of North County. Much of the district I now represent was RON's former district, and his legacy was hard to keep up with. As a matter of fact, when I go up there, they used to tell me, well, ''RON didn't do it that way, DUKE.'' But RON gave me a lot of guidance.

RON PACKARD, DUNCAN HUNTER, myself and BRIAN BILBRAY represent North County, San Diego and San Diego City, both on authorization and appropriations, and I want to thank you for your leadership and what you were able to help us with. Not only from the appropriations, but RON also knows how to breach partisanship and work with Members on the other side, as you just witnessed with JOE BACA.

But he is no nonsense, and his style is that of a grandfather to a child. If you were bad on this House floor, or very partisan, RON, through his leadership, was not above going after somebody that was partisan. He was also not afraid to call for removal of the President or a cabinet member when he thought it was within his value system, and he had the strength of a leader to carry that through.

RON loved public service. He loved his wife, Jean, and his family, but his family might be described as a covey, a herd, a flock, or just maybe a large group. RON has seven children, 34 grandchildren and three great-grandchildren, the last we heard; and I am sure that that number is going to go up.

But I think it also shows the competitiveness of RON PACKARD. I would like to give a story off the Hill. RON does love golf, with a passion, and if he loses a dime, I mean, he frets for a week if he loses a dime. He is a fierce competitor. As a matter of fact, right there where he is sitting at this moment he was sitting with DUNCAN HUNTER one night.

Now, RON is a very good golfer, in the 70s or 90s. DUNCAN HUNTER is of equal caliber, in the 70s or 80s. I am lucky to break 100, so I am always asking for strokes on the golf course on the weekends from these two rascals, but they will not give it. Sometimes they cave in.

They were discussing something, and I was sitting behind them waiting for them to finish. Come to find out, they were plotting on Saturday when we went to the Old Soldiers Home golf course, both of them were going to show up with their arms in slings so they would not have to give me a stroke a hole that game.

Well, they did not see me slip out behind, they did not know the stealthiness of one Member; and, when we showed up, I had my arms in two slings, so they had to give me a stroke a hole.

But I thought I would share this letter. I thought enough of this, I got this just a couple of years ago from RON, to show you what a competitor he is. I would like to read it. He says, ''Dear DUKE, you can have my wife, you can have my children, my grandchildren, my house, my car, my good name, but never, never, never, ever a stroke a hole. Signed, RON PACKARD.''

God bless you, RON. We love you.

Mr. MCKEON. Mr. Speaker, I yield now to the gentleman from California (Mr. ROHRABACHER).

Mr. ROHRABACHER. Mr. Speaker, it is my honor to be here tonight to honor RON PACKARD. It is not a happy occasion, however. It is not happy, and it does not make me happy and does not make us happy that we will not have RON PACKARD with us to help us and to guide us and direct us and to cheer us in the years ahead in this body.

We will remain friends, we will remain people who respect RON PACKARD forever, but we will sorely miss you. This is something that I say from the heart.

RON has been a father figure, especially for those of us in the Republican Party and the Republican delegation from Orange County. He has been truly a father figure, a kind father. He has been a hard-working father, he has been a caring father, and he has been a wise father, and all of the things you think of when you think about a good man and a person of integrity, of strength, that is what you think of, that is what we think of, the people who have worked with him so many years and relied upon his strength of character and his cheerfulness, that is what we think of when we think of RON PACKARD.

RON started his career as a dentist. I always find it is fascinating to talk to people, as I have spoken to RON for many hours, about what they did in the previous career before actually coming here to Washington, D.C. Actually I know it is hard to say you were thrilled to hear stories of his dentistry, but it made him a real human being to me, and realizing you could actually go into a dentist's office and have RON PACKARD there, you know, him leaning over you and saying this is going to hurt me as much as it is you, and you realize that is really true; that RON is such a sympathetic person and empathetic with people, that he was as a dentist and a human being was very successful outside of the political arena.

Also we know that RON PACKARD served in the Armed Forces. I know he has several stories which he will not tell in public about the Armed Forces. He served his country and he had a good time doing it, but he also was very dedicated to his country. RON is the true image of a Patriot, of an

American Patriot. American patriots, some of us in the conservative movement think patriots are the solemn guys and just repeating slogans about the country. RON is an honest, honest patriotic person. He is an American, a true American, and you can sense that in his heart.

□ 1945

How one can tell that this is so evident, not only to us, but to his constituents, as has been mentioned here several times, RON did not win his first race right off the bat. RON won a write-in race. Now, with a name like ROHRABACHER, I can tell my colleagues that that would have been absolutely impossible, but even with a name like PACKARD, which anybody can spell, it has only happened 4 times in the entire history of the United States Congress.

Why did this happen? What was the issue which made people in his district take the time to fill out that name? What was it that motivated them? What was the crying need that said, we need RON PACKARD in that first election? It was one word, and the word is integrity. The people in his district knew that they needed integrity and they called out for it and they knew that RON PACKARD was the candidate, even though they had to go out of the way and do more work to get him in by writing his name in, to get him in this position. Of course, since then he has been winning every election by huge majorities.

As a Member of Congress and the dean of the Orange County delegation, he has given all of us direction. We have looked at his hard work, we have looked at his fairness and his willingness always to lend a helping hand to others on both sides of the aisle, and yes, to give advice. We look at those things as a role model for the rest of us. I came in in 1988 and RON was already a veteran. I will have to say that what he has offered us and offered me personally has been very, very advantageous. He has given me a lot of professional guidance on how I should be operating here as a Member of Congress, but he has also served as a role model and given professional advice, or I should say personal advice.

RON is a model for us, both professionally and personally. RON, I might add, in the last election showed his values and showed how important values are to him by taking a lead in California in trying to pass the Save the Family or Protect the Family Act, which is basically designed to protect the institution of the family in California. Also, the efforts he has made to make sure that the Boy Scouts are not forced into lowering their moral standards or giving up the word ''God'' in their scout oath.

Mr. Speaker, I was just married 3 years ago, and I will close with this. I hope that I have as much happiness in my life and that it shows on my face and in my life as much as RON's family life and the happiness and joy that he has had has had on his life, because he has been a shining example to all of us of what marriage and what love between people is all about. We will miss you, RON. Your presence will not be forgotten; it will shine on as long as the rest of us are here. Thank you very much for all you have done for us and for what you have done for the United States of America.

Mr. MCKEON. Mr. Speaker, I yield now to the gentleman from California (Mr. DREIER), the chairman of the Committee on Rules.

Mr. DREIER. Mr. Speaker, I feel compelled to be very kind to RON, because as I have been listening to some of my other colleagues who are going to follow me, I think that this will end up as something other than a love fest. I have just heard a story that has not been shared with me that in fact our colleagues will get to hear from my dear friend and classmate, the gentleman from California (Mr. HUNTER) in a few minutes about RON's earlier life.

So let me take a couple of minutes and be very kind. I know that many people focus on the divisiveness that exists here in the Congress and the partisan antipathy that regularly goes on, but there is, in fact, a camaraderie. Then, when we look at the California congressional delegation, the California delegation is known for being extraordinarily divisive: Californians all hate each other; the Democrats and Republicans do not get along; the Republicans are all divided; the Democrats are all divided. If the truth were to be known, we rally, and RON PACKARD was key to putting together the kind of solidarity which we frankly do enjoy today.

I will always remember many late-night meetings which members of the California congressional delegation held, and RON PACKARD was always there. He had as a top priority bringing our delegation together, and he was key to that effort.

Mr. Speaker, I have heard about his wife, Jean, and this huge family, and he is the only guy I know who will actually look you in the eye and say that he does not know the names of some of his relatives. Somebody talked about the fact that he has a number of grandchildren and 7 children, and that when they have family reunions, the Packards have hundreds, I think it may be even thousands, who gather together for family reunions. It is a very, very impressive family that he has. I hope one day he gets to meet all of them.

I will say that when we look at the work that he has done on the Subcommittee on Energy and Water, most recently, I have to say that this very soft-spoken dentist, the former mayor of Carlsbad, has stood up in meetings, and now that he is getting ready to leave, I think I can share this, that he has made it very clear that if Members of Congress have been fortunate enough to have their issues that are priorities for them included in legislation, they had better vote for the legislation. RON very calmly, very firmly makes that statement, and he does it with a kind of confidence that only a powerful cardinal can exercise around here.

So we are going to miss RON. The gentleman from California (Mr. HUNTER) and I were just talking about the fact that RON is our junior colleague. We had the privilege of coming here with Ronald Reagan back in 1980 and then, as many have said, RON shocked the world of being the person, I guess the fourth, to win that famous write-in election, and the gentleman from California (Mr. HUNTER) has all kinds of stories about that write-in election that he will probably share with us.

So let me just say to RON and Jean, his wonderful wife who has stood by him, and I have had the privilege of traveling with them and spending time with other members of their family, they will be sorely missed. The California delegation has come together in large part due to the commitment that RON PACKARD made to that goal, and I shall always be grateful to him for that.

Mr. MCKEON. Mr. Speaker, I yield now to another strong member of our delegation, the gentleman from California (Mr. OSE).

Mr. OSE. Mr. Speaker, I rise today to give my thanks also to Mr. PACKARD who has done so much during his 18 years here in this body for the State of California and everybody not only who lives in his district, but in mine and in Mr. MCKEON's, Mr. HUNTER'S, Mr. DREIER'S, and others. I know the gentleman from California (Mr. HUNTER) has some great stories that are coming. We have heard them in our luncheons and been regaled with them. They are good. I hope that they are presented and taken in the spirit of camaraderie that we have.

RON has a quiet leadership style that, as the gentleman from California (Mr. DREIER) said, members of both sides of the aisle appreciate and, frankly, rally around. He has been very fair to all members, regardless of party affiliation. Frankly, I have only been here for just about 2 years now, but in my short time, I have tried to emulate his qualities: humility, fairness, honesty, accountability, and frankly, the integrity that just comes. If one gets the chance to work with RON, it just comes out. It is just so clear. His qualities have won him many friends and admirers here in Washington and in California, as we can see from him being returned 8 times from his initial election.

Mr. Speaker, on the Subcommittee on Energy and Water, Mr. PACKARD has provided critical assistance for the safety of Americans across the Nation and particularly for Californians and specifically for people who live in the Sacramento area. He understands our challenges along the Sacramento River and the American River, and his work has led to a significant increase in the level of flood protection for the people that live in my area, and for this I am grateful. It makes a difference.

Mr. Speaker, RON PACKARD, as others have said, is very devoted to his family, which is and always has been his most important priority in life. As he takes his bride, Jean, and returns to California and leaves this august body, I know that he will enjoy spending time again with them in the manner in which perhaps every one of us should, and devoting more time to those that he loves as family members. I say to the gentleman, I appreciate your leadership and guidance, and you will be missed. Godspeed.

Mr. MCKEON. Mr. Speaker, I yield now to the gentleman from Michigan (Mr. KNOLLENBERG), a colleague of Mr. PACKARD's on the Committee on Appropriations.

Mr. KNOLLENBERG. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I too rise this evening to pay tribute to RON PACKARD, who I consider to be a distinguished statesman from the State of California, and on this occasion of his retirement at the end of the 106th Congress, I wish him well.

I have known RON and I have known his wife, Jean. I have not known the 7 children and, I believe, 34 grandchildren and the great grandchildren, but that will come. I have had the pleasure to travel with he and Jean on some CODELs, I would not say around the world, but certainly to various parts of the world, and we have had I think some very interesting experiences on those trips and I have gotten to know he and Jean. We find that his dedication to his family and to his church is very, very strong. It is unwavering. The fact that he is a dentist and that he moved from being a dentist into Congress is a little bit of a change, I guess, but others do the same from the field of medicine, so that is not so unusual. But he has made the change and he has done it, as somebody has already said, several members have mentioned the fact that he was only the fourth member, only the fourth in history to actually come to the House via the write-in process. I never believed anybody could get here by the write-in process, but RON did. The residents of his district in southern California have seen fit to send him back to Washington, and by overwhelming majorities, every election since, back to 1982. I think well they should, because RON PACKARD has been a respected and dedicated member of this House ever since.

He has served his California constituents well. Not only that, he has served the Nation well, and that includes his service in the Navy and his time as the mayor of Carlsbad, California and, of course, the 18 years here in the House.

As we know, RON PACKARD is the chairman of the House Subcommittee on Energy and Water, and it has been my privilege to serve with him on that committee as well as on the Subcommittee on Foreign Operations for the past few years. He has also served, as we know, on the Subcommittee on Military Construction and the Subcommittee on Legislative Appropriations, as well as his efforts on the Subcommittee on Transportation.

I can assure my colleagues that the Energy and Water bill is no easy task, and let me say a little bit about why. It was only through RON's tireless dedication and self sacrifice that made difficult matters appear mundane. Energy and Water runs the gamut of issues, hitting upon matters of national and energy security. That bill provides vital important funding for such items as the Nation's stockpile stewardship, Cold War weapons plant cleanup and energy supply, only to name a few. But here is the part that gets tough. It not only funds hundreds, even thousands, of local water priorities performed by the Corps of Engineers and conducted in just about every Member's district, and the member from California has brought balance, he has brought common sense in approaching the Energy and Water bill discussions during his tenure. In fact, this year, RON PACKARD had to deal with some 3,000 requests. Now, those were not all Member requests, but a good many were and the rest came from a variety of sources. All of these have to come before the committee, all have to be dealt with. His hard work and dedication resulted in a timely and reasonable piece of legislation that covered all of those bases, and it took patience and it took thoughtfulness and it took courtesy, and he had all of those qualities to meet and deal with people and with their requests.

RON PACKARD's retirement will leave a set of shoes that will be difficult, if not impossible, to fill. Mr. Speaker, I think I echo the sentiments of all of the Members who have spoken here this evening in saying that this gentleman will certainly be missed.

I am certain that RON will make good use of his time in the coming months. I can only guess that golf courses around the country will be richer, will be the richer for it. RON, congratulations to you and to Jean. Enjoy your retirement, and thank you very much.

Mr. MCKEON. Mr. Speaker, I yield now to another good friend of RON's and a member of the California delegation (Mr. DOOLITTLE).

□ 2000

Mr. DOOLITTLE. Mr. Speaker, I want to thank the gentleman from California (Mr. MCKEON) for organizing this special order.

RON is obviously someone who is looked upon very favorably here in the House and who is a friend to all. And in the frenetic pace that we have, we do not take time to stop and pause upon the contributions of any given individual until the time of his or her retirement.

It is unfortunate that it is that way, but at least we do have this occasion to pause for that moment, and many things have been said. RON has a very interesting life and a number of significant accomplishments.

I just want to provide just two or three brief snapshots of my encounters with RON. When I was a brand-new Member here, 10 years ago, I would take the Metro in; and so if we stayed late at night, although I could have taken the Metro back out, RON lived out near us, and he was kind enough to give me a ride.

So he introduced me to an interesting way of getting home. But the best way, and I always take it whenever I am driving, and that is you go down 395 South. You get off at Maine Avenue. You go past the Jefferson and Vietnam Veterans and Lincoln Memorials right along the Potomac River.

There are quite a few little turns you have to know how to make, but you end up going up over the Theodore Roosevelt Bridge looking past the Kennedy Center, and you are on 66 West. And, RON, every time I go that way I have you to thank for that. I think of you. I think of you every single time. I do think of you teaching me how to get home that way.

We have another thing that is somewhat unusual. When we were not back in our districts and happened to be here for the weekend, RON and I were members of the same congregation, the Oakton Ward of The Church of Jesus Christ of Latter Day Saints. And RON served for many days for the instructor of priesthood group.

I might add ORRIN and Elaine HATCH are members of that ward. And Jean, of course. RON and Jean's daughter Lisa. We miss them, I must say, as they have been wrapping up their affairs and making the transition completely back to California.

They have moved back with their family, and we do not see RON so much in that capacity, but we did see him there this last Sunday.

Anyway, I treasure those memories.

Lastly, but not least and most directly related to our legislative life, I had the privilege of working with RON on a very important issue to California, the subject of water and specifically, the subject of cow fed. RON is the chairman of the Subcommittee on Energy and Water Development, and as we all know, there is an appropriations subcommittee that handles the money to be spent for each of the different policy committees.

The policy subcommittee that I chair is the Subcommittee on Water and Power. And so we worked rather closely together on this very contentious issue of water, and that is really not resolved as of this moment and will be taken up in the next Congress.

But I do want to say this, rather than simply doing whatever he liked as the appropriations chairman, because frankly, if that power is used in that fashion, legislating on appropriations bills can occur and can occur contrary to whatever the policy committee would like to have happen. I do not think that that is appropriate, but it occasionally happens around here.

It did not happen with RON and his subcommittee, and I really value, RON, how closely you worked with us and the authorizers to try to reach an accommodation on that. You and I and our committees were together, but not all the parties in this process were, and so it has not worked out yet; but you certainly gave it the maximum effort. I am convinced the foundation that we laid will eventually be built upon to resolve this problem.

Lastly, the last personal snapshot, as you heard what a great golfer RON is, and I think he is one of the best in the House. But he and his wife also love games, board games, and we had a couple of delightful evenings over the years enjoying those experiences together as couples.

So I want to say thank you. We will miss you, and Godspeed in your new endeavors.

Mr. MCKEON. Mr. Speaker, I yield to the gentleman from San Diego, California (Mr. HUNTER), another good friend.

Mr. HUNTER. Mr. Speaker, I want to thank the gentleman from California (Mr. MCKEON) for putting this special order together, and we talked about the serious side of RON I think a little too much tonight. I need to tell you a couple of stories about this guy.

The first story is, a number of people have talked about his patriotic service to the Nation as a Naval officer, indeed, a dentist; and there is one story that is floating around Southern California about a certain dentist who was seeing a large number of recruits. They were running them through pretty rapidly, filling teeth, pulling a few here and there and getting them in shape to go overseas.

RON and his cohort there, the other dentist who worked in the office, decided they would have a little fun. It involved a new technique, the technique of utilizing dynamite to remove bad teeth. So they had a rather large, naive young man who was in the chair, a little bit apprehensive about this dental work that was to begin.

RON very ceremoniously opened up a large volume, a big book; and he said we are going to try the new blasting technique on your teeth. I hope you like it. It is experimental, and RON proceeded to take a piece, a little roll of gauze that he dipped in iodine that looked like a miniature dynamite stick.

And as this horrified recruit, who had been promised good dental care in the U.S. Navy, lay back in that chair with just a look of horror on his face, RON inserted this small stick of dynamite under one of the molars or on top of one of his molars, he looked back at the book and he said it now says we have to attach the fuse, and he pulled out a piece of dental floss, which if you light it will in fact fizzle and sputter and acted something like a fuse, then he plugged the fuse into the small stick of dynamite that was laying on top of a now horrified recruit's back molar.

RON then, a very, very solemn man. We all know RON can be a solemn person. When RON is solemn we all get solemn, and he very solemnly skipped a few lines in the book, and he says to his friend, his fellow dentist, that we have to take cover. So they led the fuse over behind the desk and got down behind the desk; and RON then lit the fuse, and as this fuse sputtered and fizzled and the flame, the spark got closer and closer to this young recruit, the recruit got more and more agitated, as you may imagine, and finally leaped up with a squeak and raced out of the office.

RON was required shortly thereafter to visit the commanding officer. And this is pure RON PACKARD. He has gotten away with stuff all of his life. He very solemnly went in and began to explain what had happened very truthfully, and his commanding officer wanted to be very severe, but after RON had gone about halfway through the story, his commanding officer could not help himself, and he burst out laughing.

He finally just admonished RON and his colleague to get out of there, so they left. They promised not to harass any more recruits, and that is one of my favorite Navy stories.

But that epitomizes the sense of humor that RON has and RON has carried that sense of humor over to today. In fact, he has a great sense of humor. He actually told the gentleman from California (Mr. CUNNINGHAM) and I we had good golf swings before he proceeded to take us for a small wager, of course not illegal; but we have had a lot of fun out there playing golf.

RON is a fairly tight-fisted guy. I had an opportunity to actually make a hole-in-one in a golf tournament that my colleagues played in, and I thought I would get a car. But I was informed that since RON was running the tournament, I would not get any car. And I think I got just a couple of dollars for making this fabulous hole-in-one, even though another member of the conference then got a very nice car after he made a hole-in-one a couple of tournaments later.

RON wanted to present me with my car this year, which I understand was a small model about 5 inches long; so, RON, I want to get that as soon as possible.

My other favorite story about RON PACKARD involves his family, and it involves where he comes from in that great area of the Snake River Plains in Idaho, where people work from dawn to dark and have a tremendous work ethic and where everybody looks the other guy right straight in the eye and where literally a big piece of American wilderness was carved into a very productive land, and that is where RON and his 16 brothers and sisters, 14 boys and 3 girls, grew up near Meridian, Idaho, and the Snake River Plains there.

His father was working for Morrison, Knudson just prior to the Japanese bombing in Pearl Harbor in World War II, and he was on Wake Island. He was working as a civilian worker. When Wake Island was taken shortly after the bombing of Pearl Harbor he was captured by the Japanese. His father became a POW.

I think what his father did in that POW camp represents the character that RON took on, and that has followed him all of his life, and that is that RON's dad who became a POW was taken on one of the so-called hell ships to Japan and treated very brutally, helped to take care of the other POWs.

He became the historian of the POW camp, and he wrote down the history of all of the members of that POW camp, and he kept a log on what happened to them. As you know, 30 percent of our POWs were killed in World War II that were incarcerated in Japan.

He hid that little history, as I recall, in a piece of bamboo. And when he came back to the States, he made sure that he contacted every family that had a loved one in that POW camp and gave them the history of their loved one, who in most cases did not make it back or in many cases did not make it back before he went back to his own family, and then like RON PACKARD, he told them, all the kids, what had happened, and then he talked very little about it. And that is RON.

He is the kind of guy who has got great character, a great caring and does not dwell on himself a lot. We have had little cabals, as the gentleman from California (Mr. DREIER) said in the California delegation. I like a good cabal myself, and a good secret meeting; RON PACKARD is a guy that likes to bring people together and likes to put oil in the water and bring out the best in everyone.

He really epitomizes what is best about this Congress. He has got a good heart. He looks you in the eye. He helps you whenever he can, and he is a great citizen. And I cannot help but think that it was that upbringing that the 17 boys and girls, 14 boys and 3 girls, on the Snake River Plains of

Idaho and all that hard work that they had to endure and keeping that family going without a father that made RON PACKARD what he is.

We have been better for his presence. God bless you, RON.

Mr. MCKEON. Mr. Speaker, I yield to another good friend of Mr. PACKARD's, the gentleman from South Carolina (Mr. CLYBURN), who served with him on the Committee on Appropriations.

Mr. CLYBURN. Mr. Speaker, I sat in my office listening to speeches being made, and I thought to myself how many times I had shared in private conversations with so many people both in this Congress and outside, how much admiration and respect I had for RON PACKARD. I thought to myself, maybe this is a good time to share with the world at large exactly what some of my feelings are for him.

Mr. Speaker, I met RON first when I showed up to play in one of his golf tournaments, and I think when he saw me, he thought maybe I had strayed on to the wrong golf course. But we struck up a relationship on that day; and some time after that, I was elected by my party to serve on the Committee on Appropriations and of course I sought a seat on the Committee on Energy and Water Development, and much to my pleasant surprise, I found out that RON PACKARD was the Chair of that subcommittee.

I cannot think of anybody with whom I have worked since being in this body that I felt more fairly treated than the time I spent on that subcommittee. And of course, I took leave from the committee and am still on leave from that committee and his subcommittee. We still find time to interact with each other.

Quite frankly, I am not too sure he didn't treat me more fairly in my absence than he would have if I had been there to argue my case in person. But this past Members golf tournament I had the opportunity to play in a foursome with RON PACKARD, and I always thought of how much I admired and respected him, until that day when he politely taught me just how much better a golfer he is than I am, but he did it in such a way that I really enjoyed that thumping you gave me on that day.

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But all of that aside, as I said earlier, in this body, I think, as some things get contentious, we often plead our partisan cases in such a way that even we are often not proud of how we have done it. But I have never seen an instance when my interaction with RON PACKARD was not of the highest regards for each other.

I wanted to come to the floor tonight and say how much I appreciate serving with him, how much I appreciate my friendship with him, and to wish him Godspeed in all that is before him in life and let him know that, if ever he comes to South Carolina, I want to repay that thumping on the golf course that he gave me not too long ago. I thank him and Godspeed.

Mr. MCKEON. Mr. Speaker, I yield now to the gentleman from Orange County, California (Mr. COX), one of the leaders of our California delegation.

Mr. COX. Mr. Speaker, I thank the gentleman from California very much for yielding to me.

Mr. Speaker, I want to join with this distinguished group of Members on both sides of the aisle in paying tribute to my friend and our colleague, this great national leader from Southern California, RON PACKARD.

I, too, have enjoyed listening to the stories tonight on the floor, and I hope the gentleman from California (Mr. PACKARD) has, too. There are many to tell about a man whose time here in Congress has done so much to improve our national life and to improve this institution.

RON and Jean and their seven children and their 34 grandchildren are a family that the Packards have made us all feel a part of. I have met some, but not all of the Packard family. Perhaps someday I will be able to do that. But the family members that I have been introduced to and I have met are fine men and women that say a lot about RON and Jean.

I have my own much younger family. It seems to me, given the natural limits to mortal life, I can never catch up. But I know from the task of being a father what a measure of our own worth that is. That is one and only one, a big one, area of RON's life in which he has set an example for the rest of us.

When I first came to Congress, I had the opportunity to serve on the Public Works and Transportation Committee with my neighbor in Orange County to the south, RON PACKARD. RON was and is an expert in aviation, served on that as well as other subcommittees in the Congress, and continued to have even greater influence in that area on the Committee on Appropriations where, as has been remarked upon several times tonight, he is a cardinal, a term of reverence, well deserved in his case for someone who wields extraordinary power of the purse in our constitutional system.

I have had the opportunity even to have some vacation dinners with RON and Jean. Rebecca and I have shared a nice meal at some romantic spots in Hawaii together and gotten to know RON in that way personally, and it has been a lot of fun. I hope we have the opportunity to continue to do that even after he retires, because we are Southern California neighbors.

It has been mentioned because it is such an extraordinary fact of RON's career here how he got here in the first place, one of only four Americans in our national history to come to this people's House as a write-in candidate.

It is extraordinary in a time in election season right now when we are all talking about campaign finance reform and the nefarious influence of special interests to think about what this means in RON's case. RON got here in exactly the opposite way, not because of special interests, not because he was even the nominee of a major party. He was not. He had to run against the Democratic nominee, run against the Republican nominee as an individual. He was RON PACKARD first and became the party's standard bearer thereafter because the people wrote him in.

RON PACKARD and I share another distinction that I am very proud of. Possibly this means more to a Republican than a Democrat. But RON and I are the only Members to have our legislation become law, notwithstanding the veto of President Clinton, in two full terms of the Clinton administration: in my case, the Securities Litigation Reform Act; in his case something even more important, I have to say, and that is rebuilding our Nation's military.

Because as the chairman of the Subcommittee on Military Construction of our Committee on Appropriations, he put before this House what was necessary to rebuild our military, to provide the resources that armed services needed. He convinced our colleagues on both sides of the aisle. They voted to support his legislation. The same was true down the corridor in the other body, the United States Senate.

We sent that legislation to the President. When the President made the rare decision to cast a veto that he should not have, the Congress reacted quickly and supported RON PACKARD, even against the wishes of the President of the United States, because they knew he was supporting the United States military and that he was right.

Now, it should be said about a Republican who serves on the Committee on Appropriations that there are temptations. The whole term limits movement has a reason in America because of those temptations, because people who serve too long in Washington find it too easy to spend other people's money on pork barrel projects, on wasteful Washington ways. Sometimes they forget about the people back home. It is sad to say that temptation is strongest when one is closest to the money on the committee charged with spending it, the Committee on Appropriations in the House and in the Senate.

So how honored have we been as American citizens to be served by a chairman on the Committee on Appropriations who took his trust so seriously that, in discharging it, he actually reduced spending.

When RON PACKARD first became a chairman on the Committee on Appropriations in 1995, he quickly sent a bill

to the floor of the House of Representatives that did not just cut spending for the benefit of taxpayers, it cut spending at home where, presumably, it would hurt Members of Congress themselves most, in our own legislative budget. He cut spending by Congress on itself by fully one-third, an extraordinary achievement when we had a new majority, a new Congress, under the leadership of RON PACKARD.

In fact, throughout his career in the majority as a cardinal, as a chairman on the Committee on Appropriations, RON PACKARD has been garnering awards, not for bringing home the bacon, but from such groups as Americans for Tax Reform, which rated him a taxpayer's hero, and the National Taxpayers Union, which rated RON PACKARD an appropriator and a chairman and a cardinal in the top 5 percent of people in this entire Congress interested in cutting spending.

This is an extraordinary accomplishment and something, Mr. Speaker, that the gentleman from California (Mr. PACKARD) can not only be proud of, but that all of his colleagues here are proud of. He has made us all proud. Everything that he has done in his career, even before he came to Congress, as a local leader, as a mayor, as a member of the city council, as a dentist with his own practice has distinguished him.

But in this Congress for 18 years, everyone on both sides of the aisle, as the gentleman is hearing tonight from his friends, has found him to be scrupulously honest in his dealings, to be always fair, and, just as importantly, to be hard working and is represented by the fact that he got here as a write-in candidate, a citizen legislator. The gentleman from California (Mr. PACKARD) is, in short, everything that a Member of Congress should be, everything a national leader should be.

It is well said that ours is a government of, by and for the people. The for and by parts are very important. But remember that it is also a government of the people, and that this Congress, which manufacturers nothing, is simply the sum of the people who populate it, the people who were chosen by the voters to come back here.

Therefore, by being who he has been, the fine gentleman that he has been and is, the leader that he has been, the exemplar that he has been for all of us, he have improved this institution, the people's House. The Congress of the United States and thus our country is the better for it.

It has been a privilege to know the gentleman from California (Mr. PACKARD) and to work with him, and I look forward to continuing our friendship in the years ahead.

GENERAL LEAVE

Mr. MCKEON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the subject of my special order today.

The SPEAKER pro tempore (Mr. RYAN of Wisconsin). Is there objection to the request of the gentleman from California?

There was no objection.

TRIBUTE TO THE HONORABLE RON PACKARD

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. PACKARD) is recognized for 5 minutes.

Mr. PACKARD. Mr. Speaker, I would like to make a response, but there is one or two others that would like to say a word.

Mr. COX. Mr. Speaker, will the gentleman yield?

Mr. PACKARD. I am happy to yield to the gentleman from California.

Mr. COX. Mr. Speaker, it is my understanding that the gentleman from California (Mr. MCKEON) would also be pleased to be recognized before the gentleman from California (Mr. PACKARD) speaks. If the gentleman would be willing to yield to him for 5 minutes, I will ask then for a 5-minute special order myself and yield to the gentleman from California (Mr. PACKARD).

Mr. PACKARD. That will be fine.

Mr. Speaker, I yield to the gentleman from California (Mr. MCKEON).

Mr. MCKEON. Mr. Speaker, this has been a very enjoyable evening. I think there have been many great things said about a very great man.

Years ago, in 1982, my father-in-law, in one of his visits, said that he had been asked to help a great man in his Congressional District to run a write-in campaign for Congress. That man was RON PACKARD.

Whenever my father-in-law would visit, he would tell us stories of what they were doing and how they were preparing for the campaign. I knew not much about the Congress and knew nothing about running a campaign for Congress, and so I was not as impressed as I should have been.

Now, having run a campaign and been elected to Congress, I know that it is impossible to win on a write-in. I wish my father-in-law were still alive, and I could tell him how great a job I think he did in helping elect such a great man as RON PACKARD to Congress.

RON is in stature shorter than I am, but he is a man that I always look up to. There have been a couple of stories told about how tight he is with a penny or a dime. I think that if one knew his background one would understand why the story told about how he was raised with 16 brothers and sisters and how every penny, every dime counted I think is really important. It is reflected in one story that I have heard RON tell that I think shows how important money was to him and to his family as they were growing up.

His family had a .22 and a shotgun, and it was very expensive for them. It was hard for them to buy ammunition. But he tells of a story one time that he and his brother went out hunting ducks, and they had to wait till the ducks got in a line because they had to get as many as they could with one shot.

The one brother shot as many as he could when they got in line with the .22. Then, as the rest of the ducks took off, the second brother shot with the shotgun. Then they went around and gathered up all the ducks. They got 23 with one .22 shell and one shotgun shell.

The meat was important. The feathers were important for their pillows and their quilts. They used every bit of those 23 ducks. Life was not easy for them in Meridian, Idaho. But they did great things with their lives.

We have heard lots of stories about RON and his family. I know some of his brothers. I know what great people they are. There are so many things that we can learn from this great man.

He and I are from the same faith, and we believe the words of a prophet that lived many years ago that said, ''whatever you achieve outside the home is not as important as what you achieve within the home.'' RON has done a great thing both within and without the home, but he has never forgotten his family.

Now, as he retires, he is going back to live in San Diego by other members of his family. We will miss him here but know that he will continue to do great things as he has throughout his life.

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I am very fortunate to call this great man a friend.

TRIBUTE TO THE HONORABLE RON PACKARD, MEMBER OF CONGRESS

The SPEAKER pro tempore (Mr. RYAN of Wisconsin). Under a previous order of the House, the gentlewoman from California (Ms. MILLENDER-MCDONALD) is recognized for 5 minutes.

Ms. MILLENDER-MCDONALD. Mr. Speaker, I come tonight because I think it is a testament of any Member of this House when someone on the other side drops what they are doing to come and speak favorably on the departure of a Member. I have come tonight because RON PACKARD is a friend of mine, one whom I admire immensely.

When I came to this House, I began to serve on the Committee on Transportation and Infrastructure. There were a lot of times when I was not quite clear as to what I would do in terms of asking for more funding for California, but then I met a man who

was from California who knew exactly what I should be doing and how I should do it. That man was RON PACKARD.

RON PACKARD represents the best in all of us in this House, whether we are a Republican or a Democrat, because he simply puts his hands out to give advice when one who was a freshman sought that advice. He made me feel quite welcome to come to him and comfortable to come to him and to seek that advice. I remember one time when I was asking for perhaps more money than I should have for California, and he simply said, let us get together and see what we can do to work this out.

I will always have fond memories of RON PACKARD. And as he leaves this House to go and be with his family and children and grandchildren, I know that he will look back upon this House with fond memories, but we want him to leave knowing that he had friends on both sides of this aisle who not only recognized his experience and his expertise on transportation and appropriation issues but also recognized his friendship, his putting his hands out to both those across the aisle as well as those who worked directly with him on the Republican side.

We wish the very best for RON as he goes back to California. I know he will not miss the traveling, coming back and forth from California, but I hope he will miss us as his friends, because we certainly will miss him and all of the great things that he has done to make the people of California feel proud of him and to make this Nation feel proud of him. I am happy to call him my friend.

Mr. REGULA. Mr. Speaker, I rise today to join my colleagues in paying tribute to our colleague, Mr. PACKARD, of California for the many years of service and dedication he has given to this body and to the American people.

Mr. PACKARD is retiring from this House after 18 years, and during these years we have served together on the House Appropriations Committee. He has risen in service to Chair one of our most important subcommittees, and he has displayed outstanding leadership for the nation in this capacity. Water resources and energy resources are vitally important to the quality of life for our citizens, and RON's leadership has moved the U.S. to new levels of achievement in addressing those needs. The confidence of those he represents was well exemplified by the fact that RON was only one of four in the history of our nation who was elected by a write-in vote.

RON, I join your many friends in the House in wishing you and Jean years of happiness and good health.

Mrs. MEEK of Florida. Mr. Speaker, I rise to pay tribute to my friend and colleague, the gentleman from California Representative RON PACKARD, Chairman of the Energy and Water Subcommittee on Appropriations. I am proud to recognize the gentleman for this accomplishments and wish him continued success as he retires from the United States Congress.

I have had the honor and pleasure to serve with Chairman PACKARD in the Appropriations Committee and I can tell you from personal experience that he is one of the hardest working and most effective members of Congress. As Chairman of the Energy and Water Subcommittee on Appropriations, he has done an extraordinary job of balancing the national and regional needs; and has always been a good steward of federal funds. He is a leader who has proven he can get things done.

He is a strong friend of Florida and a great American. I thank him for the continued support in working with me on various projects in my City of Miami and my state of Florida. I know I speak for Members on both sides of the aisle, when I say that Chairman Packard's calm judgement, strong leadership, unfailing courtesy and good humor have been truly appreciated in our deliberations and will be sorely missed.

Chairman PACKARD was first elected to Congress in 1982 by a write-in vote, becoming only the fourth successful write-in candidate for Congress in the history of the United States. Prior to his election to Congress, he served four years as mayor of Carlsbad, California, in the district he now represents. A dentist by education and profession, he was always active in civic affairs and public service.

Chairman PACKARD, you can be very proud of your accomplishments here and in the imprint that you have made in this institution and on the nation. I wish you the very best in the new challenges you undertake.

Mr. Speaker, Congressman's PACKARD's retirement is a loss to this institution, to his colleagues and in particular to his constituents. He will be remembered for his commitment and leadership. The people of California's 48th Congressional District will miss him, and so will we.

Mr. FILNER. Mr. Speaker, I rise today to join my colleagues from the California delegation in congratulating Congressman RON PACKARD on his retirement after serving the people of Southern California for over 20 years. I would like to take a moment to honor him and his record of service to California and the United States. Congressman PACKARD began his long career of public service as a trustee of the Carlsbad Unified School District. After serving on the Carlsbad City Council, and later as Mayor of Carlsbad, RON was elected to the House of Representatives from California's 48th District. In his first election to the House, he was only the fourth successful write-in candidate in U.S. history.

The citizens of Orange County, San Diego County and Riverside County, who placed his name on that first ballot, returned RON PACKARD to the House eight more times. I join the other members of the San Diego delegation in recognizing that the people of his district, of Southern California, and of the United States have been well served by his exemplary career.

As Chairman of the Energy and Water Subcommittee on Appropriations, Chairman of the Military Construction Appropriations Subcommittee, and Chairman of the Legislative Branch Appropriations Subcommittee, RON PACKARD was a model of bipartisan leadership. He always worked with Members on both sides of the aisle in a fair and balanced manner to bring important legislation to a successful conclusion. He represents how one can be a friendly and helpful person even to those, like myself, with whom he disagreed on most policy issues.

RON, as you look toward the future and a well-deserved retirement, the people of Southern California and your colleagues from the California delegation thank you for your fine example and wish you and your wife, Jeanne, the best of luck.

Mr. PORTER. Mr. Speaker, it has been my great privilege to serve in this body for the last eighteen years with my California colleague, RON PACKARD, and on the Appropriations Committee for the last eight. I also served on the Military Construction Subcommittee when he was its chairman and with him on the Foreign Operations Subcommittee.

I have very much enjoyed his friendship, our common interest in the great game of golf (at which he is very proficient, and I am, unfortunately, not very), as well as the opportunity to work with him on matters of mutual interest. He has always been fair, courteous, and forthcoming in all our dealings, a man of impeccable honesty and integrity, and the kind of representative for his constituents that does this body proud.

While we have our differences philosophically—for example, on voluntary family planning—I respect his commitments to his core beliefs. People of good will in our system can always hold differing convictions so long as they are mutually respected.

I wish RON and his wife, Jean, a rich and full and enjoyable life in retirement, the joys of his wonderful family, and, of course, lots of superlative rounds on his favorite courses.

Mr. MATSUI. Mr. Speaker, I rise today to pay tribute to Congressman RON PACKARD as he prepares to retire at the end of the 106th Congress and conclude his remarkable career as an elected representative. For 18 years, I have had the honor of serving with my distinguished California colleague. Upon his arrival in 1982, Mr. PACKARD immediately immersed himself in many of the most significant policy debates of the time by serving on the Transportation and Science Committees. His vast intellect and ability to work with Members in a bipartisan fashion became apparent immediately, foreshadowing a long-standing career of effective and responsible leadership. Mr. PACKARD eventually made the transition to the Appropriations Committee where he went on to become one of the most well respected Chairmen of the Military Construction Subcommittee, and later the Energy and Water Subcommittee. Through his extraordinary work, he has become one of the most ardent fiscal hawks, has legislated against wasteful government spending and has continuously fought to solve the many immigration challenges confronting the state of California. Also, Mr. PACKARD has been a constant champion of the men and women who serve in our armed forces, and has led with a clear vision in working to meet the water, environmental, and energy needs of California and our nation.

But given his lifetime of public service, Mr. PACKARD's success in Congress comes as no surprise. That service began in the military as a dentist with the U.S. Navy Dental Corps at

Camp Pendleton, California located in the congressional district he would later represent. He soon became active in local and civic affairs, first serving on the Carlsbad school board, then the Chamber of Commerce, served two years on the Carlsbad City Council and eventually became the mayor of Carlsbad in 1978. It was during these years that the people of the 48th district in California learned of Mr. PACKARD's ability to fairly and justly serve those he represented, and as a result, they entrusted him with their congressional seat by electing him as a write-in candidate in 1982.

Mr. PACKARD's career has been exemplified by the values of hard-work, honor and integrity that are all too often absent in society. Through his ability to work in a bipartisan manner, he has been one of the most potent and influential leaders in this body and for 18 years has worked tirelessly to serve his constituents and our nation. Although my colleagues and I will miss his presence, we wish him well as he prepares for retirement and pursues new challenges. RON, best wishes to you and your family.

TRIBUTE TO THE HONORABLE RON PACKARD, MEMBER OF CONGRESS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. DOOLITTLE) is recognized for 5 minutes.

Mr. DOOLITTLE. Mr. Speaker, I yield to the gentleman from California (Mr. PACKARD).

Mr. PACKARD. Mr. Speaker, I thank the gentleman from California (Mr. DOOLITTLE) for yielding to me.

I am overwhelmed by my colleagues and the generous, kind things that they have said. I have had the privilege to serve in Congress for 18 years now. I shall be eternally grateful to my constituents, the voters of my district, in San Diego County, Orange County, and Riverside County for allowing me to represent them here in Congress. To participate in the greatest legislative body in the world is a privilege that only a few have experienced, and I have been blessed beyond measure with that privilege.

When I first came to Congress, there were several major goals that I had hoped we could achieve together in our government. We were awash in deficit spending, adding to the national debt between $200 billion and $400 billion a year. I wanted to see our government live within its revenues and balance its budget. I wanted to restructure the entitlements of welfare and Medicare and Social Security. I wanted to reduce the heavy tax burden of our taxpayers. I wanted to strengthen our defense. I wanted to reduce the size of government and make it more efficient and more effective.

Who could have dreamed 18 years ago that we would be able, Republicans and Democrats together, to accomplish these remarkable goals? It has been a great time to serve in the House of Representatives. The opportunity to serve with each Member of Congress has been a wonderful treat, both sides of the aisle. I have not found it any more difficult to love and appreciate my Democratic friends than my Republican friends.

To work with a competent and loyal staff has been a great privilege. I have had great staff members throughout my career.

To serve with President Reagan and President Bush and, yes, with President Clinton, has been a very memorable experience for me.

I sincerely appreciate the kind and generous remarks of my colleagues from California and from all the other States that have been here. I love them dearly.

Lastly, I must express my deep love and admiration that I have for my wife, Jean. This job is particularly difficult for spouses and for family members. No Member of Congress could enjoy love and support and devotion more than I have from my wonderful wife and family. I am so fortunate.

I love what I do in this hallowed Chamber. I love America. I will miss dearly my colleagues, my constituents, my staff. I will miss the work. I love what we do here. I will not miss the uncertain schedule. I will not miss the fund-raising nor the campaigning. I will not miss the regular traveling from coast to coast. But I have learned that there are only three ways to leave this place, and two of them are real bad. I am leaving the right way, at the top of my career.

I am a praying man. I pray every day. And I will pray daily for all of my colleagues who continue this great work and service in this great deliberative body. I will miss you all very dearly. I love you and I love the work. I bid you a very fond farewell.

I want to thank those that put together this most memorable hour together. I deeply appreciate my colleagues, all of you. Thank you very, very much.

HEALTH CARE REFORM

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 1999, the gentleman from New Jersey (Mr. PALLONE) is recognized for 60 minutes as the designee of the minority leader.

Mr. PALLONE. Mr. Speaker, this evening I am going to be joined with some of my colleagues on the Democratic side of the aisle to discuss health care and what we believe should be done in the waning days of this Congress. Unfortunately, most of what we are about to discuss is part of the unfinished agenda here which I have been somewhat critical of the Republican leadership in the House of Representatives for because these health care issues have not been resolved; yet they are very important to the average American.

When I talk about health care concerns, I believe that they are the Nation's number one priority right now. They concern matters that affect the daily lives of our constituents and which I think, if they were resolved and if they were attended to by the Republican leadership and passed and sent to the President in legislative form, would actually make a difference in people's lives. So for that reason I regret that on the issues such as prescription drugs for seniors under Medicare, HMO reform, and also increasing access to health care for those who are uninsured this Congress really has not accomplished much.

I do not really expect much to be accomplished in the next few days that we are here, but I do think it is unfortunate that the Republican leadership has so far, and has over the 2 years, refused to address these issues in a meaningful way.

I just wanted to summarize, if I could, and put them also in the context of the presidential debate, because I think that health care policy has really been one of the defining issues in the context of the presidential debate and the presidential campaign.

Let me mention first the issue of prescription drugs. We know that our senior citizens and the disabled, people who currently are eligible for Medicare, many of them do not have access to prescription drugs because it is not a basic benefit under the Medicare program. What the Democrats have been saying is that we would like it to be a basic Medicare benefit. We would like it to be included under the rubric of the Medicare program because we know that Medicare has been very successful in addressing the problems of hospital care, the need for hospital care and the need for physicians' care.

If a person now reaches the age of 65 or is eligible because they are disabled, they do get their hospital insurance taken care of under Medicare. And if they pay a certain amount a month, about $40 or so per month, then they have also their physician's care taken care of. But that is not the case with prescription drugs. Some seniors are able to get a prescription drug benefit if they are fortunate enough to have an HMO in their area that may cover it in some way. But that is not the majority.

Some senior citizens outside of Medicare are able to get coverage because they have it as part of an employer retirement plan or maybe they are eligible for veterans benefits as part of the Federal Government; but generally most seniors do not get either adequate prescription drug coverage or, in many cases, no prescription drug coverage at all.

Basically, using the example of Medicare part B for physician's care, what the Democrats have been saying and what Vice President GORE has been

saying is that we will establish a new part D, for example, under Medicare. And just like with part B for the physician's care, seniors would pay so much per month. It would probably start as little as $25 a month; but as the benefits increase, it might get to be more. They would then get a certain prescription drug benefit that would be guaranteed, which would make it possible for them to simply go to their local pharmacy, and it would be covered. They would have a choice of a pharmacy to go to, and any prescription drug that is recommended by their physician or by the pharmacist as medically necessary would be covered.

Very simple concept, really. No magic here. It is simply included under the Medicare program. Well, the Republican leadership and the Republican presidential candidate, Governor Bush, do not like this. I think, frankly, though they may not admit it, that they do not like Medicare very much, and they do not like the idea of a public program like Medicare including prescription drugs. So what they propose I call a voucher. Basically, they say they are going to give a certain amount of money in the form of a subsidy or a voucher to seniors who are below a certain income, not the majority of seniors, but just those who are below a certain income. Those seniors can take this voucher, and they can go out in the private marketplace to see if they can find an HMO or some other kind of insurance plan that will cover them.

There are a lot of problems with that. First of all, it is not under Medicare, so it is not going to be universal. Most seniors would not be able to take advantage of it. In addition to that, with the exception of the HMOs, they are probably not able to buy a prescription drug policy. Most insurance companies do not sell prescription drug policies. So they may be able to get it through an HMO, but we know what the problems are with HMOs. We do not know how much the deductible is going to be; we do not know how much the copayment is going to be. We do not know whether all drugs will be covered. A lot of problems and a lot of inability, I would say ultimately, to get a good insurance program that covers prescription drugs.

So I would suggest that this Republican proposal and the one that comes from Governor Bush is not realistic. It is not something that is going to help most seniors. But even so, basically they have not paid a lot of attention to it here in the House of Representatives. They talked about it at one time, but that was it. There has not really been any movement to get this accomplished. That is unfortunate, because our seniors are crying out for an answer on the issue of prescription drugs.

Now, on a second issue, and that is the issue of HMO reform, once again the Democrats, and if we listened to the last debate, Vice President GORE was very specific that what we need in order to cure the abuses in the HMO system is the Patients' Bill of Rights, the Norwood-Dingell bill that was passed by the House of Representatives, mostly with Democratic votes but with some Republican support.

I will not get into all the details of the Patients' Bill of Rights, but basically it changes a lot of things that exist under current law in terms of the abuses we face with HMOs. Right now, the decision about what kind of medical care a person gets, whether that person gets a particular operation, how many days they stay in the hospital, what kind of equipment they get, these decisions are made by the insurance company, and many times without the patient's input or without the doctor's input. That is what leads to abuses.

HMOs deny care. People do not really have a way to redress their grievances because if they have to appeal the decision of the HMO, usually it is to the HMO itself, and they, of course, deny it again.

□ 2045

What the Democrats have been saying with the patients' bill of rights, with the support of a minority of Republicans but not with the Republican leadership, is that we have been saying that we want to make sure that decisions about what kind of care they get, what is medically necessary, are made by the physician and the patient, not by the insurance company. That is what the patients' bill of rights says.

And secondly, it says that if the HMO denies them care that they think they should have or that they need, then they have a legitimate way of redressing their grievance by going into an outside board that is independent of the HMO, or, failing that, they have the right to go to court and bring suit, which is not possible now for most people who are in HMOs.

Well, if we listen to the third debate, Governor Bush said that he was in favor of HMO reform. But then when we look at his record in Texas, on one occasion when something like the patients' bill of rights came to his desk, he vetoed it. And then on another occasion when it came to his desk he basically was told, if you veto it again, we will override your veto, we have the votes in the legislature to override; and so, he let it become law without his signature, basically protesting it but indicating that he could not do anything about it because if he did veto it, it was going to be sustained anyway.

So we do not have much support here. We have a Presidential candidate on the Republican side that basically opposed HMO reform as Governor. And then we have a Republican leadership that still reluctantly allowed the patients' bill of rights to come to the floor of the House and it passed, but the Senate is holding it up and the Republican leadership continues to oppose it here in the House of Representatives.

The last major issue, and there are others but I want to get to my colleagues, the last major issue with regard to health care reform that faces many Americans is that many Americans, something like 44 million Americans right now, simply have no health insurance. They are not covered through their employer. They are not eligible for Medicaid because they are working and their income is a little too high and they cannot afford to go out in the private market and buy their own health insurance.

Well, the Democrats have been saying, let us try to solve that problem. We solved it to some extent in a significant way with children, which was the largest of this 44 million who did not have insurance. We passed the CHIP bill, and we gave money to the States so they could sign up kids for a health insurance program for the children of working parents. And that has been successful in probably signing up about half the children around the country that were previously uninsured.

But again, when it came to Governor Bush, he said that, although he was getting the money from the Federal Government, he wanted to keep the income levels for the kids' care program, for the CHIP program fairly low. And he had originally proposed, I think, 150 percent of poverty, and it took the Texas legislature basically to insist that the eligibility requirements be higher than that. And for a long time, essentially, he made it difficult for the CHIP program, for the Children's Health Insurance Program, to be implemented in the State of Texas in a way that would be helpful to more and more children.

Now, what the Democrats have been saying and what Vice President GORE has been saying is we want to expand the eligibility for this CHIP program to even higher incomes, maybe 250 percent of poverty. And at the same time, the Vice President and the Democrats have been saying we want to address the problem with the adults who are uninsured, so let us let the parents of the kids who are in the CHIP program enroll in the CHIP program as well so that they are insured. It certainly makes a lot of sense. But again, we do not see the Republicans supporting that initiative or taking any action here in the House of Representatives to address that concern.

Lastly, the other large group of people that we know are uninsured are the near elderly, the people between 55 and 65 that are not eligible for Medicare but who often lose their job or take early retirement and find themselves or their spouse without health insurance.

President Clinton and Vice President GORE and the Democrats have been advocating that those near elderly be able to buy into Medicare for maybe $300 or $400 a month, and again we have seen opposition from the Republican leadership and the unwillingness to bring this up in committee or on the floor of the House.

So whether it is the issue of access and covering the uninsured, whether it is the issue of HMO reform, or whether it is the issue of prescription drugs, over and over again the Democrats have put forward proposals supported by the Vice President which have been opposed or scuttled, if you will, by the Republicans and again not supported by their Presidential candidate, Governor Bush.

We are only pointing out the facts here tonight. I am joined by a number of my colleagues who would like to address this issue.

First, I would like to yield to the gentlewoman from the Virgin Islands (Mrs. CHRISTENSEN) who also happens to be a physician.

Mrs. CHRISTENSEN. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, as my colleague the gentleman from New Jersey (Mr. PALLONE) said, the big issues that remain before us as we come close to the end of the 106th Congress are the same ones that we have not been able to get the Republican leadership of this body to adequately address through several Congresses, not just this one, education and health care.

Last week I was able to join some of my colleagues to call for passage of our education agenda. But tonight I want to join my colleague in talking about health care.

A few weeks ago, I joined Senator BYRON DORGAN of North Dakota, along with the gentleman from Arkansas (Mr. BERRY) and others at a hearing in the other body to call on their leadership to bring the patients' bill of rights to the floor for a vote and to pass it. To date nothing has happened. That is despite the testimony of patients, of a mother who lost her daughter because she was denied the test and care that she needed, the testimony of health care professionals who said how their professional judgment and their values were daily compromised by having to work under the current managed care system.

The system has to be reformed to allow doctors and other providers to make decisions in consultation with their patients on what medical tests and care is indicated in each instance, to have the system better respond to the needs of patients for access to emergency services and specialists, and to make those who are making decisions on health care to be accountable for those decisions.

People all over this country are dissatisfied with managed care. They want the system revamped. They want a patients' bill of rights. The Vice President is poised to make that happen and we, their Representatives, need to respond.

I want to spend the rest of my time on the Medicare give-backs that are being proposed as a remedy for the cuts that took place in the Balanced Budget Amendment of 1997. It is important that, in this measure, the one that is proposed, those who are on the front lines providing health care to those in need be treated fairly and be given precedence since they are the ones who have suffered the most along with the patients who rely on them for service.

In my district, our only private home care agency was forced to close and our public health agency forced to cut back because of the cuts that were imposed in BBA 1997. This is a situation that has been repeated in towns, cities and rural areas around the country. Our hospitals and nursing homes in the Virgin Islands are lucky to still be open, although it has been a struggle to continue to provide care. Others have had to close their doors.

I want to say to the Nation's hospitals, do not accept the Trojan Horse that is being offered to you. The recommendation as it now stands is wrong. Do not let us be picked off one by one and pitted against each other. We can all win if we stand together on this issue.

As a doctor, I know how difficult it is to meet overhead costs and to keep providing services when the fees keep getting smaller. Our expenses and our operating overhead are not going down. They are going up. Our patients need, at the very least, the same level of care, and they deserve to have their needs met.

I resent the fact that the Republican leadership wants to give HMOs any part of that give-back. For what? They promise nothing in return. They have left Medicare patients, our elderly, stranded because they could not make the desired profit. They are holding out their hands for more money now, and they are not even being made to increase the service to the special population.

For too long, HMOs have been allowed to take the care out of ''health care,'' and we say enough is enough. We need to give the dollars back to the providers of health care, to the doctors and nursing homes, hospitals and home health care agencies. The people of this country deserve the full range of health services, and giving our providers fair reimbursements and helping them to stay in business makes that possible. We in the Democratic Caucus say give the money to those who care, give it to the providers, not to the HMOs.

I must also mention an issue that is important to my district. That is the increases in Medicaid that the administration is seeking and the redistribution of the Children's Health Insurance Program funds that are not used by the States. In my district and the other territories, we have a cap on our Medicaid dollars; and we receive CHIP funds under a formula which does not allow us to provide the level or the scope of health care that our residents need. With our cap, we are unable to provide Medicaid to people even at the poverty level. So we have a large gap between those who are covered by Medicaid and the uninsured.

The Journal of the American Medical Association today reported a study on uninsured adults showing that when they are uninsured they are just not able to access any care, they go without even preventive services. And Sanda Adamson Fryhofer, the President of the American College of Physicians American Society of Internal Medicine, which funded this study, is quoted as saying, ''Studies such as this one,'' the one on the uninsured adults, ''prove that living without insurance,'' which many of the people in my district do and have done for years, ''is a serious health risk that needs to be treated with the same sense of urgency as not wearing seatbelts or drunken driving.''

In my district, close to one-third of the children are estimated to be uninsured. Kids count. The Community Foundation of the Virgin Islands recently released a report that showed that 41 percent of our children live in poverty, twice the national rate, and that deaths among Virgin Islands children under 14 are also nearly twice the national rate.

Health care is a right for all, not a privilege for the few. We have to get that straight before we adjourn and leave for this election.

This means passing a meaningful patients' bill of rights. It means adding prescription drug coverage to Medicare. It means making up for the damage we have done to hospitals, home health agencies, nursing homes, doctors and other providers with the cuts in 1997. And it means making CHIP and Medicaid fair and equitable to all Americans.

In closing, I want to take this opportunity because some of my colleagues will be on the floor later to pay tribute to another of our colleagues. I want to wish the gentleman from Rhode Island (Mr. WEYGAND) well and thank him for his service to our class in the Congress. I want to especially thank him for the interest and help in the national park and other issues in my district. And although we hate to see him leave this body, it is good to know that they will be able to count on his able leadership in the other body. He will make a great Senator from Rhode Island. We thank him for his service.

Mrs. THURMAN. Mr. Speaker, will the gentleman yield?

Mr. PALLONE. I yield to the gentlewoman from Florida.

Mrs. THURMAN. Mr. Speaker, we all respect and know the profession of the gentlewoman as being a physician. And she certainly has outlined here tonight some issues that I know are something that we are all very concerned about. Most of them deal with the choices that our constituents and the profession that she also represents feel is so important in the health and the welfare of our citizens in the country.

I want to ask the gentlewoman a question because I think it does go to the issue of the Medicare prescription drug benefit.

I am going to talk a little bit about a report that was just released that was done to look at the prescription drug coverage. And the loss of prescription drug coverage in Florida has gone from something like 26 percent to 41 percent within just 2 years for our senior population.

In the estimation of the gentlewoman, and particularly as we look at the buy-back bill that we are talking about on the Medicare, on the home health care agencies and hospitals and other things, in her professional career, would the gentlewoman agree that because of the hardship that people face in buying prescription drugs, and in fact we know that they are not taking the medicines as they have been prescribed, they are cutting them in half, they are taking them a different day, they are giving us the excuses that they want to make sure their spouse has them instead of them. What does the gentlewoman believe is not number-wise but just the cost to this country in medical expenses that we are having to pay for because people are not taking the life-saving medicines that they need to be taking on a regular basis?

□ 2100

Mrs. CHRISTENSEN. I cannot give you a specific number as you asked, but I know that it is multiplied severalfold because of the inability to take the drugs. For example, we know that if someone is able to take their hypertensive medication or their diabetic medication and maintain their hypertension or diabetes within the normal range, they can expect to live a normal life span and avoid the complications which put them into the hospital and greatly increase the cost of medical services. If we focus on prevention in health care instead of worrying about the cutting costs, if we focus on prevention, we will cut the costs of health care in this country.

Mrs. THURMAN. I thank the gentlewoman.

Mr. PALLONE. I think that that is a very good point. The point is that a lot of these preventative measures, particularly including prescription drugs, although initially there is a cost to the government and we know a rather large cost over the long term it may save costs in hospitalization and other kinds of nursing home care and institutionalization. It is a very good point.

Mrs. CHRISTENSEN. Absolutely.

Mr. PALLONE. Also I wanted to mention, it has to be so difficult as a physician with these HMOs when a decision is made that you think is not in the best interests of the patient. I imagine you go through that many times and this is really sad.

Mrs. CHRISTENSEN. I was fortunate that I was in a fee for service. But if you listen to the doctors who came to the Senate a few weeks ago, they talked about the fact that they just in good conscience sometimes had to just take the risk of going against the HMO's decision because they just could not deny an examination that they felt was needed for a patient. The testimony of the mother whose daughter's name is the same as mine, Donna Marie, who died because she did not have the appropriate test was a testimony to that. We took an oath. To make some of the decisions that the HMOs place on us goes against the oath that we took as physicians.

Mr. PALLONE. I want to thank you for joining us this evening and for all that you have done as part of our health care task force and drawing attention to this issue as well.

I yield to the gentlewoman from Texas.

Ms. JACKSON-LEE of Texas. I thank the gentleman very much for yielding. I think that this could not be a better discussion, but it is a distressing discussion. And I believe that the dialogue between my good friend the gentlewoman from Florida (Mrs. THURMAN) and the gentlewoman from the Virgin Islands (Mrs. CHRISTENSEN) is an important one as it relates to the human factor.

I would like to yield to a moment to the gentleman from New Jersey because I was getting ready to recount and take our historical journey back to how long we have actually been discussing the patients' bill of rights. I know we are discussing sort of a whole purview; and I have so many burning issues as relates to health care. And in Texas, right now, I am facing the catastrophe of HMOs closing up shop; and, of course, they would argue there is no money. And I would argue my seniors are left with distress and inability to be served. So we have to find a solution. Part of that solution was the patients' bill of rights.

As my memory seems to serve me, it looks as if as I came to Congress, and I came in the 104th Congress which was in 1995, I remember beginning the debate on the patients' bill of rights. I would simply like to yield to the gentleman so we all can understand where we are with the numbers of Members who signed up on the legislation, I think there are 280 plus, why we have not passed it.

My recollection, the bill was named Norwood-Dingell, that is a Republican and a Democrat. I remember physicians from both sides of the aisle coming to the floor pleading for that particular version to be passed. Might I yield to the gentleman from New Jersey to tell us where we are and why we are in this predicament at this point.

Mr. PALLONE. Basically as I think you remember, when we tried to bring up the patients' bill of rights, we were opposed by the Republican leadership; and we actually were only able to get it up because almost a majority of the House signed a discharge petition, including some Republicans. And as it got close to that magic 218 they decided we better bring it up, otherwise it is going to be discharged to the floor without the leadership's support.

But even when it passed the House, the Republican leadership made it clear that they opposed the bill because when we had the conference with the Senate every one of the conferees they appointed on the Republican side with one exception voted against the bill. I am one of the conferees. When we went to the conference, not surprisingly the majority of the Members there between the Senate and the House were against the Norwood-Dingell bill.

My colleague from Arkansas knows that that is a fact because he has also been part of the conference. I think the conference met officially once and then there were some smaller meetings after that, but the Republican leadership in the House and clearly the Republican leadership in the Senate made it quite clear that they were not willing to support the Norwood-Dingell bill and essentially scuttled the whole effort. It is nowhere now. The conference has not met in months. I yield to the gentlewoman from Florida.

Mrs. THURMAN. What you are actually saying to us tonight and obviously I have been here, too, but sometimes I think we need to make these points very clear, because I think quite frankly that the American public is tired of people who have not been trained as physicians making decisions, that this House, in a fairly good vote, a bipartisan vote, Democrats and Republicans coming together, a consensus, believing that the patients' bill of rights that would allow the choices, the decision making to return to physicians was passed. And if I remember correctly, there were actually instructions on this floor even after the conferees had been chosen that we said in again a bipartisan fashion that we asked for the conferees to at least be Members who had voted with the majority of the membership of this House, the people's House. They said to us, put the conferees on that believe as we do. And that passed.

Mr. PALLONE. That is correct. I would say even further that it is quite obvious from the composition of the Senate right now that if the bill were brought to the floor of the Senate and we just did not have a conference, just took the House bill and sent it over to the Senate and brought it up on the floor of the Senate, the votes would be there to pass it. So it is the Republican leadership in both Houses that is preventing this from happening even when we certainly had a majority here and probably even have the majority in the Senate to pass it.

Mrs. THURMAN. So it is those who control the agenda today, the Republican leadership, that is blocking not only the will of the House of Representatives but the majority of the people in this country's ability to have health care delivered by their doctors and not by untrained people.

Mr. PALLONE. Absolutely. I do not think there is any question that if there were a vote once again here or a vote in the Senate that this would pass, would go to the President and be signed into law.

Ms. JACKSON-LEE of Texas. I might add a third component because I think the third component is most onerous and slightly evil if I might use that terminology and that is, of course, the special interests, that has this legislation frozen, literally frozen, and that is insurance companies.

We have given them very nice names, HMOs, which are health maintenance organizations, but they are, in fact, insurance companies that are frightened beyond their expectations of what will happen if you restore to that really sacred relationship the patient and the physician assessing their particular status. I would like to just explore that, because that is why I believe it is so important that we move the Nation's health agenda along, and, that is, because people are not being served well by the HMO/insurance dominance.

I just wish to take you back to a very moving moment on the floor of the House by our colleague from Iowa, a physician from the other side of the aisle, brought in, I believe what was a quadruple amputee, I think all of us saw that and there was certainly a lot of debate about that young boy.

He was one of the most pleasant children that any of us have had a chance maybe to encounter, but it was not a pleasant experience. And he was here for what I think was a moment of drama that was necessary, and I am appreciative of it. Because when we heard the story of this little boy that in fact his parents after the tragic accident, I think they were camping, I think that what happened is that he got a rusty nail or some accident while they were camping and they rushed him to the hospital, to the nearest hospital emergency room and were told, your HMO does not cover you here.

The delay which required them to go some 50 miles away caused this little boy to have enormous reaction, I do not want to misplace the story, it might have been gangrene, but it resulted in him being a quadruple amputee, meaning hands and feet.

I think these are the kinds of stories that are not to be taken lightly nor are they only to suggest that we are creating an atmosphere of crisis. This is what is happening to Americans day by day, week by week and month by month and maybe even hour and minute and second. I believe the longer that we frustrate this system by not pushing forward the patients' bill of rights, and I thank the gentleman from New Jersey for giving the procedural structure as we have now, conference to those who do not understand is where you are supposed to come together, people of reasonable minds, and say how can we work this out.

It is well known that your conference was an opportunity for obstruction and that really what could happen is come to the floor of the House, and we could have this passed. I want to just move quickly to that obstruction, the patients' bill of rights, and then this clear choice on the prescription drug benefit. All of us have been part of that.

I see the gentleman from Maine (Mr. ALLEN) and the gentleman from Arkansas (Mr. BERRY) on the floor. I come from the State of Texas. Frankly I can say that we have a record that is not one to be proud of. But we certainly appreciate the fact that we have a situation where we can explain the difference between the plan that AL GORE has and the plan that we have been pushing here in the House as Democrats and what the Republicans with George Bush at the helm are trying to push on us.

Mr. BERRY. Mr. Speaker, knowing that the gentlewoman is from Texas, I would be interested to know what her experience with the Governor has been in Texas on a patients' bill of rights.

Ms. JACKSON-LEE of Texas. The gentleman raises a very interesting question because I have certainly been confused by the debates that have occurred and the explanation that the Governor has given. I think it is well known that the Governor did not sign a real patients' bill of rights. In fact, the one that is now being emulated here in this Congress which has been cited as a Texas bill really was passed without his signature. It came to his desk, and we have a procedure in the State of Texas where if you do not sign it, it becomes law. So in actuality, there are Members in this body, the gentleman from Texas (Mr. TURNER) for one and other Members who are not in this body who are now still State legislators who were the moving forces behind the patients bill of rights. But it was never signed by the Governor.

And so even as we argued in committee, in the Committee on the Judiciary, in the Committee on Commerce about the patients' bill of rights and we cited the Texas bill, it is a Texas bill but it was never signed. One of the reasons that it was not signed, and I cannot read the minds of the leadership at that time of our State, the Governor but certainly there was some argument about special interests who were still opposing it because it did give the right of the aggrieved person, the person who lost a loved one, the right to sue.

I just want to say something about that because you do not hear anyone raising their voices about that other than those who are continually denying service, because everyone knows patient and physician, no one who is dealing with health care and the life or death of a loved one is eager to rush to the courtroom. What they are eager to do is rush to the recovery room, because they want their loved one, they want to be well, they want their child to be well, they are not interested in playing out health care in the courtroom. And so it really is a minimal issue.

Mr. PALLONE. If I could ask the gentlewoman to yield a minute, I remember when we were discussing this at the time the patients' bill of rights passed, that I do not think there were more than a handful of cases since the Texas law became law where anybody had gone to court. Less than five or so at the time.

Ms. JACKSON-LEE of Texas. Absolutely. As we have seen, all of the testimony talks about the loss of my loved one and the fact that I would have wanted to have gotten the care from the physician as opposed to a denial of care. That is what we are on the floor to do.

Let me close my remarks by pointing out again about Texas, and I am glad my good colleague and neighbor from Arkansas pointed to distinctive differences between what we are debating on the floor of the House and what the Democratic caucus and a very large number of Members of the other side of the aisle are fighting against with the Republican leadership.

□ 2115

That is, again, pointing not only to the Patients' Bill of Rights, but this prescription drug benefit. And I just want to highlight, I have interpreted it this way. We now have to kind of say it is voluntary, because we hear the other side saying we want to force seniors into something. The only thing that we want to force seniors into is happiness, because we want seniors to be able to secure prescription drugs that they need and they can take the full amount, so that they are not choosing rent, they are not choosing food, and they are not choosing utilities over

their full amount that the physician has prescribed.

What do I have in my offices? Seniors after seniors and letters after letters saying ''I cannot take the full complement of the prescription; I do not have the money.'' So what our plan, the many who have worked on this plan who will speak tonight about their plan and the plan, and what AL GORE is proposing is a mandatory guaranteed benefit. Let me say the term ''mandatory.'' It is under Medicare. It is mandatory that every senior does have a choice, but it is a guaranteed benefit under Medicare.

That makes a world of difference, because what it says is seniors can get the same low cost that local hospitals can and will not have to suffer the consequences of shooting up blood pressures from not taking their full prescription of blood pressure medicine, or their sugar going up because of the diabetes, which I hear so often from seniors.

The last point is on BBA 1997. We all tried to do the right thing. But it is interesting, we have been trying to fix it to ensure that we take care of our hospitals for a long time. Now, the tragedy is, I wish that for once we would have a bipartisan response to a problem that is hurting all of us. In rural communities, hospitals are closing. Urban communities, hospitals are closing. But yet we have a proposal on the table that does not answer the question of providing for the ones who are on the front lines, home health care centers, hospitals, and public hospitals.

So I hope that we can turn our attention to putting the right kind of legislation on the floor, because my public hospital system is watching. And I would hate to have to vote against this legislation because all of the money goes to HMOs. That is not keeping my public hospitals' doors open. That is not good health care. That is not preventive health care. That is not anything, because my hospitals, and when I say ''my hospitals,'' I am sure others will talk about their hospitals. But the Harris County Hospital District doors will still be in trouble if this legislation passes with a large sum of the relief going to HMOs.

Mr. Speaker, I frankly think we can do better by the American people, and I think the American people will demand of us that. We have a short period of time. I hope that we can put the focus of health care back in the hands of the people and not in special interests.

Mr. PALLONE. Mr. Speaker, I thank the gentlewoman from Texas. She points out the fact that this is affecting real people in their lives, and that is what is so crucial about this tonight.

I yield now to the gentleman from Arkansas, who is one of the conferees on this ill-fated Patients' Bill of Rights conference, unfortunately.

Mr. BERRY. Mr. Speaker, I thank the gentleman from New Jersey and appreciate the leadership he has provided on this matter over the time that I have been in the House of Representatives. I appreciate our distinguished colleagues, especially the gentlewoman from Florida (Mrs. THURMAN), for the great job that she has done and the gentlewoman from Texas (Ms. JACKSON-LEE), and the distinguished gentleman from Maine (Mr. ALLEN). They have been working on these issues all the time we have been in the House, and I appreciate them very much.

The American public is outraged that we have not done anything in the 106th Congress on health care. Here we are 25 days into October, should have already finished the Congress' business and gone home. Yet we are here today because the Republican leadership has refused to deal even with the basic appropriations matters. We have not passed a prescription drug benefit for our seniors. We have not passed a Patients' Bill of Rights. We have, as the gentlewoman from Texas just referred to, hospitals and nursing homes closing almost daily now because of the Balanced Budget Act of 1997 that needs to be repaired.

Our seniors that do not have medicine cannot wait until the 107th Congress. What are we expecting them to do? They cannot wait when they do not have medicine and do not have the money to buy it. Our citizens that do not have a Patients' Bill of Rights, and they are not getting the health care they need from their insurance companies, they cannot wait.

Our nursing homes and hospitals and providers, particularly in rural America, cannot wait. It is time that we did something. The Republican leadership in this Congress should do something tomorrow to rectify this situation.

Mr. Speaker, I have to say it reminds me of the story of two men in the community where I grew up. One of them was named Dude and the other one's name was Possum. Now Possum could not see very well and he was getting on up in years and needed to go to Little Rock to the doctor about a hundred miles away, and Dude decided he would take him. So they got in the car and started to Little Rock, and they got to Little Rock and it was the first stop light that they encountered after traveling 100 miles and Dude came up to the stop light and slammed on his brakes. He sat there and waited until the light changed and then just floorboarded the automobile and roared off to the next stop light. When he came to it and it was red, he slammed on his brakes again. After doing that three or four times, Possum said, ''Dude, what in the world are you doing?'' And he said, ''I don't understand this.'' And Dude said, ''You know, an ignorant so-and-so irritates me. Can't you see I'm fighting the traffic?''

That is what the Republicans have been doing here for 2 years, is fighting the traffic. They are not getting anything done. They are slamming on their brakes, and they are stomping the accelerator. They are ripping and roaring and tearing around and declaring all of this great concern about America's health care, and the fact is they have not done anything and do not intend to.

It has been interesting to listen to Governor Bush talking about working in a bipartisan way. We are certainly willing to work with him. He better bring some new Republicans with him if he is going to get any cooperation. The Democrats are already there ready to pass a prescription drug benefit.

Ms. JACKSON-LEE of Texas. Mr. Speaker, if the gentleman would yield, he is eloquently crafting the whole scenario. But I do want to comment on the point of the Governor and his constant refrain about working with Democrats and Republicans in the State of Texas. The gentleman just hit on the point.

I think it should be made very clear that the last Patients' Bill of Rights, which is in fact almost a replica of what we have in the House for which we have bipartisan support, which was under legislative Democratic leadership in Texas, was a bill he could not bring himself to sign. And rather than fight it by a veto again, realizing that he could not get a sustained veto, he let it languish and it went into law.

So this refrain of working with Democrats and Republicans on health care is somewhat, I might say, hypocritical; and the gentleman from Arkansas has hit the nail on the head. I would simply say that a good thing he might be able to do in this time frame is to call this leadership here and ask them to move forward on the Patients' Bill of Rights.

I yield back to the gentleman.

Mr. BERRY. Mr. Speaker, I think the gentlewoman from Texas makes a very good point. It is time that the Republican leadership in the Congress realizes what the American people want and do something about it. It is past time. Our seniors cannot afford to wait another day for prescription drug coverage, for our hospitals to get the money that they need, and for a Patients' Bill of Rights to be passed so that we have the ability for our doctors and patients to make the health care decisions that they are involved in; so that we can hold the insurance companies accountable in the event that they do cause some serious damage or injury to our loved ones.

It is unbelievable to me that one more Congress has already just about expired and nothing has happened. I continue to be amazed at this rhetoric that the Republicans put out every day: oh, we are for Patients' Bill of Rights. We are for prescription drug

benefits for our senior citizens. We are for that 100 percent. The fact is they have been in control of this Congress since 1995 and have done absolutely nothing to move these issues forward.

As the gentleman from New Jersey explained a few minutes ago, we have done discharge petitions. We have done everything that we have; every tool that we have available to us has been used by the Democrats to try to get prescription drug coverage and a Patients' Bill of Rights and to change the Balanced Budget Act so that our health care providers, particularly in rural America, can stay in business, and yet nothing has happened. This is an abomination for this Congress to be this close to adjournment and still nothing has happened.

I yield to the gentleman from Maine.

Mr. ALLEN. Mr. Speaker, I thank the gentleman from Arkansas for yielding me. I would like to follow up what he has been saying, because it is not just the Republican leadership here, though they certainly have not brought to the floor, they have not helped the process of passing a Patients' Bill of Rights or certainly not fought for our seniors.

But there is another group out there. The gentleman knows in the Fourth District in Arkansas, Citizens for Better Medicare is running television ads all across this country. Citizens for Better Medicare is a group, but it is not citizens, and they are not for better Medicare. Citizens for Better Medicare is funded by the pharmaceutical industry. And it is not the only organization that is funded by the pharmaceutical industry.

What they are doing is trying to go out and make heroes of those who have been fighting against a prescription drug benefit for seniors and to attack those who have been supporting a Medicare prescription drug benefit for seniors. The world is turned on its head and that little tag line under the TV ads which says ''Citizens for Better Medicare'' means that they are the pharmaceutical industry and they are going to do everything they can to stop seniors from getting a discount, stop seniors from getting a prescription drug benefit.

The Republican National Committee is doing the same thing, trying to confuse the American people. There is an ad being run by the RNC, and it says that the Gore plan would force people into a big government HMO. Not true. There is no such animal as a big government HMO. The HMOs are the folks, the private sector, they are the folks who are allowed by the Balanced Budget Act to come into Medicare and offer managed care to Medicare beneficiaries around the country.

My parents are two of the 1,700 people in Maine who are the last people to be covered by managed care under Medicare. And why? Because the managed care company could not make enough money in Maine, so they have pulled out. I will say one thing about Medicare. Medicare does not leave a State just because it is not making money. And the truth is if we are going to provide effective, reliable, voluntary prescription drug coverage for our seniors, it will only be through Medicare.

Just contrast George W. Bush's plan. This is a plan which he calls ''Immediate Helping Hand.'' It is not immediate, and it is not much help, because here is how it works. For the first 4 years, there is $48 billion that will go to 50 different States to run 50 different programs to help only those who are low income. What is low income? Those who are taking in $14,500 a year or less. A widow earning $15,000 a year on Medicare, they wait. They wait for 4 years. And after 4 years, what they get to do under the Bush plan is call up an HMO who is operating in their State and hope that maybe, just maybe they will be providing a prescription drug plan.

Now, the chances are slim that they will be, because one thing the health insurance industry has made clear is that they will not provide stand-alone prescription drug coverage, which is at the heart of the Republican effort in the House, the Republican effort in the Senate, and the George W. Bush plan. That is how the Republicans say they are going to provide for our seniors, through HMOs that are saying themselves that they do not want any part of this business.

□ 2130

It is a scandal.

Mrs. THURMAN. I would just ask a question, because we talk about in these numbers of poverty or somebody under $14,000, that is not after expenditures. That is what they get at the beginning of the year, or what their allocation would be, would be $14,500. So if you were somebody who was 70 years old and if we look at the average of what a senior takes in medicine, life-sustaining medicines, then they could pay anywhere between $4,000 to $5,000 a year, not on anything else, but just on medicines, dropping now their income to $9,000, $9,000 which they have to live on, after the medicine which allows them to live.

Mr. ALLEN. The point is a very good one. I was at an assisted living facility just 2 weeks ago and one of the women there said, you know, I am spending $700 a month for my prescription medication, and, she said, I hope you do something soon. It is very clear, she could not continue spending $700 a month very long.

Yet, under the Bush proposal, it is 4 years, you wait 4 years, if you are taking in more than $14,500 a year, and you wait, and then after 4 years you call up your HMO and hope that maybe they are offering a plan that today they say they will not offer under any circumstances.

There is another issue here that we have not talked about, that I find is very important in Maine, and I will bet it is true in Arkansas and Florida, and New Jersey as well. When I talk to small businessmen and women in Maine, they say to me now, we cannot afford the kind of health insurance that we used to buy. And what are they buying, if they are buying anything at all? They are buying catastrophic coverage only. They are basically getting health insurance, and they will wind up paying for the first $5,000 of their health care.

That is not health insurance as we know it. Under that system, there is no incentive, financial incentive, to do preventive care. That is basically the individual, small businessman and woman, carrying the burden of their own health care, and getting insured only for expenses over $5,000.

I just was noticing that this is an area where AL GORE's plan really makes a difference, because he creates a 25 percent tax credit for small businesses who are purchasing health insurance for workers, number one; number two, he allows those who are 55 to 65 years old to buy into Medicare; and, three, he provides access to coverage for all children by expanding the children's health insurance program to 250 percent of poverty and allowing a buy-in to the CHIP program for families with incomes above that level.

So, by focusing on small businesses, by focusing on children and by focusing on those people between 55 and 65, you are attempting to get to the place where we can expand coverage. It will happen, if it happens, because Democrats are willing to stand up and fight the HMO industry and fight the prescription drug industry, because these industries cannot do it, and in some cases will not do it.

Mr. PALLONE. I appreciate my colleague's comments. Let me just say, we have about 4 or 5 minutes left. I certainly will yield to any of my colleagues. The gentleman from Arkansas?

Mr. BERRY. I thank the gentleman from New Jersey again. One of the things that I wonder about is our Republican leadership here, as I have said, they have refused to pass a patients' bill of rights and a prescription drug benefit for our seniors, and I wonder how they are going to face these seniors and say, well, wait 4 more years. How are they going to face these seniors that are thrown into terrible situations and say, well, we did not do it, but we are going to. We are with you. We are going to do it some day. How are they going to face a little boy that has lost his limbs?

Mr. PALLONE. What I find is a lot of times they will try to address maybe the individual's problem who comes to

their office and see what they can do to help, but the bottom line is that everyone is suffering from this. Everybody in an HMO has the potential, no matter how wealthy they are or what their situation in life is, where the insurance company comes along and says to them that you cannot have a particular procedure. I do not care what your situation is you find yourself in. I noticed people that are the head of the company, the CEO of the company, that has had that situation. So this is something that affects everybody. This is not just something that applies to a few people.

I think they just pretend like they are doing something about it and hope that people forget.

Mrs. THURMAN. I appreciate the gentleman yielding. We have been doing a lot of surveys and different studies across the country, and then in particular within our districts, by the governmental operations staff to look at the different costs of what it costs in the United States for medicine, what it costs in Canada and what it costs in Mexico.

Just recently we have also looked at another study which has been done through the State of Florida, and looked at the prescription drug coverage for Florida seniors. I found it very interesting, which just tells me this issue is getting more difficult because we are getting more seniors who are losing their coverage, and probably a lot because of the pullouts of our HMO-managed care, managed-choice program.

The survey collected during 1999 showed that 41 percent of the Medicare beneficiaries surveyed in Florida reported now that they had no prescription drug coverage, and in 1998 it was 29 percent of surveyed Florida seniors that reported that they did not have. So just 1 year later, we have already seen an increase to 41 percent. That is almost 50 percent of the population of seniors in the State of Florida.

It would seem to me, and what I am most saddened about is, that we leave the 106th Congress after debating, after recognizing the problem, still with no prescription drug benefit, no relief in sight, and for why not, I do not have the answer, and I do not know what to tell them at home. It is because they would not have accepted the bill that was passed on this House. They understand that to depend on the very same people who have left them out with managed care and insurance companies, it is unacceptable.

ISSUES AFFECTING AMERICA

The SPEAKER pro tempore (Mr. PEASE). Under the Speaker's announced policy of January 6, 1999, the gentleman from Colorado (Mr. MCINNIS) is recognized for 60 minutes.

Mr. MCINNIS. I have come this evening, colleagues, first of all I appreciate the opportunity to visit with you. Of course, we are trying to wrap up the session. I have got several comments that I want to make this evening in regards to a great bill that passed today on the Sand Dunes of Colorado, making it a new national park. I want to comment a little about the Colorado canyons. I want to talk a little about the death tax and the marriage penalty. I have a full agenda.

But I have to tell you before I start this, I cannot allow this last hour to go unrebutted. Colleagues, as you know, there were no Republicans involved in the last hour of discussion. It was all Democrats. And the four Democrats, whom I respect as individuals, but professionally, let us call it what it is. All four of these are supporting AL GORE for the presidency, and there is nobody to stand up for George W. Bush.

The best way to criticize George W. Bush is to go out and frighten the senior citizens, throw out these scare tactics. I could not believe what I heard in the last few minutes; scare the senior citizens, tell them how terrible it is, George W. Bush, how terrible the Republican leadership is in the House of Representatives; tell them how nothing is ever going to get done.

That is not how we accomplish things around here. I have urged my colleagues on the Democratic side over there, join with us.

We had a panel, and my colleague knows this, we had a panel, a non-partisan panel, put together to save Medicare; nonpartisan, meaning we had Republicans and Democrats, and we had Republicans and Democrats who worked together. You know what? After a long, arduous journey, with lots of technical roadblocks to overcome, they came up with a good solid recommendation. And it was not the Republican leadership that rejected it in the House. The Senate leadership did not reject this. Who rejected it was the President. The President rejected the nonpartisan solution.

So where are we with this? When we talk about health care, when we have a nonpartisan coalition, Democrats and Republicans, who have come together for a solution, and that solution is rejected at the last minute by the administration, what do we have to do? We have to start at square one, and that is what is happening.

We have got to come up with a solution. We are not going to come up with a solution, and I say with due respect to my Democratic colleagues who spoke in the last hour, we are not going to accomplish it with scare tactics. Really, you may get some political advantage here in the next 2 weeks, but the fact is, in the long run, it does not serve anything to scare these people.

My parents are seniors out there too, and I know most of my colleagues out here have colleagues who are seniors. We do not want to scare them. Let us figure out a solution for them.

My rebuttal, these are my remarks, this is my rebuttal page. I want to go over a couple of these things they talked about.

You know, they talked about a solution. I am not sure what solution they are talking about, but it seems to me that the solution that they talk about, which is not the solution that the bipartisan panel came up with, the solution they talked about is to increase the size of the government responsibility in your health care. One-size-fits-all. One-size-fits-all.

In other words, you, citizen A, and you, citizen B, go to the same doctor, whether you like it or not, and here is how much you are going to get, regardless of what you think your needs are.

By the way, the government, I heard one of my colleagues, with due respect, one of my Democratic colleagues who spoke in the last hour, he said there is no such animal as a government-run health care HMO.

You know what? The largest health care system in the Nation is run by the United States Government. Medicare. Medicaid. Look at the Veterans system. And the worst run system in the United States is run by the United States Government, Medicare and Medicaid. And you are willing to stand up and say, increase the government's involvement in everybody's health care, have the government really run the program to provide health care for the people of America?

That is exactly what Hillary Clinton attempted to do. That is exactly what she attempted to do 8 years ago. But now what you are trying to do is piecemeal.

Look, be up front with the people that we represent. Tell them that on a piecemeal basis we are going to try and put a cloud on top of you called ''socialized health care.'' It means a lot bigger government. It means a system just like Medicare, that is run just as poorly as Medicare.

To my Democratic colleagues who like throwing scare tactics out, go talk to your local medical provider. Ask him what it is like to do business with Medicare. Just ask him. Ask him what it is like to do business with Medicaid. Go out there. I know this is true in the rural parts of the country, because I represent a rural part. Go out and ask rural doctors and rural hospitals, hey, is it a good deal doing business with the government? How efficient is the government Medicare reimbursement system?

Ask them about it. Ask them how efficient the Medicare coding system is in our health care system that the government runs. And the response? You know what the response is going to be. It is terrible.

I have got doctors in my own district ready to stop taking Medicare patients.

They are ready to stop taking them because it is such a hassle to deal with the government-run health care program.

Now, it is fundamentally unfair for anybody to stand up here and say that any colleague, whether they are Republicans or Democrats, that any colleague does not care about the health care of our seniors. That is nothing but an abused and overused scare tactic.

I am a Republican, obviously. I do not know one Democrat, I do not know one Democrat, even the Democrats that I have the most vigorous differences with, I do not know one Democrat who is opposed to some kind of health care, you know, wants to provide health care, wants to help our seniors or help all of our citizens. On the other hand, I do not know one Republican that is against helping our seniors, that is against trying to improve our health care system for all citizens.

So, for some of my colleagues to stand up here and say the Republican leadership is against the senior citizens, George W. Bush's plan is against them, come on, be fair about this.

Look, let us have a fair dispute. Let us have a fair debate on this floor. We can begin the debate by acknowledging that there are certain facts upon which we all agree. Everybody in these Chambers, everyone in these Chambers agrees that our health care system constantly needs to be revised.

□ 2145

We have to look for ways to improve prenatal care. We have to look for ways to make sure every woman gets a mammogram. We have to make sure our seniors have the kind of care so that they can afford prescription services. We all agree with that.

Mr. Speaker, I have never seen a Congressman or Congresswoman in my career, never seen one, that stood up and said that they are against mammograms and we should not offer them. I have never seen a Congressman or Congresswoman in my career that stood up and said that they are against senior citizens and that they want them to have high prescription care services. I have never seen a Congressman or Congresswoman, Republican or Democrat, in any of these cases that says that they are against better health care for the citizens of the United States.

So to stand up here and have the audacity to say, well, the Republican leadership does not want health care for seniors, and George W. Bush does not care about seniors and there is no big government thing. Come on. That is not a fair shot. That is not a fair debate.

Look, we can take shots. We can take the shots, but my colleagues have other people listening to them. They have seniors listening to them and they can be scared. These people can be scared. That is exactly the same type of tactics we are seeing being used on Social Security. George W. Bush comes up and says we cannot exist with the current status quo. Oh sure, my generation can make it. The generation ahead of me can make it on the current status quo with Social Security. But what about the young people of this country, who, by the way, their contributions are funding our generation?

So we get these scare tactics thrown in. How are we ever going to have a government that can really come up with good solutions if we are going to have these scare tactics over and over again?

It was amazing to me that in this last hour, unrebutted, that my four colleagues from the Democratic sides, unrebutted, time after time after time, threw out scare tactics about the Republican Party. They never said one decent thing, not one decent thing about the Republicans. Never. They implied, no, they made it very clear. They did not imply, they made it very clear that Republicans do not want prescription services; they do not want to help the senior citizens; they do not want this; they do not want that; they help fund these TV advertisements, as if the Democratic party is never doing anything like that at exactly the same point in time.

Come on, we need a solution here, and to do it we have to work across the aisle. To do it we have to commit to each other, Republican to Democrat, Democrat to Republican that we will not begin the process with scare tactics. Darn right we can scare the senior citizens. And what my colleagues are trying to do is scare them to the ballot box instead of helping them to a solution. They are trying to scare them to the ballot box instead of helping them to a solution. That is wrong.

Those seniors out there, every citizen in America, those young people out there, those people without insurance, those people who have to pay $700 a month for prescription services, they are not looking to be scared to the polling booth. They are not looking to be scared into their vote. They are asking us, they are begging us to help them with a solution. After listening to this last hour of unrebutted statements and scare tactics, I want to say, look, calm down, come back and go to work with us, just like we did with the bipartisan commission.

Take a look at the Republicans and take a look at the Democrats that were on that bipartisan commission. This was not loaded with Republican leadership. This was not loaded with Democratic leadership. Neither party had a ringer in there. We had some very dedicated people who wanted to come up with a solution, who thought the best way to approach it was a committee with both parties involved in it, with people who were respected and knowledgeable on the subject. And that is exactly what occurred. Unfortunately, it was rejected at the last moment by President Clinton.

We did not use scare tactics in there. We came up with a solution. And that is the way this should be done. Come back, come to work with us. That is what we are asking our colleagues to do.

Now, let me move on for a few minutes. I want to talk about a good bipartisan effort that we had today, and it shows that bipartisanship can work. It shows that when we put aside the vigor of our party right before the election, we can work on something and we can come together and do something pretty darned fruitful. And that is what we did today. We created a new national park in this country. This national park is a diamond in the rough. It is a national park which will exist for thousands of generations to come. It is a national park that 200 years or 300 years from now people will look back upon our generation, just like we look back on the generation that created Yellowstone and Yosemite and places like that, and say that somebody was really thoughtful about this, somebody was smart enough to put this into a park and save it for future generations.

Today, on a strong bipartisan vote, we created a new national park, America's newest national park, and it is located in the State of Colorado. I would like to spend a little time tonight first of all thanking my colleagues for their bipartisan support. There was opposition to this, and I will go through some of the points that the opposition made, but first of all I want to give my colleagues some dynamics of where this park is located.

First, a little about the 3rd Congressional District of the State of Colorado. The 3rd Congressional District is here outlined in the blue, where my pointer is. To give my colleagues an idea, this is Colorado, that is Denver, Colorado, that is Colorado Springs, Colorado, and down here is Pueblo. This is a highway called I–25, which goes from Wyoming, up here, down to New Mexico.

The 3rd Congressional District is a very interesting district in our country. First of all, almost all of my colleagues vacation in this district. We have the world premier ski resorts in this district. This district is the highest district in the Nation in elevation. I like to joke about the 3rd Congressional District, and in good humor say that once you go out of the district of the 3rd, it is downhill from there. It is because we live in the highest place in the Nation. Our ski resorts, Aspen, Telluride, Beaver Creek, Steamboat, Durango, Grand Junction, Breckenridge, and I could just go on and on with these premier ski resorts, the Alpines, the Rocky Mountains, the 14,000-foot peaks, the 56 mountains in Colorado, 54 of them in the 3rd Congressional District, over 14,000 feet.

It is a spectacular area of the country. It is also an area which has huge amounts of Federal land ownership. Take a look, for example, at our borders, then go east of our borders to the Atlantic Ocean. There is very little Federal land ownership. But go from our border in Colorado and come throughout this district and go on to the Pacific Ocean and there are tremendous amounts of Federal land ownership. So for those of us in the West, geographically, there is a dramatic difference in the West versus the East. One, in rainfall. It does not rain in the West like it does in the East. And number two, the location of Federal lands. Most, by far the majority, the greatest majority of Federal lands are located in the West. They are not located in the East.

So when we talk about Federal lands and what happens with Federal lands, there is very little pain felt in the East. The pain is all felt in the West. That is why we have heard people say ''the war on the West.'' A lot of times we in the West are concerned about people in the East dictating to us our life-style, which does not apply to them in the East because they do not have the Federal lands. So we have very fragile feelings because we are very dependent on a concept called multiple use. These lands of the Federal Government were created and originated with the idea of lands of many uses, many uses: environmental uses, park uses, transportation uses.

For example, in my district almost every power line, every road, every cable TV, all our water, many of our rivers, they all have to come across on Federal land; or the water is stored on Federal land or it originates on Federal land. The key to our life-style, just the survival of our life-style out there are these Federal lands. We take a lot of pride in them, and I think that was demonstrated today with the creation of this national park.

Now, the national park that I am going to talk about involves the Sand Dunes. We see here an arrow pointing where the Sand Dunes are. That is the Sand Dunes, the national park we have created. It is a big chunk. This district, for example, the 3rd Congressional District, geographically is larger than the State of Florida. It is larger than the State of Florida, just this congressional district that I am privileged to represent. Down here, tucked away, is something that is absolutely amazing. It is a unique situation of one. Nowhere else in the world do we find what I am about to show my colleagues, and that is what we today put into a national park.

Let me point it out. We call them the Great Sand Dunes. We call them the Great Sand Dunes. Take a look at this. Maybe my colleagues would like to look at this picture here and say, well, they are sand dunes. Amazing, but somebody must have painted in all these Alpine rocky peaks behind it, these 14,000-foot peaks. Somebody must have painted that in, because nowhere in the world would there be massive sand dunes tucked in between 14,000-foot Alpine peaks. Well, there is somewhere in the world. It is located right here in the Sand Dunes at Alamosa, Colorado.

There are a lot of dynamics to these sand dunes that the average person, in fact some of our opponents to this called it nothing. They said this was nothing but a pile of sand. Fortunately, 366 of my colleagues today were able to have a vision beyond the so-called pile of sand. They had the ability to realize the diamond we held in our hands was a lot more precious than the opponents realized it was. We had the vision to look into the future and say, my gosh, look at the ecosystem, look at the ecological system, the biological system, the environmental, the water resources, the wildlife resources. Look what is contained within this unique setting found nowhere else in the world.

These mountains are not painted in. That is the exact setting. We see these sand dunes. Take a look at the sand dunes in one month. By the way, a human being would be about, well, we could not even see it. It would be at the end of a pinpoint. Probably not even that. A little teeny, teeny dot on these sand dunes, to give an idea of how massive these sand dunes are. If we took a big semi-truck, it would look about like this little thing out here right here.

If we looked at these sand dunes a month from today, a month from today, they would be different. Someone might say, wait a minute, it does not look quite the way it looked a month ago, and it is not. These sand dunes are constantly changing. Nowhere else in the world do we have a stream, a mountain stream that runs in waves. It runs in waves and that is how it carries the sand. The stream dries up just about the same day every year, within the same period of time every year. The stream water all of a sudden disappears, and then what happens is the winds start to come in, and the winds at first are slow but they are dry.

As my colleagues know, in the West it is a dry climate. We are not a humid area. It is a dry arid area. The winds come in slow at first. They dry the sand without blowing it. They dry the sand and prepare the sand to be moved from down here in the streambeds that come off these high Rocky Mountains as a result of the snow. It comes down these streambeds, and at the right time the sand is dried, and then the winds start to pick up more velocity. Then pretty soon the winds are heavier winds, and that is what begins to carry the sands. Then all of a sudden we see formations on these sand dunes, like you have never seen in your life.

We could observe it on a daily basis if we had the kind of technical binoculars, or whatever type of thing would measure that. But on a monthly basis with the human eye we can begin to see those changes, and it is all a matter of sequence. It is all a matter of sequence. And the people of the San Luis Valley for generations have known how special this is. They know how unique it is, and they have come to the government of the United States and they have said help us preserve it as a national park. This is so beautiful, it is so basic to the heritage of our families, we want it to be basic to the heritage of all future generations. We want all future generations to enjoy what families like the Salazars enjoy down there in the San Luis Valley, or like the Kriers, or the Santis, or people like that down in that valley, the Entzes and families like that.

They have come to us, and today we have responded on a bipartisan basis. Both Republicans and Democrats got together to give 366 votes in favor of this. There were only 34 people in this Chamber who voted no against naming this a national park. Only 34. I can tell my colleagues that they put up a heck of a fight. We met opposition to name this as a national park from the first day we proposed it. But the facts overcame the opposition.

I have to say there was a lot of support to name this a national park. It did not start with my colleague Senator ALLARD in the Senate, who did a fine job carrying this and passed it out of the United States Senate without one ''no'' vote. It passed out of the U.S. Senate with no ''no'' votes. Unanimous. It did not start with myself, who decided to carry the bill in the House, and 9 years ago stood on one of those mounds with a gentleman named Bob Zimmerman and his family, and he said to me this should be a national park. Bob Zimmerman told me this should be preserved for all future generations; that we have to preserve the system that we have.

□ 2200

It did not all start right there. It started from the generations and generations of families. What happened in the last year, in fact on of these sand dunes stood Senator WAYNE ALLARD; Senator BEN CAMPBELL; Ken Salizar, the Attorney General of the State of Colorado; myself; Bruce Babbitt, the Secretary of the Interior. And during that little conversation we had on one of those sand dunes, of which we were just a tiny spec in this vast wonderful world of sand, we decided that we should respond to the community's wishes.

And we began to respond. First of all, the State legislature in Colorado, the State House of Representatives, passed

overwhelmingly supporting this designation as a national park. Then the State Senate did the same thing on their resolution, overwhelmingly.

I can tell my colleagues, Gigi Dennis, a good friend of mine, she led the fight over there on the Senate side. And I can tell my colleagues that Lola Spradly on the House, she led over there. Russell George, Speaker of the House. I can name name after name. Matt Smith. A lot of different people got together in the State House and out of the House and the Senate they sent a message to the Government of Washington, D.C., make this a national park. We support your efforts. Help those communities preserve this for future generations.

But it did not stop there. The Governor of the State of Colorado, Bill Owens, a well-respected, very powerful, powerful in a positive sense, the Governor of the State of Colorado and his wife, the First Lady of the State of Colorado, they gave this their strong endorsement. The Attorney General Ken Salizar, and Ken Salizar has generations of family down there, Ken Salizar went to bat. We had the gentleman from Colorado (Mr. UDALL). We had the gentlewoman from Colorado (Ms. DEGETTE). We had a number of different people who have come together as a team to create the new national park in Colorado.

I hope all of you, just as you have experienced the ski areas in the Third Congressional District, most of you have skied in either Aspen or Vale or Telluride or Purgatory or Powder Horn or Steamboat or Breckenridge or any of these different areas, come enjoy this. Many of you in this room have enjoyed the Rocky Mountain National Park.

Colorado will now offer to the people of the United States, to the people of the world, the State of Colorado will soon have four national parks in that pristine country that I talk to you about all within a 2½ hour drive or 3 hour drive. It is exciting. It is spectacular. I invite my colleagues to come down and see it.

Let me talk just a little more about what else is contained here. We know that within this range there is an underground aquifer. We do not have the technical expertise to understand all of the fingers of that aquifer. In other words, we have a large pool of water underneath the ground, and we know it contains a huge quantity of water and we know that that water is fundamental, it is basic to the entire system that operates here. We know that that water is fundamental to the farmers and to the ranchers and to the communities and to the crops that they grow.

But we also know one other thing. We know that if that water is sucked out of this aquifer underneath this, there is not a human being alive that can describe the consequences. Oh, we know they will be negative. We know that taking the water from underneath this and moving this out of a valley to help the growth of another region to move it out of this region and move it to another, we know that the result would be, at a minimum, like the Owens Valley in California where they dried up an entire region for the benefit of the growth of another region. But what we do not know are totally the consequences of draining that aquifer because we technically do not have the expertise today to figure out where all that water goes.

And water is a sustainable resource. It is the only renewable resource known to man. It is the only resource that can be used and reused and reused and reused. It does not disappear. It recreates itself. And with water, one person's waste or excess water is another person's water. And so we have to be very careful about those water resources.

We had a lot of people involved in water, a lot of water experts: Dave Robins; Ray Kogovsek, former Congressman; Kristine, who works with Ray; the Northern Water Conservancy District; Colorado River District. We had a number of different water experts that say this is a good national park, this should be named a national park. And that water, if ever they could get to the water, you need to leave that water in the valley or you stand the chance of collapsing something that is unique, as I said, known nowhere else in the world.

This is exciting. It is kind of fun. You can get up there in the summertime actually and you are able to literally ski down there without skis on your feet. The wildlife is unbelievable.

What we are hoping to do with this, by the way, and some of the opponents, as I said earlier, some of the opposition to this bill today said, well, this is nothing but a pile of sand. And I am quoting them. ''This is nothing but a pile of sand.'' Let me tell you, on this pile of sand, 34 people bought the argument that this is nothing but a pile of sand. But 366 of you realized, and it is like you had telescopic eyes, you realized that this is not just a pile of sand, that these mountains, these 14,000 peaks, these sand dunes represent a remarkable geographical finding. It is like hitting pay dirt. And it is something that ought to be preserved. And 366 of you today on both sides of the aisle said this should be a national park, this should be honored by all Americans for all future generations for its uniqueness.

What we know about the park today, and I could go through a lot about what we do know, but what we do know about the park today is a fraction of what we will know about the park in just 10 years. It is a minute fraction of what we will know about the park in 20 years. And there is no comparison of what we know today as compared to what we will know about that park in 30 years.

And every year the knowledge we get about this park will only further justify, will only further justify the fact that we had enough gumption to stand up here despite the opposition and with the assistance of the U.S. Senate and with the assistance of the State House of Representatives, the State Senate, the Governor, and the Attorney General, we had the gumption to stand up and preserve it for future generations.

Now, I want my colleagues to know that I am a strong advocate of private property. There are no takings as a result of this national park. There are no in-holdings in this national park that are not aware of this. In fact, the major in-holdings are held by the Nature Conservancy District.

We have elk herds. We have elk. We have falcons. We have eagles. You name it. We have a lot of wildlife in this area. We have a ranch called the Baca Ranch. The controlling owners of that ranch want to see this national park, and they want the Baca Ranch to be a part of it.

Right now the Baca Ranch is inaccessible to the ordinary person, inaccessible because it is private property. These owners would like to see it a part of the park so that people regardless of their economic standing, regardless of where they come from, whether it is the United States or Mexico or Canada or South America, regardless, they are going to be able to go onto the Baca Ranch and enjoy the full diversity of the sand dunes.

Take a look at just the watershed resources that we have on the great sand dunes. I will just hold this up temporarily long enough to read the paragraph.

''The dunes watershed consists of two unique mountain streams originating in the pristine Alpine tundra. These waterways flow through ancient forests of spruce and fir. Slipping quietly past culturally scarred ponderosa pine and colorful aspen groves, they cut along the base of the tallest sand dunes in North America. They flow through the vast grasslands. And they end in a closed desert basin, all within a span of a few miles. This area, combined with the tall dunes and the integral sand deposits, encompass an entire system containing abundant diversity and special scenery. These dramatic contrasts, snow-capped mountain peaks and green forests above towering dunes, constitute a unique American landscape with scenery and diversity comparable to other national parks in our country and stand out as one of the best in the entire world.''

That is what it is about. I want to congratulate the 365 Members, or 365 Members because obviously I voted for it, 365 of my colleagues that were able to see beyond this so-called pile of

sand, that their vision allowed them foresight into the future and gave them vision into the future about future generations.

We were just talking about health care. We talked about Social Security. I am going to talk for a few minutes here shortly about taxes. The fact is we need as leaders people who have the vision to look into the future.

I think the greatest accomplishment I can have as a United States Congressman and I think the greatest accomplishment that my colleagues can have as United States Congressmen is that years down the road somebody will look back and say, you know, we are glad that the gentleman from Colorado (Mr. McINNIS) or we are glad that so-and-so or we are glad that this person had the vision to see just how important it was that the Ray Blunts, that the different parties involved here had that kind of vision. Because it is so important, because it is so important in our leadership role that is we provide something for the future.

And in the meantime, while we have provided it for the future, all of us get to enjoy it. All of us can go out there. We get to run in the sand. We can watch the wildlife. We can hunt. We can fish. We can travel around and see exactly what it is. And we do it without taking. There is no taking it. It has to be willing seller. There are no inholdings that are getting taken advantage of. That is the beauty of this thing, and that is why 366 people stood up today despite intense opposition, which by the way only resulted in 34 votes, but despite intense opposition on a ratio greater than ten to one, the people of these Chambers stood up today and said, future America, all of the world deserves to have this as a national park.

I can tell my colleagues I stand up here with a great deal of pride and honor, first of all to be a congressman from the State of Colorado, and, second of all, to represent the Third Congressional District of Colorado, and I stand up here with a great deal of honor to be the Congressman of the district that has America's newest national park, the Great Sand Dunes. And we are going to change it, no longer a national monument, the Great Sand Dunes National Park.

In conclusion on the park, first of all, many of my colleagues have been to Colorado to the Third Congressional District. They have skied it. They have hiked our 14,000-foot peaks. You have rafted our rivers. As you know, we are famous for fly fishing, mountain biking, you name it, horseback riding, off-road vehicles on designated trails. We have got lots of things to draw you to this district. Now we have one more thing.

For those of you, I want you to know that the communities of Alamosa, of Mount Vista, San Luis, Conejas, all of these different areas down there, the valley will welcome you with open hands. And study the history and the historical basis of the people and how they have lived on these lands all of these years. And you are going to walk away from this, you will walk away from these great sand dunes, you will walk away from there very, very inspired, not just by geographically and biologically and environmentally that you have seen, you are also going to walk away from there inspired to know that every United States Senator serving today by unanimous vote supported this and 366 Members of your Congress stood up and voted just today to create this new national park. I am proud of all of you for having done that.

Let me move now to an entirely different subject very briefly. I should point out here the Colorado canyons. I pointed this out today. My posters are a little worn, colleagues. You will have to excuse that. But last night it was signed by the President. This is the State of Utah. This again is a big chunk of the western portion of my district. This is the Colorado River.

Colorado is very unique when it comes to water. I thought I would spend a couple minutes and talk about water. Colorado is the only State in the Union where all our free-flowing water goes out of the State. We have no free-flowing water that comes into the State of Colorado for our use. And in Colorado, within the boundaries of Colorado, in our district, the Third Congressional District, again it is outlined by this blue line, within this district right here, 80 percent of the water in Colorado comes from that district. Eighty percent of the population of Colorado resides outside that district.

So you can see that because of the tremendous water resources that are in my congressional district, we have lots of trees, lots of understandings, and we have lots of discussions that are ongoing as to the best utilization of that water.

□ 2215

One of those discussions that came again just like the Great Sand Dunes National Park, that started at a community level, was the Colorado Canyons. That bill was signed by the President last night. It was supported again on the bipartisan basis. And it protected the water rights of the Colorado River for Colorado people. Although I can tell you the water in the Colorado River, it is called the mother of rivers, it provides drinking water for 23 million people, including the country of Mexico. It is a huge water resource. We know how to protect it. But we want to protect our rights, too. This bill protected Colorado water rights for Colorado people. This bill created a national conservation area. It created a wilderness area up on the top. We got in our community everyone from our county commissioners to our city council to our environmental organizations to our ranchers, to just community citizens, to people who cared, we put all of this together. I as a facilitator and others as a facilitator were able to come up with this compromise and we call this the Colorado Canyons bill. I am very proud of that. Again, another accomplishment by the people of Colorado to protect the resources of Colorado for future generations, while at the same time allowing current generations to enjoy the utilization of the resources that we have in the fine State of Colorado.

Let us shift gears completely and let us talk for a minute about taxes. I think it is very important. Because I have heard a lot of political rhetoric lately about tax cuts. There are some tax cuts that have taken place and there are a couple of tax cuts that ought to take place that I think when you sit down with the average American, one, they appreciate the fact that the taxes were cut or, two, they think these taxes should be eliminated. I can start out with the death tax. Do you think that our forefathers when they drafted the Constitution had in their wildest imagination that this government that they were creating, this new concept of democracy that they were putting together, would see death as a taxable event? That your death would result in a money-making revenue source for the government that they were creating? Can you imagine our forefathers thinking that as a revenue-raising, income-raising event for the Federal Government there should be a tax on your marriage? That when you get married that we should have a marriage tax?

Both of those taxes, the death tax and the marriage tax, should be eliminated. How can you argue with that? Regardless of the impact on the budget. Look at the basic concept, the fundamental question. Should we tax the event of death? Is death a taxable event? By the way, when we tax it, are we not a nation that wants to encourage family farms and ranches and small businesses to go from one generation to the next generation? And furthermore ask the question, does the death tax not in fact discourage that going from one generation to the next generation? Is this a country that should be discouraging families from transferring their business from mom and dad to kids, from those kids to their kids, from those kids to their kids? What made America great and what makes us great today is our family, the family foundation, the family block. A death tax has no place in our society in my opinion. I do not care who it taxes. By the way, it does not just hit 2 percent of the population as some like to say. It hits everybody in the community. When that money is taken out of a local community and is

sent to Washington, D.C. for redistribution, and it never goes back anywhere close to the percentage back to that community from whence it came, in the same proportion, not even close. And there is a difference out there on this tax and there is a difference in this presidential election. George W. Bush has made it a commitment, he will eliminate that tax. And by a bipartisan vote on both sides of the aisle, Republicans and Democrats, although the President vetoed it, in fact the President not only vetoed the elimination of the death tax which both sides of this aisle supported, he and Vice President GORE proposed it actually increase this year by $9.5 billion. In their budget this year they actually had an increase of $9.5 billion in the death tax. That is a fundamental difference between the bipartisan, Republicans and Democrats, conservative Democrats, not the liberal Democrats but the conservative Democrats that supported that elimination, that is the difference between that team and the liberal Democrats' and AL GORE's proposal on the death tax.

I am not trying to be partisan here, but let us call facts as they are. Let us call it as it is. Who is for the death tax and who is not? Who is going to stand up and be counted to get rid of this death tax? The same thing for the marriage penalty. That was vetoed by the President. By the way, there are Members, conservative Democrats and Republicans, who say get rid of this marriage tax. No, what you hear from the liberals is, ''Hey, let's tax the rich, let's transfer the wealth, let's move money from those who work, let's move money, let's transfer money, not create capital, transfer.'' It is all a question of transfer. The transfer agent is the United States Government. It is right here in Washington, D.C.

Let me ask you this: If one of my colleagues just won the lotto tomorrow and you won $50 million, and you want to distribute it around the country, help people out, help people with health care, help people buy open space, help people with hardships, would you send that $50 million to Washington, D.C. for redistribution to be handed out on your behalf? Of course you would not. Do you think Ted Turner or the Kennedys or any of those people send their money to Washington D.C. for disbursement? No, they create their own foundations because they know through their own foundations they can with some efficiency, a great deal more efficiency, put that money to work. It is the same concept with taxes. Do you think those tax dollars are more efficient in your pocket or more efficient in the pocket of the United States Congress and the President of the United States?

Clearly we ought to have some taxes. We have to fund the military. We have to fund highways. We have to fund social services. We have to fund Social Security. Medicare, Medicaid. We have obligations. The average taxpayer out there does not disagree with those obligations. What the average taxpayer disagrees with is the lack of efficiency. The government waste, the size and the increasing size of the government. This is a distinguishing issue in this upcoming presidential race.

Take a look at which side really has the history and has a record. Forget all the talk they talk about. Just look at the record. Which side, the conservatives or the liberals, increase the size of government? Take a look at the Great Society of Lyndon B. Johnson and figure out, was it the liberals who got the government to increase, was it the liberals who put it into the deficit for 40 some years or was it the conservatives? I am not talking about right-wing conservatives, I am talking about moderate people who say, I understand I have to pay some taxes but I want some justification.

Let me talk to you about a couple of the tax cuts. There is one very important tax cut to every one of you and every one of your constituents that we in the Republican Party with the help, by the way, of conservative Democrats passed and it benefits every one of your constituents that owns a home. Probably the largest tax break they have gotten in their life. We passed it off here and guess what happened? Nothing collapsed. Washington was able to survive. No program on social services collapsed. No child went hungry in a school. Our military did not miss any planes or jets as a result of this. All the dire circumstances of allowing the person who made the money to keep a little more of the money, none of these dire circumstances of not letting that money go to Washington occurred.

I hear the same kind of scare tactics today. George W. Bush talks about a tax reduction, a cut in the taxes for everybody, not just this group, not just this group but everybody. George W. Bush said the other day, the target ought to be everybody, it should not be a little tiny target based on class warfare. It should be a target for everybody. I will show you a tax that we made a target for homeowners which is a broad target. It used to be when you sold your home, if you sold your home for a profit, for example, you bought a home for $100,000, you sold a home for $350,000, which means you made a profit of $250,000, you were taxed on a $250,000 profit. That was what you were taxed on, $250,000. On a couple if you bought a home for $200,000, you sold the home for $700,000, you had a profit of $500,000, you were taxed on $500,000. That is the old regime. That is the old let the government grow bigger. That is the old look for anything you can to make it a taxable event. Tax death, tax marriage, tax an individual's sale of their home.

Most people in this country, the biggest investment of their lives will be their home. The proudest investment they will have in their lives outside of their children, but physical investment will be their home. Where most people will spend time in their lives will be their home. And the government has to tax it when you sell it? Come on.

A couple of years ago, the Republican leadership, with almost complete support, I think complete support from the Republican Members of Congress, as well as support from conservative Members of the Democratic Party, and granted the liberal side of the party will never vote to reduce your taxes. I can assure you, take a look at the history. You can tell that the liberal aspect, the liberal politicians will always want to grow the size of your government. The liberal politicians will always want to take individual rights and form it as a pool, as a group. They sacrifice the individual right to the benefit of the group right. They will transfer wealth, they will transfer money from those who work and give it to those who do not. It is just a liberal concept. There is a fundamental difference.

The same thing showed up on this tax cut, this tax reduction bill. These are the kind of reductions that George W. Bush talks about. These are the kind of tax reductions that we put into place. After our bill, and this says ''After Republicans,'' and I have got to tell you, we had a lot of Democratic support, conservative Democrats, not the liberal but the conservative Democrats who supported this. Now, look what happens. Our individual, let us say Jane Adams bought the house for $100,000, she sold it for $350,000, she made 250. She was taxed on 250. Under our bill Jane Adams buys the house, same conditions, for 100, sells it for 350, makes $250,000 and that is her tax right there. Zero. That is her tax. Zero. And this is now law.

Even in the old days under the old regime, you only got one tax break in your entire life on the sale of your home and that is if you were older than 62 and you only got a tax break, I think up to $140,000. We did not just give that tax break to individuals. We said, in our country, most homes are owned by couples. Most homes are owned by couples. What are we going to do for couples? We said, hey, for couples, we double it. If you have got a couple, we are going to allow the first $250,000, the first $250,000 per person to be tax free. So if you live in a home, and most of us live in homes that today have appreciated. In other words, they are worth more today than they were when we bought them. That is called profit. I am not talking about equity. I am talking about profit. Most of us live in homes where if we sold the home, we could sell it for a profit. Under the old regime, money would have come out of

your pocket and sent to Washington, D.C. simply because you sold your home. That is the only reason that money would be taken out of your pocket and sent to Washington, D.C., simply because you sold your home. We changed that. When we changed it, now when you sell that home for a profit up to $250,000 per person regardless of your age, renewable every 2 years, that money goes in your pocket for redistribution in your community instead of going out of your pocket to Washington, D.C. for redistribution in the bureaucracy that Washington uses it for.

You should have heard the cries back then. Just like I hear today when George W. Bush talks about a modest tax reduction for everybody, you hear these scare tactics: ''Oh, my gosh, we're going to have the deficit tomorrow. School children won't get lunches. We're not going to get medical care. It's going to cost us.''

Look at what happened. It is the same thing when we reduced the capital gains tax, which again with the help of conservative Democrats, again no help from the liberal Democrats, but we did get help from the conservative Democrats and the Republicans, we reduced capital gains from 28 percent to 20 percent. We had the same scare tactics out there. Oh, my gosh, the sky is falling. Reducing taxes on the American people? What a disaster. How could the Republicans and the conservative Democrats even possibly envision a tax reduction? It will destroy the country. Lowering capital gains from 28 percent to 20 percent, boom, the economy went up. Just like that. More tax dollars came in. You lowered the taxes, you had more economic activity, you had more creation of capital and your economy shot up like a rocket and we have been enjoying that for 3 or 4 years now since the reduction of capital gains.

□ 2230

Same thing on this. Did the sky fall in when people started to keep the money they made on the sale of their house? Did the sky fall in because the money individuals, regular working folks out there, because the money they had they made on the sale of their house did not come back to Washington, D.C., was not redistributed by Washington, D.C.? Did the sky fall in as a result of that? No, of course it did not.

We now have more than any other time in history greater homeownership by a larger population than ever in the history of this country. Our economy has improved. It did not go down. The sky did not fall in.

So when I hear these people out there talk about scare tactics because George W. Bush has the courage to stand up and say, look, it is easy to criticize. It is easy to envision that Washington, D.C., ought to be managing our money instead of us. We earned it. Washington did not earn it. We earned it. It is amazing that these scare tactics seem to be working out there. That somehow a tax cut, allowing the person who made the money to keep a larger percentage of that money to reduce the size of government, the sky is going to fall in.

Not being presumptuous, but if George W. Bush is fortunate enough to be elected President, we are going to see a tax cut not for a targeted group of people, not for the low income or the high income, but for everybody. And we are going to see a tax reduction that benefits the economy. Just like when the Republicans took capital gains and dropped it from 28 percent to 20 percent; just like when the Republicans took this tax on the sale of a home and reduced it for the first $500,000 for a couple to zero. Let Americans keep that amount of money in their pocket and renew it every 2 years, we will see an economic resurgence.

We are going to see a healthy economy because the fact is the more dollars we allow our citizens to keep, the dollars which they worked for, the stronger our economy will be. If we take a look, and by the way the Wall Street Journal has done splendid editorials on this, if we take a look at the three or four major tax reductions this last century in our government and take a look at what happened to the economy after that tax reduction, we will find that in every case, no exceptions, the economy improved. The economy was strengthened, and we actually had an economic boom which followed every one of those.

Why? Because the person that makes the money has a deeper appreciation for the money and is wiser in the utilization of that money than is the bureaucracy of Washington, D.C., which does not have to work for the money. It is simply getting their money by transfer. Our constituents get their money by work. They go out and create something and work and offer a product, they offer something of benefit. They create that capital. In Washington, we do not create capital. We get our money by transfer. We reach out to the people who work. We reach out to the people that create a profit, and we suck that money out of their pockets by transferring it to ours.

As a result of that, since the government did not have to work for the money, the government tends to be much less efficient, much sloppier, could care less in many circumstances how the dollars are spent, and we could show example after example of government waste, than does the individual.

The individual, that young man or young woman or that person, middle age or seniors that went out and spent their working day putting that money in their pocket, at 5 o'clock they get off shift and go home, they are very careful about how they spend their money. They watch their budgets. They try not to waste their money and they manage it. The taxpayer knows how to manage the money much better than we do in Washington, D.C.

What happens? The consequence of what I am saying, what happens when we allow the taxpayer to keep a few more dollars in their pocket and the government reduce its size and take the dollars that are absolutely necessary but no more? What happens when we allow that taxpayer to manage more money? The money is managed in a much more efficient way. And when the money is managed in a much more efficient way, what happens is that the economy strengthens and it begins to grow.

Mr. Speaker, what happens when the economy strengthens and begins to grow? There are more tax dollars that are originated that come to feed the government. It is a plus for the government. It is a plus for the taxpayer. It is a plus for our society.

So when we hear these scare tactics, just like we heard the hour previous to mine, scare tactics about health care, when we hear these scare tactics about Bush's tax reductions or the Republicans, take a look at examples that have occurred. Take a look at the capital gains taxation. Take a look at this household tax, and we will find out that is exactly what it was. Just like the health care, nothing much more than scare tactics.

Mr. Speaker, let me wrap up by saying to my 366 colleagues who voted for the creation of America's newest national park, let me say to those 366, their vision will come back generation after generation after generation. They can be proud that during their congressional career this should stand out as one of the highlights. Many generations into the future will look back and say: they did the right thing. They had the vision for future generations.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12 of rule I, the Chair declares the House in recess subject to the call of the Chair.

Accordingly (at 10 o'clock and 35 minutes p.m.), the House stood in recess subject to the call of the Chair.

EXPENDITURE REPORTS CONCERNING OFFICIAL FOREIGN TRAVEL

Report concerning the foreign currencies and U.S. dollars utilized for official foreign travel by the House of Representatives, pursuant to Public Law 95–384, by a miscellaneous group during the third quarter of 2000 is as follows:

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, ORGANIZATION FOR SECURITY AND COOPERATION IN EUROPE PARLIAMENTARY ASSEMBLY, HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JULY 4 AND JULY 10, 2000

Name of Member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Hon. Christopher Smith	7/5	7/10	Romania		1,229.25		(3)				1,229.25
Hon. Steny Hoyer	7/5	7/6	Romania		489.90		(3)				
	7/6	7/7	Croatia		50.00		(3)				
	7/7	7/10	Romania		734.85		(3)				1,274.75
Hon. Benjamin Cardin	7/5	7/6	Romania		491.70		(3)				
	7/6	7/7	Croatia		50.00		(3)				
	7/7	7/10	Romania		737.55		(3)				1,279.25
Hon. Bob Clement	7/5	7/6	Romania		491.70		(3)				
	7/6	7/7	Croatia		50.00		(3)				
	7/7	7/10	Romania		737.55		(3)				1,279.25
Hon. Robert E. "Bud" Cramer, Jr	7/5	7/6	Romania		491.70		(3)				
	7/6	7/7	Croatia		50.00		(3)				
	7/7	7/10	Romania		737.55		(3)				1,279.25
Hon. Alcee Hastings	7/5	7/10	Romania		1,224.75		(3)				1,224.75
Hon. Joseph Pitts	7/5	7/10	Romania		1,229.25		(3)				1,229.25
Hon. Matt Salmon	7/5	7/6	Romania		491.70		(3)				
	7/6	7/7	Croatia		50.00		(3)				
	7/7	7/10	Romania		737.55		(3)				1,279.25
Hon. Louise Slaughter	7/5	7/6	Romania		491.70		(3)				
	7/6	7/7	Croatia		50.00		(3)				
	7/7	7/10	Romania		737.55		(3)				1,279.25
Dr./RADM John Eisold	7/5	7/10	Romania		1,224.75		(3)				1,224.75
Ms. Dorothy Taft	7/5	7/10	Romania		1,224.75		(3)				1,224.75
Mr. Ronald McNamara	7/5	7/10	Romania		1,224.75		(3)				1,224.75
Mr. Ben Anderson	7/5	7/10	Romania		1,224.75		(3)				1,224.75
Mr. John Finerty	7/5	7/10	Romania		1,224.75		(3)				1,224.75
Mr. Bob Hand	7/5	7/6	Romania		489.90		(3)				
	7/6	7/7	Croatia		50.00		(3)				
	7/7	7/10	Romania		734.85		(3)				1,274.75
Ms. Marlene Kaufmann	7/5	7/6	Romania		489.90		(3)				
	7/6	7/7	Croatia		50.00		(3)				
	7/7	7/10	Romania		734.85		(3)				1,274.75
Ms. Maureen Walsh	7/5	7/10	Romania		1,224.75		(3)				1,224.75
Mr. Mark Gage	7/5	7/8	Romania		734.85		(3)				734.85
Ms. Marilyn Owen	7/5	7/10	Romania		1,224.75		(3)				1,224.75
Mr. David Abramowitz	7/5	7/10	Romania		849.75		(3)				849.75
Mr. Fred Turner	7/5	7/10	Romania		1,224.75		(3)				1,224.75
Delegation Expenses									2,635.48		2,635.48
Committee total					25,286.35				2,635.48		27,921.83

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.
[3] Military air transportation.

CHRISTOPHER SMITH, Chairman, Oct. 19, 2000.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 8 of rule XII, executive communications were taken from the Speaker's table and referred as follows:

10708. A letter from the Under Secretary, Food, Nutrition, and Consumer Services, Department of Agriculture, transmitting the Department's final rule—Food Stamp Program: Non-Discretionary Provisions of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (RIN: 0584–AC41) received October 23, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

10709. A letter from the Director, Defense Procurement, Department of Defense, transmitting the Department's final rule: Defense Federal Acquisition Regulation Supplement; Update of Small Business Specialist Functions—received October 23, 2000; to the Committee on Armed Services.

10710. A letter from the Director, Office of Management and Budget, transmitting a report on the OMB Cost Estimate for Pay-As-You-Go Calculations; to the Committee on the Budget.

10711. A letter from the Acting Assistant Secretary, Department of Labor, Pension and Welfare Benefits Administration, transmitting the Department's final rule—Small Pension Plan Security Amendments (RIN: 1210–AA73) received October 23, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Education and the Workforce.

10712. A letter from the Assistant General Counsel for Regulatory Law, Department of Energy, Office of Energy Efficiency and Renewable Energy, transmitting the Department's final rule—Energy Conservation Program for Consumer Products: Fluorescent Lamp Ballasts Energy Conservation Standards [Docket No. EE–RM–97–500] (RIN: 1904–AA75) received October 24, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

10713. A letter from the Acting Secretary, Department of State, transmitting a report on the Strategic Plan for 2000; to the Committee on Government Reform.

10714. A letter from the Director, Federal Mediation and Conciliation Service, transmitting a report on the Commercial Inventory for FY 2000; to the Committee on Government Reform.

10715. A letter from the Director, Employment Service, Office of Personnel Management, transmitting the Office's final rule—Reduction in Force Retreat Rights (RIN: 3206–AJ14) received October 24, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform.

10716. A letter from the Board Members, Railroad Retirement Board, transmitting the Board's annual report on the Program Fraud Civil Remedies Act for fiscal year 2000, pursuant to 31 U.S.C. 3810; to the Committee on Government Reform.

10717. A letter from the Chairman, Board of Directors, Tennessee Valley Authority, transmitting a report on the Strategic Plan for FY 2000—2005; to the Committee on Government Reform.

10718. A letter from the Assistant Attorney General, Office of Legislative Affairs, Department of Justice, transmitting the 1999 Annual Report of the National Institute of Justice; to the Committee on the Judiciary.

10719. A letter from the General Counsel, Architectural and Transportation Barriers Compliance Board, transmitting the Board's final rule—Americans With Disabilities Act (ADA) Accessibility Guidelines for Buildings and Facilities; Play Area [Docket No. 98–2] (RIN: 3014–AA21) received October 23, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

10720. A letter from the Program Analyst, FAA, Department of Transportation, transmitting the Department's final rule—Amendment of Federal Airways in the Vicinity of Dallas/Fort Worth; TX [Docket No. 00–ASW–6] received October 23, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

10721. A letter from the Administrator, Department of Transportation, FAA, transmitting a report on Pilot Records; to the Committee on Transportation and Infrastructure.

10722. A letter from the Program Analyst, Department of Transportation, FAA, transmitting the Department's final rule—Airworthiness Directives; Bombardier Model CL–600–2B19 Series Airplanes [Docket No. 2000–NM–312–AD; Amendment 39–11914; AD 2000–20–03] (RIN: 2120–AA64) received October 23, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

10723. A letter from the Program Analyst, Department of Transportation, FAA, transmitting the Department's final rule—Airworthiness Directives; Bombardier Model CL–600–1A11 (CL–600) and CL–600–2A12 (CL–601) Series Airplanes [Docket No. 99–NM–26–AD; Amendment 39–11902; AD 2000–19–01] (RIN: 2120–AA64) received October 23, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

10724. A letter from the Program Analyst, FAA, Department of Transportation, transmitting the Department's final rule—Licensing and Safety Requirements for Operation of a Launch Site [Docket No. FAA–1999–5833; Amendment No. 401–2, 417–1 and 420–1] (RIN: 2120–AG15) received October 23, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Science.

10725. A letter from the Program Manager, Bureau of Alcohol, Tobacco and Firearms, Department of the Treasury, transmitting the Department's final rule—Labeling of Flavored Wine Products (RIN: 1512–AB86) received October 2, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

10726. A letter from the Chief, Regulations Branch, Department of Treasury, U.S. Customs Service, transmitting the Department's final rule—Import Restrictions Imposed On Archaeological Material From the Prehispanic Cultures of the Republic of Nicaragua (RIN: 1515–AC70) received October 24, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

10727. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—Weighted Average Interest Rate Update—received October 23, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. BLILEY: Committee on Commerce. H.R. 1689. A bill to prohibit States from imposing restrictions on the operation of motor vehicles providing limousine service between a place in a State and a place in another State, and for other purposes; with an amendment (Rept. 106–1003 Pt. 1). Ordered to be printed.

TIME LIMITATION OF REFERRED BILL

Pursuant to clause 5 of rule X the following action was taken by the Speaker:

[Omitted from the Record of October 24, 2000]

H.R. 4725. Referral to the Committee on Education and the Workforce extended for a period ending not later than October 26, 2000.

[Submitted October 25, 2000]

H.R. 1882. Referral to the Committee on Ways and Means extended for a period ending not later than October 26, 2000.

H.R. 2580. Referral to the Committee on Transportation and Infrastructure extended for a period ending not later than October 26, 2000.

H.R. 4548. Referral to the Committee on Education and the Workforce extended for a period ending not later than October 26, 2000.

H.R. 4857. Referral to the Committees on the Judiciary, Banking and Financial Services, and Commerce extended for a period ending not later than October 26, 2000.

H.R. 4585. Referral to the Committee on Commerce extended for a period ending not later than October 26, 2000.

REPORTED BILL SEQUENTIALLY REFERRED

Under clause 5 of rule X, bills and reports were delivered to the Clerk for printing, and bills referred as follows:

H.R. 1689. A bill to prohibit States from imposing restrictions on the operation of motor vehicles providing limousine service between a place in a State and a place in another State, and for other purposes, referred to the Committee on Transportation for a period ending not later than October 26, 2000, for consideration of such provisions of the bill and amendment as fall within the jurisdiction of that committee pursuant to clause 1(q), rule X.

MEMORIALS

Under clause 3 of rule XII, memorials were presented and referred as follows:

482. The SPEAKER presented a memorial of the Senate of the Commonwealth of Pennsylvania, relative to a resolution memorializing the Congress of the United States to review the actions of the Food and Drug Administration, whose marketing guidelines appear to promote and advance the best interests of the drug companies and their advertising outlets rather than the consumer and also, the FDA move to prohibit direct consumer marketing or in the alternative to impose tighter restrictions; to the Committee on Commerce.

483. Also, a memorial of the Senate of the Commonwealth of Pennsylvania, relative to a resolution memorializing the President and the Congress of the United States to proclaim and designate the week of October 8 through 14 this year and each year hereafter as ''The Mighty Eighth Air Force Week''; to the Committee on Government Reform.

484. Also, a memorial of the House of Representatives of the Commonwealth of The Mariana Islands, relative to Resolution 12–85 memorializing the United States House of Representatives to oppose the application of the U.S. federal minimum wage to the Commonwealth; to the Committee on Resources.

485. Also, a memorial of the Senate of the Commonwealth of Pennsylvania, relative to a resolution memorializing the United States Congress to enact additional Balanced Budget Act relief in 2000 through adequate payments to Medicare insurers and Medicare providers; jointly to the Committees on Ways and Means and Commerce.

□ 0703

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. PEASE) at 7 o'clock and 3 minutes a.m.

CONFERENCE REPORT ON H.R. 2614, CERTIFIED DEVELOPMENT COMPANY PROGRAM IMPROVEMENTS ACT OF 2000

Mr. ARMEY submitted the following conference report and statement on 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:

CONFERENCE REPORT (H. REPT. 106–1004)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to 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, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

SECTION 1. ENACTMENT OF OTHER PROVISIONS OF LAW.

The provisions of the following bills of the 106th Congress are hereby enacted into law:

(1) H.R. 5538, as introduced on October 25, 2000 (the Minimum Wage Act of 2000).

(2) H.R. 5542, as introduced on October 25, 2000 (the Taxpayer Relief Act of 2000).

(3) H.R. 5543, as introduced on October 25, 2000 (the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000).

(4) H.R. 5544, as introduced on October 25, 2000 (the Pain Relief Promotion Act of 2000).

(5) H.R. 5545, as introduced on October 25, 2000 (the Small Business Reauthorization Act of 2000).

SEC. 2. PUBLICATION OF ACT.

In publishing this Act in slip form and in the United States Statutes at Large pursuant to section 112 of title 1, United States Code, the Archivist of the United States shall include after the date of approval appendixes setting forth the texts of the bills referred to in section 1.

And the Senate agree to the same.

JIM TALENT,
DICK ARMEY,
Managers on the Part of the House.

CHRISTOPHER BOND,
CONRAD BURNS,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to 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, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment struck all of the House bill after the enacting clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment that is a substitute for the House bill and the Senate amendment.

The conference agreement would enact by reference the provisions of five bills introduced on October 25, 2000. Those bills are the following:

(1) H.R. 5538, the Minimum Wage Act of 2000.

(2) H.R. 5542, the Taxpayer Relief Act of 2000.

(3) H.R. 5543, the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000.

(4) H.R. 5544, the Pain Relief Promotion Act of 2000.

(5) H.R. 5545, the Small Business Reauthorization Act of 2000.

This joint statement sets out for convenience the text of each bill that would be enacted in the conference report by reference.

MINIMUM WAGE ACT OF 2000

The conference agreement would enact the provisions of H.R. 5538, as introduced on October 25, 2000. The text of that bill follows:

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Minimum Wage Act of 2000''.

SEC. 2. MINIMUM WAGE INCREASE.

Paragraph (1) of section 6(a) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)) is amended to read as follows:

''(1) except as otherwise provided in this section. Not less than $5.15 an hour during the period ending June 30, 2000, not less than $5.65 an hour during the year beginning January 1, 2001, and not less than $6.15 an hour beginning January 1, 2002;''.

TAXPAYER RELIEF ACT OF 2000

The conference agreement would enact the provisions of H.R. 5542, as introduced on October 25, 2000. The text of that bill follows:

SECTION 1. SHORT TITLE; AMENDMENT OF 1986 CODE.

(a) SHORT TITLE.—This Act may be cited as the ''Taxpayer Relief Act of 2000''.

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

(c) TABLE OF CONTENTS.—

Sec. 1. Short title; amendment of 1986 Code.

TITLE I—FSC REPEAL AND EXTRATERRITORIAL INCOME EXCLUSION

Sec. 101. Repeal of foreign sales corporation rules.
Sec. 102. Treatment of extraterritorial income.
Sec. 103. Technical and conforming amendments.
Sec. 104. Effective date.

TITLE II—SMALL BUSINESS TAX RELIEF

Sec. 201. Extension of work opportunity tax credit.
Sec. 202. Increase in amortizable reforestation expenditures, etc.
Sec. 203. Increase in expense treatment for small businesses.
Sec. 204. Increased deduction for meal expenses.
Sec. 205. Increased deductibility of business meal expenses for individuals subject to Federal limitations on hours of service.
Sec. 206. Repeal of modification of installment method.
Sec. 207. Income averaging not to increase alternative minimum tax liability; income averaging for fishermen.
Sec. 208. Repeal of occupational taxes relating to distilled spirits, wine, and beer.
Sec. 209. Exclusion from gross income for certain forgiven mortgage obligations.
Sec. 210. Clarification of cash accounting rules for small business.
Sec. 211. Amendments relating to demand deposit accounts at depository institutions.

TITLE III—HEALTH INSURANCE AND LONG-TERM CARE INSURANCE PROVISIONS

Sec. 301. Deduction for 100 percent of health insurance costs of self-employed individuals.
Sec. 302. Deduction for health and long-term care insurance costs of individuals not participating in employer-subsidized health plans.
Sec. 303. 2-year extension of availability of medical savings accounts.
Sec. 304. Additional consumer protections for long-term care insurance.
Sec. 305. Deduction for providing long-term care in the home to household members.

TITLE IV—PENSION AND INDIVIDUAL RETIREMENT ARRANGEMENT PROVISIONS

Sec. 400. Short title.

Subtitle A—Individual Retirement Accounts

Sec. 401. Modification of IRA contribution limits.
Sec. 402. Deemed IRAs under employer plans.
Sec. 403. Tax-free distributions from individual retirement accounts for charitable purposes.
Sec. 404. Modification of AGI limits for Roth IRAs.

Subtitle B—Expanding Coverage

Sec. 411. Increase in benefit and contribution limits.
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Sec. 413. Modification of top-heavy rules.
Sec. 414. Elective deferrals not taken into account for purposes of deduction limits.
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Sec. 416. Elimination of user fee for requests to IRS regarding pension plans.
Sec. 417. Deduction limits.
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Subtitle C—Enhancing Fairness for Women

Sec. 421. Catch-up contributions for individuals age 50 or over.
Sec. 422. Equitable treatment for contributions of employees to defined contribution plans.
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Sec. 424. Simplify and update the minimum distribution rules.
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Sec. 426. Provisions relating to hardship distributions.
Sec. 427. Waiver of tax on nondeductible contributions for domestic or similar workers.

Subtitle D—Increasing Portability for Participants

Sec. 431. Rollovers allowed among various types of plans.
Sec. 432. Rollovers of IRAs into workplace retirement plans.
Sec. 433. Rollovers of after-tax contributions.
Sec. 434. Hardship exception to 60-day rule.
Sec. 435. Treatment of forms of distribution.
Sec. 436. Rationalization of restrictions on distributions.
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Sec. 439. Minimum distribution and inclusion requirements for section 457 plans.

Subtitle E—Strengthening Pension Security and Enforcement

Sec. 441. Repeal of 155 percent of current liability funding limit.
Sec. 442. Maximum contribution deduction rules modified and applied to all defined benefit plans.
Sec. 443. Excise tax relief for sound pension funding.
Sec. 444. Excise tax on failure to provide notice by defined benefit plans significantly reducing future benefit accruals.
Sec. 445. Treatment of multiemployer plans under section 415.
Sec. 446. Protection of investment of employee contributions to 401(k) plans.
Sec. 447. Periodic pension benefits statements.
Sec. 448. Prohibited allocations of stock in S corporation ESOP.

Subtitle F—Reducing Regulatory Burdens

Sec. 451. Modification of timing of plan valuations.
Sec. 452. ESOP dividends may be reinvested without loss of dividend deduction.
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Sec. 458. Repeal of the multiple use test.
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Sec. 460. Extension to all governmental plans of moratorium on application of certain nondiscrimination rules applicable to State and local plans.
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Sec. 478. Benefit suspension notice.

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Sec. 481. Provisions relating to plan amendments.

TITLE V—SCHOOL CONSTRUCTION PROVISIONS

Sec. 501. Additional increase in arbitrage rebate exception for governmental bonds used to finance educational facilities.
Sec. 502. Modification of arbitrage rebate rules applicable to public school construction bonds.

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Sec. 701. Exemption of certain reporting requirements.
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Sec. 703. Extension of authority for undercover operations.
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Sec. 705. Increase in threshold for Joint Committee reports on refunds and credits.
Sec. 706. Treatment of missing children with respect to certain tax benefits.
Sec. 707. Amendments to statutes referencing yield on 52-week Treasury bills.
Sec. 708. Adjustments for Consumer Price Index error.
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Subtitle B—Miscellaneous Provisions
Sec. 710. Repeal of 4.3-cent motor fuel excise taxes on railroads and inland waterway transportation which remain in general fund.
Sec. 711. Repeal of reduction of deductions for mutual life insurance companies.
Sec. 712. Repeal of policyholders surplus account provisions.
Sec. 713. Credit to holders of qualified Amtrak bonds.
Sec. 714. Farm, fishing, and ranch risk management accounts.
Sec. 715. Extension of enhanced deduction for corporate donations of computer technology.
Sec. 716. Relief from Federal tax liability arising with respect to certain claims against the Department of Agriculture for discrimination in farm credit and benefit programs.
Sec. 717. Expansion of credit for adoption expenses.
Sec. 718. Study concerning United States insurance companies with certain offshore reinsurance affiliates.
Sec. 719. Treatment of Indian tribal governments under Federal Unemployment Tax Act.
Subtitle C—Technical Corrections
Sec. 721. Amendments related to Ticket to Work and Work Incentives Improvement Act of 1999.
Sec. 722. Amendments related to Tax and Trade Relief Extension Act of 1998.
Sec. 723. Amendments related to Internal Revenue Service Restructuring and Reform Act of 1998.
Sec. 724. Amendments related to Taxpayer Relief Act of 1997.
Sec. 725. Amendments related to Balanced Budget Act of 1997.
Sec. 726. Amendments related to Small Business Job Protection Act of 1996.
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Sec. 728. Other technical corrections.
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Subtitle D—Pay-Go Adjustments
Sec. 731. Avoidance of a Pay-Go sequestration for fiscal year 2001.

TITLE I—FSC REPEAL AND EXTRATERRITORIAL INCOME EXCLUSION

SEC. 101. REPEAL OF FOREIGN SALES CORPORATION RULES.

Subpart C of part III of subchapter N of chapter 1 (relating to taxation of foreign sales corporations) is hereby repealed.

SEC. 102. TREATMENT OF EXTRATERRITORIAL INCOME.

(a) IN GENERAL.—Part III of subchapter B of chapter 1 (relating to items specifically excluded from gross income) is amended by inserting before section 115 the following new section:

"SEC. 114. EXTRATERRITORIAL INCOME.

''(a) EXCLUSION.—Gross income does not include extraterritorial income.

''(b) EXCEPTION.—Subsection (a) shall not apply to extraterritorial income which is not qualifying foreign trade income as determined under subpart E of part III of subchapter N.

''(c) DISALLOWANCE OF DEDUCTIONS.—

''(1) IN GENERAL.—Any deduction of a taxpayer allocated under paragraph (2) to extraterritorial income of the taxpayer excluded from gross income under subsection (a) shall not be allowed.

''(2) ALLOCATION.—Any deduction of the taxpayer properly apportioned and allocated to the extraterritorial income derived by the taxpayer from any transaction shall be allocated on a proportionate basis between—

''(A) the extraterritorial income derived from such transaction which is excluded from gross income under subsection (a), and

''(B) the extraterritorial income derived from such transaction which is not so excluded.

''(d) DENIAL OF CREDITS FOR CERTAIN FOREIGN TAXES.—Notwithstanding any other provision of this chapter, no credit shall be allowed under this chapter for any income, war profits, and excess profits taxes paid or accrued to any foreign country or possession of the United States with respect to extraterritorial income which is excluded from gross income under subsection (a).

''(e) EXTRATERRITORIAL INCOME.—For purposes of this section, the term 'extraterritorial income' means the gross income of the taxpayer attributable to foreign trading gross receipts (as defined in section 942) of the taxpayer.''.

(b) QUALIFYING FOREIGN TRADE INCOME.—Part III of subchapter N of chapter 1 is amended by inserting after subpart D the following new subpart:

"Subpart E—Qualifying Foreign Trade Income

''Sec. 941. Qualifying foreign trade income.

''Sec. 942. Foreign trading gross receipts.

''Sec. 943. Other definitions and special rules.

"SEC. 941. QUALIFYING FOREIGN TRADE INCOME.

''(a) QUALIFYING FOREIGN TRADE INCOME.—For purposes of this subpart and section 114—

''(1) IN GENERAL.—The term 'qualifying foreign trade income' means, with respect to any transaction, the amount of gross income which, if excluded, will result in a reduction of the taxable income of the taxpayer from such transaction equal to the greatest of—

''(A) 30 percent of the foreign sale and leasing income derived by the taxpayer from such transaction,

''(B) 1.2 percent of the foreign trading gross receipts derived by the taxpayer from the transaction, or

''(C) 15 percent of the foreign trade income derived by the taxpayer from the transaction.

In no event shall the amount determined under subparagraph (B) exceed 200 percent of the amount determined under subparagraph (C).

''(2) ALTERNATIVE COMPUTATION.—A taxpayer may compute its qualifying foreign trade income under a subparagraph of paragraph (1) other than the subparagraph which results in the greatest amount of such income.

''(3) LIMITATION ON USE OF FOREIGN TRADING GROSS RECEIPTS METHOD.—If any person computes its qualifying foreign trade income from any transaction with respect to any property under paragraph (1)(B), the qualifying foreign trade income of such person (or any related person) with respect to any other transaction involving such property shall be zero.

''(4) RULES FOR MARGINAL COSTING.—The Secretary shall prescribe regulations setting forth rules for the allocation of expenditures in computing foreign trade income under paragraph (1)(C) in those cases where a taxpayer is seeking to establish or maintain a market for qualifying foreign trade property.

''(5) PARTICIPATION IN INTERNATIONAL BOYCOTTS, ETC.—Under regulations prescribed by the Secretary, the qualifying foreign trade income of a taxpayer for any taxable year shall be reduced (but not below zero) by the sum of—

''(A) an amount equal to such income multiplied by the international boycott factor determined under section 999, and

''(B) any illegal bribe, kickback, or other payment (within the meaning of section 162(c)) paid by or on behalf of the taxpayer directly or indirectly to an official, employee, or agent in fact of a government.

''(b) FOREIGN TRADE INCOME.—For purposes of this subpart—

''(1) IN GENERAL.—The term 'foreign trade income' means the taxable income of the taxpayer attributable to foreign trading gross receipts of the taxpayer.

''(2) SPECIAL RULE FOR COOPERATIVES.—In any case in which an organization to which part I of subchapter T applies which is engaged in the marketing of agricultural or horticultural products sells qualifying foreign trade property, in computing the taxable income of such cooperative, there shall not be taken into account any deduction allowable under subsection (b) or (c) of section 1382 (relating to patronage dividends, per-unit retain allocations, and nonpatronage distributions).

''(c) FOREIGN SALE AND LEASING INCOME.—For purposes of this section—

''(1) IN GENERAL.—The term 'foreign sale and leasing income' means, with respect to any transaction—

''(A) foreign trade income properly allocable to activities which—

''(i) are described in paragraph (2)(A)(i) or (3) of section 942(b), and

''(ii) are performed by the taxpayer (or any person acting under a contract with such taxpayer) outside the United States, or

''(B) foreign trade income derived by the taxpayer in connection with the lease or rental of qualifying foreign trade property for use by the lessee outside the United States.

''(2) SPECIAL RULES FOR LEASED PROPERTY.—

''(A) SALES INCOME.—The term 'foreign sale and leasing income' includes any foreign trade income derived by the taxpayer from the sale of property described in paragraph (1)(B).

''(B) LIMITATION IN CERTAIN CASES.—Except as provided in regulations, in the case of property which—

''(i) was manufactured, produced, grown, or extracted by the taxpayer, or

''(ii) was acquired by the taxpayer from a related person for a price which was not determined in accordance with the rules of section 482,

the amount of foreign trade income which may be treated as foreign sale and leasing income under paragraph (1)(B) or subparagraph (A) of this paragraph with respect to any transaction involving such property shall not exceed the amount which would have been determined if the taxpayer had acquired such property for the price determined in accordance with the rules of section 482.

''(3) SPECIAL RULES.—

''(A) EXCLUDED PROPERTY.—Foreign sale and leasing income shall not include any income properly allocable to excluded property described in subparagraph (B) of section 943(a)(3) (relating to intangibles).

''(B) ONLY DIRECT EXPENSES TAKEN INTO ACCOUNT.—For purposes of this subsection, any expense other than a directly allocable expense shall not be taken into account in computing foreign trade income.

''SEC. 942. FOREIGN TRADING GROSS RECEIPTS.

''(a) FOREIGN TRADING GROSS RECEIPTS.—

''(1) IN GENERAL.—Except as otherwise provided in this section, for purposes of this subpart, the term 'foreign trading gross receipts' means the gross receipts of the taxpayer which are—

''(A) from the sale, exchange, or other disposition of qualifying foreign trade property,

''(B) from the lease or rental of qualifying foreign trade property for use by the lessee outside the United States,

''(C) for services which are related and subsidiary to—

''(i) any sale, exchange, or other disposition of qualifying foreign trade property by such taxpayer, or

''(ii) any lease or rental of qualifying foreign trade property described in subparagraph (B) by such taxpayer,

''(D) for engineering or architectural services for construction projects located (or proposed for location) outside the United States, or

''(E) for the performance of managerial services for a person other than a related person in furtherance of the production of foreign trading gross receipts described in subparagraph (A), (B), or (C).

Subparagraph (E) shall not apply to a taxpayer for any taxable year unless at least 50 percent of its foreign trading gross receipts (determined without regard to this sentence) for such taxable year is derived from activities described in subparagraph (A), (B), or (C).

''(2) CERTAIN RECEIPTS EXCLUDED ON BASIS OF USE; SUBSIDIZED RECEIPTS EXCLUDED.—The term 'foreign trading gross receipts' shall not include receipts of a taxpayer from a transaction if—

''(A) the qualifying foreign trade property or services—

''(i) are for ultimate use in the United States, or

''(ii) are for use by the United States or any instrumentality thereof and such use of qualifying foreign trade property or services is required by law or regulation, or

''(B) such transaction is accomplished by a subsidy granted by the government (or any instrumentality thereof) of the country or possession in which the property is manufactured, produced, grown, or extracted.

''(3) ELECTION TO EXCLUDE CERTAIN RECEIPTS.—The term 'foreign trading gross receipts' shall not include gross receipts of a taxpayer from a transaction if the taxpayer elects not to have such receipts taken into account for purposes of this subpart.

''(b) FOREIGN ECONOMIC PROCESS REQUIREMENTS.—

''(1) IN GENERAL.—Except as provided in subsection (c), a taxpayer shall be treated as having foreign trading gross receipts from any transaction only if economic processes with respect to such transaction take place outside the United States as required by paragraph (2).

''(2) REQUIREMENT.—

''(A) IN GENERAL.—The requirements of this paragraph are met with respect to the gross receipts of a taxpayer derived from any transaction if—

''(i) such taxpayer (or any person acting under a contract with such taxpayer) has participated outside the United States in the solicitation (other than advertising), the negotiation, or the making of the contract relating to such transaction, and

''(ii) the foreign direct costs incurred by the taxpayer attributable to the transaction equal or exceed 50 percent of the total direct costs attributable to the transaction.

''(B) ALTERNATIVE 85-PERCENT TEST.—A taxpayer shall be treated as satisfying the requirements of subparagraph (A)(ii) with respect to any transaction if, with respect to each of at least 2 subparagraphs of paragraph (3), the foreign direct costs incurred by such taxpayer attributable to activities described in such subparagraph equal or exceed 85 percent of the total direct costs attributable to activities described in such subparagraph.

''(C) DEFINITIONS.—For purposes of this paragraph—

''(i) TOTAL DIRECT COSTS.—The term 'total direct costs' means, with respect to any transaction, the total direct costs incurred by the taxpayer attributable to activities described in paragraph (3) performed at any location by the taxpayer or any person acting under a contract with such taxpayer.

''(ii) FOREIGN DIRECT COSTS.—The term 'foreign direct costs' means, with respect to any transaction, the portion of the total direct costs which are attributable to activities performed outside the United States.

''(3) ACTIVITIES RELATING TO QUALIFYING FOREIGN TRADE PROPERTY.—The activities described in this paragraph are any of the following with respect to qualifying foreign trade property—

''(A) advertising and sales promotion,

''(B) the processing of customer orders and the arranging for delivery,

''(C) transportation outside the United States in connection with delivery to the customer,

''(D) the determination and transmittal of a final invoice or statement of account or the receipt of payment, and

''(E) the assumption of credit risk.

''(4) ECONOMIC PROCESSES PERFORMED BY RELATED PERSONS.—A taxpayer shall be treated as meeting the requirements of this subsection with respect to any sales transaction involving any property if any related person has met such requirements in such transaction or any other sales transaction involving such property.

''(c) EXCEPTION FROM FOREIGN ECONOMIC PROCESS REQUIREMENT.—

''(1) IN GENERAL.—The requirements of subsection (b) shall be treated as met for any taxable year if the foreign trading gross receipts of the taxpayer for such year do not exceed $5,000,000.

''(2) RECEIPTS OF RELATED PERSONS AGGREGATED.—All related persons shall be treated as one person for purposes of paragraph (1), and the limitation under paragraph (1) shall be allocated among such persons in a manner provided in regulations prescribed by the Secretary.

''(3) SPECIAL RULE FOR PASS-THRU ENTITIES.—In the case of a partnership, S corporation, or other pass-thru entity, the limitation under paragraph (1) shall apply with respect to the partnership, S corporation, or entity and with respect to each partner, shareholder, or other owner.

''SEC. 943. OTHER DEFINITIONS AND SPECIAL RULES.

''(a) QUALIFYING FOREIGN TRADE PROPERTY.—For purposes of this subpart—

''(1) IN GENERAL.—The term 'qualifying foreign trade property' means property—

''(A) manufactured, produced, grown, or extracted within or outside the United States,

''(B) held primarily for sale, lease, or rental, in the ordinary course of trade or business for direct use, consumption, or disposition outside the United States, and

''(C) not more than 50 percent of the fair market value of which is attributable to—

''(i) articles manufactured, produced, grown, or extracted outside the United States, and

''(ii) direct costs for labor (determined under the principles of section 263A) performed outside the United States.

For purposes of subparagraph (C), the fair market value of any article imported into the United States shall be its appraised value, as determined by the Secretary under section 402 of the Tariff Act of 1930 (19 U.S.C. 1401a) in connection with its importation, and the direct costs for labor under clause (ii) do not include costs that would be treated under the principles of section 263A as direct labor costs attributable to articles described in clause (i).

''(2) U.S. TAXATION TO ENSURE CONSISTENT TREATMENT.—Property which (without regard to this paragraph) is qualifying foreign trade property and which is manufactured, produced, grown, or extracted outside the United States shall be treated as qualifying foreign trade property only if it is manufactured, produced, grown, or extracted by—

''(A) a domestic corporation,

''(B) an individual who is a citizen or resident of the United States,

''(C) a foreign corporation with respect to which an election under subsection (e) (relating to foreign corporations electing to be subject to United States taxation) is in effect, or

''(D) a partnership or other pass-thru entity all of the partners or owners of which are described in subparagraph (A), (B), or (C).

Except as otherwise provided by the Secretary, tiered partnerships or pass-thru entities shall be treated as described in subparagraph (D) if each of the partnerships or entities is directly or indirectly wholly owned by persons described in subparagraph (A), (B), or (C).

''(3) EXCLUDED PROPERTY.—The term 'qualifying foreign trade property' shall not include—

''(A) property leased or rented by the taxpayer for use by any related person,

''(B) patents, inventions, models, designs, formulas, or processes whether or not patented, copyrights (other than films, tapes, records, or similar reproductions, and other than computer software (whether or not patented), for commercial or home use), goodwill, trademarks, trade brands, franchises, or other like property,

''(C) oil or gas (or any primary product thereof),

''(D) products the transfer of which is prohibited or curtailed to effectuate the policy set forth in paragraph (2)(C) of section 3 of Public Law 96–72, or

''(E) any unprocessed timber which is a softwood.

For purposes of subparagraph (E), the term 'unprocessed timber' means any log, cant, or similar form of timber.

''(4) PROPERTY IN SHORT SUPPLY.—If the President determines that the supply of any property described in paragraph (1) is insufficient to meet the requirements of the domestic economy, the President may by Executive order designate the property as in short supply. Any property so designated shall not be treated as qualifying foreign trade property during the period beginning with the date specified in the Executive order and ending with the date specified in an Executive order setting forth the President's determination that the property is no longer in short supply.

''(b) OTHER DEFINITIONS AND RULES.—For purposes of this subpart—

''(1) TRANSACTION.—

''(A) IN GENERAL.—The term 'transaction' means—

''(i) any sale, exchange, or other disposition,

''(ii) any lease or rental, and

''(iii) any furnishing of services.

''(B) GROUPING OF TRANSACTIONS.—To the extent provided in regulations, any provision of this subpart which, but for this subparagraph, would be applied on a transaction-by-transaction basis may be applied by the taxpayer on the basis of groups of transactions based on product lines or recognized industry or trade usage. Such regulations may permit different groupings for different purposes.

''(2) UNITED STATES DEFINED.—The term 'United States' includes the Commonwealth of Puerto Rico. The preceding sentence shall not apply for purposes of determining whether a corporation is a domestic corporation.

''(3) RELATED PERSON.—A person shall be related to another person if such persons are treated as a single employer under subsection (a) or (b) of section 52 or subsection (m) or (o) of section 414, except that determinations under subsections (a) and (b) of section 52 shall be made without regard to section 1563(b).

''(4) GROSS AND TAXABLE INCOME.—Section 114 shall not be taken into account in determining the amount of gross income or foreign trade income from any transaction.

''(c) SOURCE RULE.—Under regulations, in the case of qualifying foreign trade property manufactured, produced, grown, or extracted within the United States, the amount of income of a taxpayer from any sales transaction with respect to such property which is treated as from sources without the United States shall not exceed—

''(1) in the case of a taxpayer computing its qualifying foreign trade income under section 941(a)(1)(B), the amount of the taxpayer's foreign trade income which would (but for this subsection) be treated as from sources without the United States if the foreign trade income were reduced by an amount equal to 4 percent of the foreign trading gross receipts with respect to the transaction, and

''(2) in the case of a taxpayer computing its qualifying foreign trade income under section 941(a)(1)(C), 50 percent of the amount of the taxpayer's foreign trade income which would (but for this subsection) be treated as from sources without the United States.

''(d) TREATMENT OF WITHHOLDING TAXES.—

''(1) IN GENERAL.—For purposes of section 114(d), any withholding tax shall not be treated as paid or accrued with respect to extraterritorial income which is excluded from gross income under section 114(a). For purposes of this paragraph, the term 'withholding tax' means any tax which is imposed on a basis other than residence and for which credit is allowable under section 901 or 903.

''(2) EXCEPTION.—Paragraph (1) shall not apply to any taxpayer with respect to extraterritorial income from any transaction if the taxpayer computes its qualifying foreign trade income with respect to the transaction under section 941(a)(1)(A).

''(e) ELECTION TO BE TREATED AS DOMESTIC CORPORATION.—

''(1) IN GENERAL.—An applicable foreign corporation may elect to be treated as a domestic corporation for all purposes of this title if such corporation waives all benefits to such corporation granted by the United States under any treaty. No election under section 1362(a) may be made with respect to such corporation.

''(2) APPLICABLE FOREIGN CORPORATION.—For purposes of paragraph (1), the term 'applicable foreign corporation' means any foreign corporation if—

''(A) such corporation manufactures, produces, grows, or extracts property in the ordinary course of such corporation's trade or business, or

''(B) substantially all of the gross receipts of such corporation are foreign trading gross receipts.

''(3) PERIOD OF ELECTION.—

''(A) IN GENERAL.—Except as otherwise provided in this paragraph, an election under paragraph (1) shall apply to the taxable year for which made and all subsequent taxable years unless revoked by the taxpayer. Any revocation of such election shall apply to taxable years beginning after such revocation.

''(B) TERMINATION.—If a corporation which made an election under paragraph (1) for any taxable year fails to meet the requirements of subparagraph (A) or (B) of paragraph (2) for any subsequent taxable year, such election shall not apply to any taxable year beginning after such subsequent taxable year.

''(C) EFFECT OF REVOCATION OR TERMINATION.—If a corporation which made an election under paragraph (1) revokes such election or such election is terminated under subparagraph (B), such corporation (and any successor corporation) may not make such election for any of the 5 taxable years beginning with the first taxable year for which such election is not in effect as a result of such revocation or termination.

''(4) SPECIAL RULES.—

''(A) REQUIREMENTS.—This subsection shall not apply to an applicable foreign corporation if such corporation fails to meet the requirements (if any) which the Secretary may prescribe to ensure that the taxes imposed by this chapter on such corporation are paid.

''(B) EFFECT OF ELECTION, REVOCATION, AND TERMINATION.—

''(i) ELECTION.—For purposes of section 367, a foreign corporation making an election under this subsection shall be treated as transferring (as of the first day of the first taxable year to which the election applies) all of its assets to a domestic corporation in connection with an exchange to which section 354 applies.

''(ii) REVOCATION AND TERMINATION.—For purposes of section 367, if—

''(I) an election is made by a corporation under paragraph (1) for any taxable year, and

''(II) such election ceases to apply for any subsequent taxable year,

such corporation shall be treated as a domestic corporation transferring (as of the 1st day of the first such subsequent taxable year to which such election ceases to apply) all of its property to a foreign corporation in connection with an exchange to which section 354 applies.

''(C) ELIGIBILITY FOR ELECTION.—The Secretary may by regulation designate one or more classes of corporations which may not make the election under this subsection.

''(f) RULES RELATING TO ALLOCATIONS OF QUALIFYING FOREIGN TRADE INCOME FROM SHARED PARTNERSHIPS.—

''(1) IN GENERAL.—If—

''(A) a partnership maintains a separate account for transactions (to which this subpart applies) with each partner,

''(B) distributions to each partner with respect to such transactions are based on the amounts in the separate account maintained with respect to such partner, and

''(C) such partnership meets such other requirements as the Secretary may by regulations prescribe,

then such partnership shall allocate to each partner items of income, gain, loss, and deduction (including qualifying foreign trade income) from any transaction to which this subpart applies on the basis of such separate account.

''(2) SPECIAL RULES.—For purposes of this subpart, in the case of a partnership to which paragraph (1) applies—

''(A) any partner's interest in the partnership shall not be taken into account in determining whether such partner is a related person with respect to any other partner, and

''(B) the election under section 942(a)(3) shall be made separately by each partner with respect to any transaction for which the partnership maintains separate accounts for each partner.

''(g) EXCLUSION FOR PATRONS OF AGRICULTURAL AND HORTICULTURAL COOPERATIVES.—Any amount described in paragraph (1) or (3) of section 1385(a)—

''(1) which is received by a person from an organization to which part I of subchapter T applies which is engaged in the marketing of agricultural or horticultural products, and

''(2) which is allocable to qualifying foreign trade income and designated as such by the organization in a written notice mailed to its patrons during the payment period described in section 1382(d),

shall be treated as qualifying foreign trade income of such person for purposes of section 114. The taxable income of the organization shall not be reduced under section 1382 by reason of any amount to which the preceding sentence applies.

''(h) SPECIAL RULE FOR DISCS.—Section 114 shall not apply to any taxpayer for any taxable year if, at any time during the taxable year, the taxpayer is a member of any controlled group of

corporations (as defined in section 927(d)(4), as in effect before the date of the enactment of this subsection) of which a DISC is a member.''

SEC. 103. TECHNICAL AND CONFORMING AMENDMENTS.

(1) The second sentence of section 56(g)(4)(B)(i) is amended by inserting before the period ''or under section 114''.

(2) Section 275(a) is amended—

(A) by striking ''or'' at the end of paragraph (4)(A), by striking the period at the end of paragraph (4)(B) and inserting '', or'', and by adding at the end of paragraph (4) the following new subparagraph:

''(C) such taxes are paid or accrued with respect to qualifying foreign trade income (as defined in section 941).''; and

(B) by adding at the end the following the following new sentence: ''A rule similar to the rule of section 943(d) shall apply for purposes of paragraph (4)(C).''.

(3) Paragraph (3) of section 864(e) is amended—

(A) by striking ''For purposes of'' and inserting:

''(A) IN GENERAL.—For purposes of''; and

(B) by adding at the end the following new subparagraph:

''(B) ASSETS PRODUCING EXEMPT EXTRATERRITORIAL INCOME.—For purposes of allocating and apportioning any interest expense, there shall not be taken into account any qualifying foreign trade property (as defined in section 943(a)) which is held by the taxpayer for lease or rental in the ordinary course of trade or business for use by the lessee outside the United States (as defined in section 943(b)(2)).''.

(4) Section 903 is amended by striking ''164(a)'' and inserting ''114, 164(a),''.

(5) Section 999(c)(1) is amended by inserting ''941(a)(5),'' after ''908(a),''.

(6) The table of sections for part III of subchapter B of chapter 1 is amended by inserting before the item relating to section 115 the following new item:

''Sec. 114. Extraterritorial income.''.

(7) The table of subparts for part III of subchapter N of chapter 1 is amended by striking the item relating to subpart E and inserting the following new item:

''Subpart E. Qualifying foreign trade income.''.

(8) The table of subparts for part III of subchapter N of chapter 1 is amended by striking the item relating to subpart C.

SEC. 104. EFFECTIVE DATE.

(a) IN GENERAL.—The amendments made by this title shall apply to transactions after September 30, 2000.

(b) NO NEW FSCS; TERMINATION OF INACTIVE FSCS.—

(1) NO NEW FSCS.—No corporation may elect after September 30, 2000, to be a FSC (as defined in section 922 of the Internal Revenue Code of 1986, as in effect before the amendments made by this Act).

(2) TERMINATION OF INACTIVE FSCS.—If a FSC has no foreign trade income (as defined in section 923(b) of such Code, as so in effect) for any period of 5 consecutive taxable years beginning after December 31, 2001, such FSC shall cease to be treated as a FSC for purposes of such Code for any taxable year beginning after such period.

(c) TRANSITION PERIOD FOR EXISTING FOREIGN SALES CORPORATIONS.—

(1) IN GENERAL.—In the case of a FSC (as so defined) in existence on September 30, 2000, and at all times thereafter, the amendments made by this Act shall not apply to any transaction in the ordinary course of trade or business involving a FSC which occurs—

(A) before January 1, 2002; or

(B) after December 31, 2001, pursuant to a binding contract—

(i) which is between the FSC (or any related person) and any person which is not a related person; and

(ii) which is in effect on September 30, 2000, and at all times thereafter.

For purposes of this paragraph, a binding contract shall include a purchase option, renewal option, or replacement option which is included in such contract and which is enforceable against the seller or lessor.

(2) ELECTION TO HAVE AMENDMENTS APPLY EARLIER.—A taxpayer may elect to have the amendments made by this Act apply to any transaction by a FSC or any related person to which such amendments would apply but for the application of paragraph (1). Such election shall be effective for the taxable year for which made and all subsequent taxable years, and, once made, may be revoked only with the consent of the Secretary of the Treasury.

(3) EXCEPTION FOR OLD EARNINGS AND PROFITS OF CERTAIN CORPORATIONS.—

(A) IN GENERAL.—In the case of a foreign corporation to which this paragraph applies—

(i) earnings and profits of such corporation accumulated in taxable years ending before October 1, 2000, shall not be included in the gross income of the persons holding stock in such corporation by reason of section 943(e)(4)(B)(i), and

(ii) rules similar to the rules of clauses (ii), (iii), and (iv) of section 953(d)(4)(B) shall apply with respect to such earnings and profits.

The preceding sentence shall not apply to earnings and profits acquired in a transaction after September 30, 2000, to which section 381 applies unless the distributor or transferor corporation was immediately before the transaction a foreign corporation to which this paragraph applies.

(B) EXISTING FSCS.—This paragraph shall apply to any controlled foreign corporation (as defined in section 957) if—

(i) such corporation is a FSC (as so defined) in existence on September 30, 2000,

(ii) such corporation is eligible to make the election under section 943(e) by reason of being described in paragraph (2)(B) of such section, and

(iii) such corporation makes such election not later than for its first taxable year beginning after December 31, 2001.

(C) OTHER CORPORATIONS.—This paragraph shall apply to any controlled foreign corporation (as defined in section 957), and such corporation shall (notwithstanding any provision of section 943(e)) be treated as an applicable foreign corporation for purposes of section 943(e), if—

(i) such corporation is in existence on September 30, 2000,

(ii) as of such date, such corporation is wholly owned (directly or indirectly) by a domestic corporation (determined without regard to any election under section 943(e)),

(iii) for each of the 3 taxable years preceding the first taxable year to which the election under section 943(e) by such controlled foreign corporation applies—

(I) all of the gross income of such corporation is subpart F income (as defined in section 952), including by reason of section 954(b)(3)(B), and

(II) in the ordinary course of such corporation's trade or business, such corporation regularly sold (or paid commissions) to a FSC which on September 30, 2000, was a related person to such corporation,

(iv) such corporation has never made an election under section 922(a)(2) (as in effect before the date of the enactment of this paragraph) to be treated as a FSC, and

(v) such corporation makes the election under section 943(e) not later than for its first taxable year beginning after December 31, 2001.

The preceding sentence shall cease to apply as of the date that the domestic corporation referred to in clause (ii) ceases to wholly own (directly or indirectly) such controlled foreign corporation.

(4) RELATED PERSON.—For purposes of this subsection, the term ''related person'' has the meaning given to such term by section 943(b)(3).

(5) SECTION REFERENCES.—Except as otherwise expressly provided, any reference in this subsection to a section or other provision shall be considered to be a reference to a section or other provision of the Internal Revenue Code of 1986, as amended by this title.

(d) SPECIAL RULES RELATING TO LEASING TRANSACTIONS.—

(1) SALES INCOME.—If foreign trade income in connection with the lease or rental of property described in section 927(a)(1)(B) of such Code (as in effect before the amendments made by this Act) is treated as exempt foreign trade income for purposes of section 921(a) of such Code (as so in effect), such property shall be treated as property described in section 941(c)(1)(B) of such Code (as added by this Act) for purposes of applying section 941(c)(2) of such Code (as so added) to any subsequent transaction involving such property to which the amendments made by this Act apply.

(2) LIMITATION ON USE OF GROSS RECEIPTS METHOD.—If any person computed its foreign trade income from any transaction with respect to any property on the basis of a transfer price determined under the method described in section 925(a)(1) of such Code (as in effect before the amendments made by this Act), then the qualifying foreign trade income (as defined in section 941(a) of such Code, as in effect after such amendment) of such person (or any related person) with respect to any other transaction involving such property (and to which the amendments made by this Act apply) shall be zero.

TITLE II—SMALL BUSINESS TAX RELIEF

SEC. 201. EXTENSION OF WORK OPPORTUNITY TAX CREDIT.

(a) IN GENERAL.—Section 51(c)(4)(B) is amended by striking ''December 31, 2001'' and inserting ''June 30, 2004''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to individuals who begin work for the employer after December 31, 2001.

SEC. 202. INCREASE IN AMORTIZABLE REFORESTATION EXPENDITURES, ETC.

(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.—

(1) IN GENERAL.—Subsection (b) of section 194 (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, 2000, and before January 1, 2004.''.

(2) 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)''.

(c) CAPITAL GAIN TREATMENT UNDER SECTION 631(b) TO APPLY TO OUTRIGHT SALES BY LAND OWNER.—

(1) IN GENERAL.—The first sentence of section 631(b) (relating to disposal of timber with a retained economic interest) is amended by striking ''retains an economic interest in such timber'' and inserting ''either retains an economic interest in such timber or makes an outright sale of such timber''.

(2) CONFORMING AMENDMENT.—The third sentence of section 631(b) is amended by striking

''The date of disposal'' and inserting ''In the case of disposal of timber with a retained economic interest, the date of disposal''.

(d) EFFECTIVE DATES.—

(1) SUBSECTIONS (a) AND (b).—The amendments made by subsections (a) and (b) shall apply to taxable years beginning after December 31, 2000.

(2) SUBSECTION (c).—The amendment made by subsection (c) shall apply to sales after the date of the enactment of this Act.

SEC. 203. 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 $35,000.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 204. INCREASED DEDUCTION FOR MEAL EXPENSES.

(a) IN GENERAL.—Paragraph (1) of section 274(n) (relating to only 50 percent of meal and entertainment expenses allowed as deduction) is amended by striking ''50 percent'' in the text and inserting ''the allowable percentage''.

(b) ALLOWABLE PERCENTAGE.—Subsection (n) of section 274 is amended by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively, and by inserting after paragraph (1) the following new paragraph:

''(2) ALLOWABLE PERCENTAGE.—For purposes of paragraph (1), the allowable percentage is—

''(A) in the case of amounts for items described in paragraph (1)(B), 50 percent, and

''(B) in the case of expenses for food or beverages, 70 percent.''.

(c) CONFORMING AMENDMENT.—The heading for subsection (n) of section 274 is amended by striking ''50 PERCENT'' and inserting ''LIMITED PERCENTAGES''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 205. INCREASED DEDUCTIBILITY OF BUSINESS MEAL EXPENSES FOR INDIVIDUALS SUBJECT TO FEDERAL LIMITATIONS ON HOURS OF SERVICE.

(a) IN GENERAL.—Paragraph (4) of section 274(n) (relating to limited percentages of meal and entertainment expenses allowed as deduction), as redesignated by section 204, is amended to read as follows:

''(4) SPECIAL RULE FOR INDIVIDUALS SUBJECT TO FEDERAL HOURS OF SERVICE.—In the case of any expenses for food or beverages consumed while away from home (within the meaning of section 162(a)(2)) by an individual during, or incident to, the period of duty subject to the hours of service limitations of the Department of Transportation, paragraph (2)(B) shall be applied by substituting '80 percent' for '70 percent'.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 206. REPEAL OF MODIFICATION OF INSTALLMENT METHOD.

(a) IN GENERAL.—Subsection (a) of section 536 of the Ticket to Work and Work Incentives Improvement Act of 1999 (relating to modification of installment method and repeal of installment method for accrual method taxpayers) is repealed effective with respect to sales and other dispositions occurring on or after the date of the enactment of such Act.

(b) APPLICABILITY.—The Internal Revenue Code of 1986 shall be applied and administered as if that subsection (and the amendments made by that subsection) had not been enacted.

SEC. 207. INCOME AVERAGING NOT TO INCREASE ALTERNATIVE MINIMUM TAX LIABILITY; INCOME AVERAGING FOR FISHERMEN.

(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) IN GENERAL.—Section 1301(a) is amended by striking ''farming business'' and inserting ''farming business or fishing business''.

(2) DEFINITION OF ELECTED FARM INCOME.—

(A) IN GENERAL.—Clause (i) of section 1301(b)(1)(A) is amended by inserting ''or fishing business'' before the semicolon.

(B) CONFORMING AMENDMENT.—Subparagraph (B) of section 1301(b)(1) is amended by inserting ''or fishing business'' after ''farming business'' both places it occurs.

(3) DEFINITION OF FISHING BUSINESS.—Section 1301(b) is amended by adding at the end the following new paragraph:

''(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, 2000.

SEC. 208. REPEAL OF OCCUPATIONAL TAXES RELATING TO DISTILLED SPIRITS, WINE, AND BEER.

(a) REPEAL OF OCCUPATIONAL TAXES.—

(1) IN GENERAL.—The following provisions of part II of subchapter A of chapter 51 (relating to occupational taxes) are hereby repealed:

(A) Subpart A (relating to proprietors of distilled spirits plants, bonded wine cellars, etc.).

(B) Subpart B (relating to brewer).

(C) Subpart D (relating to wholesale dealers) (other than sections 5114 and 5116).

(D) Subpart E (relating to retail dealers) (other than section 5124).

(E) Subpart G (relating to general provisions) (other than sections 5142, 5143, 5145, and 5146).

(2) NONBEVERAGE DOMESTIC DRAWBACK.—Section 5131 is amended by striking '', on payment of a special tax per annum,''.

(3) INDUSTRIAL USE OF DISTILLED SPIRITS.—Section 5276 is hereby repealed.

(b) CONFORMING AMENDMENTS.—

(1)(A) The heading for part II of subchapter A of chapter 51 and the table of subparts for such part are amended to read as follows:

''PART II—MISCELLANEOUS PROVISIONS

''Subpart A. Manufacturers of stills.

''Subpart B. Nonbeverage domestic drawback claimants.

''Subpart C. Recordkeeping by dealers.

''Subpart D. Other provisions.''.

(B) The table of parts for such subchapter A is amended by striking the item relating to part II and inserting the following new item:

''Part II. Miscellaneous provisions.''.

(2) Subpart C of part II of such subchapter (relating to manufacturers of stills) is redesignated as subpart A.

(3)(A) Subpart F of such part II (relating to nonbeverage domestic drawback claimants), as amended by paragraph (5), is redesignated as subpart B and sections 5131 through 5134 are redesignated as sections 5111 through 5114, respectively.

(B) The table of sections for such subpart B, as so redesignated, is amended—

(i) by redesignating the items relating to sections 5131 through 5134 as relating to sections 5111 through 5114, respectively, and

(ii) by striking ''and rate of tax'' in the item relating to section 5111, as so redesignated.

(C) Section 5111, as redesignated by subparagraph (A), is amended—

(i) by striking ''**AND RATE OF TAX**'' in the section heading,

(ii) by striking ''(a) ELIGIBILITY FOR DRAWBACK.—'', and

(iii) by striking subsection (b).

(4) Part II of subchapter A of chapter 51 is amended by adding after subpart B, as redesignated by paragraph (3), the following new subpart:

''Subpart C—Recordkeeping by Dealers

''Sec. 5121. Recordkeeping by wholesale dealers.

''Sec. 5122. Recordkeeping by retail dealers.

''Sec. 5123. Preservation and inspection of records, and entry of premises for inspection.''.

(5)(A) Section 5114 (relating to records) is moved to subpart C of such part II and inserted after the table of sections for such subpart.

(B) Section 5114 is amended—

(i) by striking the section heading and inserting the following new heading:

''SEC. 5121. RECORDKEEPING BY WHOLESALE DEALERS.'',

and

(ii) by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

''(c) WHOLESALE DEALERS.—For purposes of this part—

''(1) WHOLESALE DEALER IN LIQUORS.—The term 'wholesale dealer in liquors' means any dealer (other than a wholesale dealer in beer) who sells, or offers for sale, distilled spirits, wines, or beer, to another dealer.

''(2) WHOLESALE DEALER IN BEER.—The term 'wholesale dealer in beer' means any dealer who sells, or offers for sale, beer, but not distilled spirits or wines, to another dealer.

''(3) DEALER.—The term 'dealer' means any person who sells, or offers for sale, any distilled spirits, wines, or beer.

''(4) PRESUMPTION IN CASE OF SALE OF 20 WINE GALLONS OR MORE.—The sale, or offer for sale, of distilled spirits, wines, or beer, in quantities of 20 wine gallons or more to the same person at the same time, shall be presumptive evidence that the person making such sale, or offer for sale, is engaged in or carrying on the business of a wholesale dealer in liquors or a wholesale dealer in beer, as the case may be. Such presumption may be overcome by evidence satisfactorily showing that such sale, or offer for sale, was made to a person other than a dealer.''.

(C) Paragraph (3) of section 5121(d), as so redesignated, is amended by striking ''section 5146'' and inserting ''section 5123''.

(6)(A) Section 5124 (relating to records) is moved to subpart C of part II of subchapter A of chapter 51 and inserted after section 5121.

(B) Section 5124 is amended—

(i) by striking the section heading and inserting the following new heading:

''SEC. 5122. RECORDKEEPING BY RETAIL DEALERS.'',

(ii) by striking ''section 5146'' in subsection (c) and inserting ''section 5123'', and

(iii) by redesignating subsection (c) as subsection (d) and inserting after subsection (b) the following new subsection:

''(c) RETAIL DEALERS.—For purposes of this section—

''(1) RETAIL DEALER IN LIQUORS.—The term 'retail dealer in liquors' means any dealer (other than a retail dealer in beer) who sells, or offers for sale, distilled spirits, wines, or beer, to any person other than a dealer.

''(2) RETAIL DEALER IN BEER.—The term 'retail dealer in beer' means any dealer who sells, or offers for sale, beer, but not distilled spirits or wines, to any person other than a dealer.

''(3) DEALER.—The term 'dealer' has the meaning given such term by section 5121(c)(3).''.

(7) Section 5146 is moved to subpart C of part II of subchapter A of chapter 51, inserted after section 5122, and redesignated as section 5123.

(8) Part II of subchapter A of chapter 51 is amended by inserting after subpart C the following new subpart:

''Subpart D—Other Provisions

''Sec. 5131. Packaging distilled spirits for industrial uses.

''Sec. 5132. Prohibited purchases by dealers.''.

(9) Section 5116 is moved to subpart D of part II of subchapter A of chapter 51, inserted after the table of sections, redesignated as section 5131, and amended by inserting ''(as defined in section 5121(c))'' after ''dealer'' in subsection (a).

(10) Subpart D of part II of subchapter A of chapter 51 is amended by adding at the end the following new section:

''SEC. 5132. PROHIBITED PURCHASES BY DEALERS.

''(a) IN GENERAL.—Except as provided in regulations prescribed by the Secretary, it shall be unlawful for a dealer to purchase distilled spirits from any person other than a wholesale dealer in liquors who is required to keep the records prescribed by section 5121.

''(b) PENALTY AND FORFEITURE.—

''For penalty and forfeiture provisions applicable to violations of subsection (a), see sections 5687 and 7302.''.

(11) Subsection (b) of section 5002 is amended—

(A) by striking ''section 5112(a)'' and inserting ''section 5121(c)(3)'',

(B) by striking ''section 5112'' and inserting ''section 5121(c)'', and

(C) by striking ''section 5122'' and inserting ''section 5122(c)''.

(12) Subparagraph (A) of section 5010(c)(2) is amended by striking ''section 5134'' and inserting ''section 5114''.

(13) Subsection (d) of section 5052 is amended to read as follows:

''(d) BREWER.—For purposes of this chapter, the term 'brewer' means any person who brews beer or produces beer for sale. Such term shall not include any person who produces only beer exempt from tax under section 5053(e).''.

(14) The text of section 5182 is amended to read as follows:

''For provisions requiring recordkeeping by wholesale liquor dealers, see section 5112, and by retail liquor dealers, see section 5122.''.

(15) Subsection (b) of section 5402 is amended by striking ''section 5092'' and inserting ''section 5052(d)''.

(16) Section 5671 is amended by striking ''or 5091''.

(17)(A) Part V of subchapter J of chapter 51 is hereby repealed.

(B) The table of parts for such subchapter J is amended by striking the item relating to part V.

(18)(A) Sections 5142, 5143, and 5145 are moved to subchapter D of chapter 52, inserted after section 5731, redesignated as sections 5732, 5733, and 5734, respectively, and amended—

(i) by striking ''this part'' each place it appears and inserting ''this subchapter'', and

(ii) by striking ''this subpart'' in section 5732(c)(2) (as so redesignated) and inserting ''this subchapter''.

(B) Section 5732, as redesignated by subparagraph (A), is amended by striking ''(except the tax imposed by section 5131)'' each place it appears.

(C) Subsection (c) of section 5733, as redesignated by subparagraph (A), is amended by striking paragraph (2) and by redesignating paragraph (3) as paragraph (2).

(D) The table of sections for subchapter D of chapter 52 is amended by adding at the end thereof the following:

''Sec. 5732. Payment of tax.

''Sec. 5733. Provisions relating to liability for occupational taxes.

''Sec. 5734. Application of State laws.''.

(E) Section 5731 is amended by striking subsection (c) and by redesignating subsection (d) as subsection (c).

(19) Subsection (c) of section 6071 is amended by striking ''section 5142'' and inserting ''section 5732''.

(20) Paragraph (1) of section 7652(g) is amended—

(A) by striking ''subpart F'' and inserting ''subpart B'', and

(B) by striking ''section 5131(a)'' and inserting ''section 5111(a)''.

(21) The table of sections for subchapter D of chapter 51 is amended by striking the item relating to section 5276.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on July 1, 2001, but shall not apply to taxes imposed for periods before such date.

SEC. 209. EXCLUSION FROM GROSS INCOME FOR CERTAIN FORGIVEN MORTGAGE OBLIGATIONS.

(a) IN GENERAL.—Paragraph (1) of section 108(a) (relating to exclusion from gross income) is amended by striking ''or'' at the end of both subparagraphs (A) and (C), by striking the period at the end of subparagraph (D) and inserting '', or'', and by inserting after subparagraph (D) the following new subparagraph:

''(E) in the case of an individual, the indebtedness discharged is qualified residential indebtedness.''.

(b) QUALIFIED RESIDENTIAL INDEBTEDNESS.—Section 108 (relating to discharge of indebtedness) is amended by adding at the end the following new subsection:

''(h) QUALIFIED RESIDENTIAL INDEBTEDNESS.—

''(1) LIMITATIONS.—The amount excluded under subparagraph (E) of subsection (a)(1) with respect to any qualified residential indebtedness shall not exceed the excess (if any) of—

''(A) the outstanding principal amount of such indebtedness (immediately before the discharge), over

''(B) the sum of—

''(i) the amount realized from the sale of the real property securing such indebtedness reduced by the cost of such sale, and

''(ii) the outstanding principal amount of any other indebtedness secured by such property.

''(2) QUALIFIED RESIDENTIAL INDEBTEDNESS.—

''(A) IN GENERAL.—The term 'qualified residential indebtedness' means indebtedness which—

''(i) was incurred or assumed by the taxpayer in connection with real property used as the principal residence (within the meaning of section 121) of the taxpayer and is secured by such real property,

''(ii) was incurred or assumed to acquire, construct, reconstruct, or substantially improve such real property, and

''(iii) with respect to which such taxpayer makes an election to have this paragraph apply.

''(B) REFINANCED INDEBTEDNESS.—Such term shall include indebtedness resulting from the refinancing of indebtedness under subparagraph (A)(ii), but only to the extent the amount of the indebtedness resulting from such refinancing does not exceed the amount of the refinanced indebtedness.

''(C) EXCEPTIONS.—Such term shall not include qualified farm indebtedness or qualified real property business indebtedness.''.

(c) CONFORMING AMENDMENTS.—

(1) Paragraph (2) of section 108(a) is amended—

(A) in subparagraph (A) by striking ''and (D)'' and inserting ''(D), and (E)'', and

(B) by amending subparagraph (B) to read as follows:

''(B) INSOLVENCY EXCLUSION TAKES PRECEDENCE OVER QUALIFIED FARM EXCLUSION, QUALIFIED REAL PROPERTY BUSINESS EXCLUSION, AND QUALIFIED RESIDENTIAL INDEBTEDNESS EXCLUSION.—Subparagraphs (C), (D), and (E) of paragraph (1) shall not apply to a discharge to the extent the taxpayer is insolvent.''.

(2) Paragraph (1) of section 108(b) is amended by striking ''or (C)'' and inserting ''(C), or (E)''.

(3) Subsection (c) of section 121 is amended by adding at the end the following new paragraph:

''(3) SPECIAL RULE RELATING TO DISCHARGE OF INDEBTEDNESS.—The amount of gain which (but for this paragraph) would be excluded from gross income under subsection (a) with respect to a principal residence shall be reduced by the amount excluded from gross income under section 108(a)(1)(E) with respect to such residence.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to discharges after December 31, 2000.

SEC. 210. CLARIFICATION OF CASH ACCOUNTING RULES FOR SMALL BUSINESS.

(a) CASH ACCOUNTING PERMITTED.—Section 446 (relating to general rule for methods of accounting) is amended by adding at the end the following new subsection:

''(g) SMALL BUSINESS TAXPAYERS PERMITTED TO USE CASH ACCOUNTING METHOD WITHOUT LIMITATION.—

''(1) IN GENERAL.—Notwithstanding any other provision of this title, an eligible taxpayer shall not be required to use an accrual method of accounting for any taxable year.

''(2) ELIGIBLE TAXPAYER.—For purposes of this subsection—

''(A) IN GENERAL.—A taxpayer is an eligible taxpayer with respect to any taxable year if, for all prior taxable years beginning after October 31, 1999, the taxpayer (or any predecessor) met the gross receipts test of subparagraph (B).

''(B) GROSS RECEIPTS TEST.—A taxpayer meets the gross receipts test of this subparagraph for any prior taxable year if the average annual gross receipts of the taxpayer (or any predecessor) for the 3-taxable-year period ending with such prior taxable year does not exceed $2,500,000. The rules of paragraphs (2) and (3) of section 448(c) shall apply for purposes of the preceding sentence.''

(b) CLARIFICATION OF INVENTORY RULES FOR SMALL BUSINESS.—Section 471 (relating to general rule for inventories) is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

''(c) SMALL BUSINESS TAXPAYERS NOT REQUIRED TO USE INVENTORIES.—

''(1) IN GENERAL.—An eligible taxpayer shall not be required to use inventories under this section for a taxable year.

''(2) TREATMENT OF TAXPAYERS NOT USING INVENTORIES.—If an eligible taxpayer elects not to use inventories with respect to any property for any taxable year beginning after the date of the enactment of this section, such property shall be treated as a material or supply which is not incidental.

''(3) ELIGIBLE TAXPAYER.—For purposes of this subsection, the term 'eligible taxpayer' has the meaning given such term by section 446(g)(2).''.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning 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 any taxable year—

(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 taxable year.

SEC. 211. AMENDMENTS RELATING TO DEMAND DEPOSIT ACCOUNTS AT DEPOSITORY INSTITUTIONS.

(a) INTEREST-BEARING TRANSACTION ACCOUNTS AUTHORIZED.—

(1) FEDERAL RESERVE ACT.—Section 19(i) of the Federal Reserve Act (12 U.S.C. 371a) is amended by inserting at the end the following: ''Notwithstanding any other provision of this section, a member bank may permit the owner of any deposit, any account which is a deposit, or any account on which interest or dividends are paid to make up to 24 transfers per month (or such greater number as the Board may determine by rule or order), for any purpose, to a demand deposit account of the owner in the same institution. With respect to an escrow account maintained in connection with a loan, a lender or servicer shall pay interest on such account only if such payments are required by contract between the lender or servicer and the borrower, or a specific statutory provision of the law of the State in which the security property is located requires the lender or servicer to make such payments. Nothing in this subsection shall be construed to prevent an account offered pursuant to this subsection from being considered a transaction account for purposes of this Act.''.

(2) HOME OWNERS' LOAN ACT.—

(A) IN GENERAL.—Section 5(b)(1) of the Home Owners' Loan Act (12 U.S.C. 1464 (b)(1)) is amended by adding at the end the following new subparagraph:

''(G) TRANSFERS.—Notwithstanding any other provision of this paragraph, a Federal savings association may permit the owner of any deposit or share, any account which is a deposit or share, or any account on which interest or dividends are paid to make up to 24 transfers per month (or such greater number as the Board of Governors of the Federal Reserve System may determine by rule or order under section 19(i) to be permissible for member banks), for any purpose, to a demand deposit account of the owner in the same institution. With respect to an escrow account maintained in connection with a loan, a lender or servicer shall pay interest on such account only if such payments are required by contract between the lender or servicer and the borrower, or a specific statutory provision of the law of the State in which the security property is located requires the lender or servicer to make such payments. Nothing in this subsection shall be construed to prevent an account offered pursuant to this subsection from being considered a transaction account (as defined in section 19(b) of the Federal Reserve Act) for purposes of the Federal Reserve Act.''.

(B) REPEAL.—Effective on at the end of the 2-year period beginning on the date of enactment of this Act, section 5(b)(1) of the Home Owners' Loan Act (12 U.S.C. 1464 (b)(1)) is amended by striking subparagraph (G).

(3) FEDERAL DEPOSIT INSURANCE ACT.—Section 18(g) of the Federal Deposit Insurance Act (12 U.S.C. 1828(g)) is amended by adding at the end the following new paragraph:

''(3) TRANSFERS.—Notwithstanding any other provision of this subsection, an insured nonmember bank or insured State savings association may permit the owner of any deposit or share, any account which is a deposit or share, or any account on which interest or dividends are paid to make up to 24 transfers per month (or such greater number as the Board of Governors of the Federal Reserve System may determine by rule or order under section 19(i) to be permissible for member banks), for any purpose, to a demand deposit account of the owner in the same institution. With respect to an escrow account maintained in connection with a loan, a lender or servicer shall pay interest on such account only if such payments are required by contract between the lender or servicer and the borrower, or a specific statutory provision of the law of the State in which the security property is located requires the lender or servicer to make such payments. Nothing in this subsection shall be construed to prevent an account offered pursuant to this subsection from being considered a transaction account (as defined in section 19(b) of the Federal Reserve Act) for purposes of the Federal Reserve Act.''.

(b) REPEAL OF PROHIBITION ON PAYMENT OF INTEREST ON DEMAND DEPOSITS.—

(1) FEDERAL RESERVE ACT.—Section 19(i) of the Federal Reserve Act (12 U.S.C. 371a) is amended to read as follows:

''(i) [Repealed]''.

(2) HOME OWNERS' LOAN ACT.—The 1st sentence of section 5(b)(1)(B) of the Home Owners' Loan Act (12 U.S.C. 1464(b)(1)(B)) is amended by striking ''savings association may not—'' and all that follows through ''(ii) permit any'' and inserting ''savings association may not permit any''.

(3) FEDERAL DEPOSIT INSURANCE ACT.—Section 18(g) of the Federal Deposit Insurance Act (12 U.S.C. 1828(g)) is amended to read as follows:

''(g) [Repealed]''.

(c) EFFECTIVE DATE.—The amendments made by subsection (b) shall take effect at the end of the 2-year period beginning on the date of the enactment of this Act.

TITLE III—HEALTH INSURANCE AND LONG-TERM CARE INSURANCE PROVISIONS

SEC. 301. 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) 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, 2000.

SEC. 302. 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, and 2003	*25*
2004	*35*
2005	*65*
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 for such month 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 subsection (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.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 303. 2-YEAR EXTENSION OF AVAILABILITY OF MEDICAL SAVINGS ACCOUNTS.

(a) IN GENERAL.—Paragraphs (2) and (3)(B) of section 220(i) (defining cut-off year) are each amended by striking ''2000'' each place it appears and inserting ''2002''.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (2) of section 220(j) is amended—

(A) by striking ''1998 or 1999'' each place it appears and inserting ''1998, 1999, 2000, or 2001'', and

(B) by striking ''600,000 (750,000 in the case of 1999)'' and inserting ''750,000 (600,000 in the case of 1998)''.

(2) Subparagraph (A) of section 220(j)(4) is amended by striking '', 1998, and 1999'' and inserting ''and of each calendar year after 1997 and before 2002''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 304. ADDITIONAL CONSUMER PROTECTIONS FOR LONG-TERM CARE INSURANCE.

(a) ADDITIONAL PROTECTIONS APPLICABLE TO LONG-TERM CARE INSURANCE.—Subparagraph (A) of section 7702B(g)(2) (relating to requirements of model regulation and Act) is amended to read as follows:

''(A) IN GENERAL.—The requirements of this paragraph are met with respect to any contract if such contract meets—

''(i) MODEL REGULATION.—The following requirements of the model regulation:

''(I) Section 6A (relating to guaranteed renewal or noncancellability), and the requirements of section 6B of the model Act relating to such section 6A.

''(II) Section 6B (relating to prohibitions on limitations and exclusions).

''(III) Section 6C (relating to extension of benefits).

''(IV) Section 6D (relating to continuation or conversion of coverage).

''(V) Section 6E (relating to discontinuance and replacement of policies).

''(VI) Section 7 (relating to unintentional lapse).

''(VII) Section 8 (relating to disclosure), other than section 8F thereof.

''(VIII) Section 11 (relating to prohibitions against post-claims underwriting).

''(IX) Section 12 (relating to minimum standards).

''(X) Section 13 (relating to requirement to offer inflation protection), except that any requirement for a signature on a rejection of inflation protection shall permit the signature to be on an application or on a separate form.

''(XI) Section 25 (relating to prohibition against preexisting conditions and probationary periods in replacement policies or certificates).

''(XII) The provisions of section 26 relating to contingent nonforfeiture benefits, if the policyholder declines the offer of a nonforfeiture provision described in paragraph (4).

''(ii) MODEL ACT.—The following requirements of the model Act:

''(I) Section 6C (relating to preexisting conditions).

''(II) Section 6D (relating to prior hospitalization).

''(III) The provisions of section 8 relating to contingent nonforfeiture benefits, if the policyholder declines the offer of a nonforfeiture provision described in paragraph (4).

''(B) DEFINITIONS.—For purposes of this paragraph—

''(i) MODEL PROVISIONS.—The terms 'model regulation' and 'model Act' mean the long-term care insurance model regulation, and the long-term care insurance model Act, respectively, promulgated by the National Association of Insurance Commissioners (as adopted as of September 2000).

''(ii) COORDINATION.—Any provision of the model regulation or model Act listed under clause (i) or (ii) of subparagraph (A) shall be treated as including any other provision of such regulation or Act necessary to implement the provision.

''(iii) DETERMINATION.—For purposes of this section and section 4980C, the determination of whether any requirement of a model regulation or the model Act has been met shall be made by the Secretary.''

(b) EXCISE TAX.—Paragraph (1) of section 4980C(c) (relating to requirements of model provisions) is amended to read as follows:

''(1) REQUIREMENTS OF MODEL PROVISIONS.—

''(A) MODEL REGULATION.—The following requirements of the model regulation must be met:

''(i) Section 9 (relating to required disclosure of rating practices to consumer).''

''(ii) Section 14 (relating to application forms and replacement coverage).

''(iii) Section 15 (relating to reporting requirements), except that the issuer shall also report at least annually the number of claims denied during the reporting period for each class of business (expressed as a percentage of claims denied), other than claims denied for failure to meet the waiting period or because of any applicable preexisting condition.

''(iv) Section 22 (relating to filing requirements for marketing).

''(v) Section 23 (relating to standards for marketing), including inaccurate completion of medical histories, other than paragraphs (1), (6), and (9) of section 23C, except that—

''(I) in addition to such requirements, no person shall, in selling or offering to sell a qualified long-term care insurance contract, misrepresent a material fact; and

''(II) no such requirements shall include a requirement to inquire or identify whether a prospective applicant or enrollee for long-term care insurance has accident and sickness insurance.

''(vi) Section 24 (relating to suitability).

''(vii) Section 29 (relating to standard format outline of coverage).

''(viii) Section 30 (relating to requirement to deliver shopper's guide).

The requirements referred to in clause (vi) shall not include those portions of the personal worksheet described in Appendix B relating to consumer protection requirements not imposed by section 4980C or 7702B.

''(B) MODEL ACT.—The following requirements of the model Act must be met:

''(i) Section 6F (relating to right to return), except that such section shall also apply to denials of applications and any refund shall be made within 30 days of the return or denial.

''(ii) Section 6G (relating to outline of coverage).

''(iii) Section 6H (relating to requirements for certificates under group plans).

''(iv) Section 6I (relating to policy summary).

''(v) Section 6J (relating to monthly reports on accelerated death benefits).

''(vi) Section 7 (relating to incontestability period).

''(C) DEFINITIONS.—For purposes of this paragraph, the terms 'model regulation' and 'model Act' have the meanings given such terms by section 7702B(g)(2)(B).''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to policies issued more than 1 year after the date of the enactment of this Act.

SEC. 305. DEDUCTION FOR PROVIDING LONG-TERM CARE IN THE HOME TO HOUSEHOLD MEMBERS.

(a) IN GENERAL.—Part VII of subchapter B of chapter 1 is amended by redesignating section 223 as section 224 and by inserting after section 222 the following new section:

''SEC. 223. PROVISION OF LONG-TERM CARE IN THE HOME TO HOUSEHOLD MEMBERS.

''(a) DEDUCTION ALLOWED.—

''(1) IN GENERAL.—There shall be allowed as a deduction for the taxable year an amount equal to the applicable amount multiplied by the number of qualified family members of the taxpayer for the taxable year.

''(2) APPLICABLE AMOUNT.—For purposes of paragraph (1), the applicable amount for a taxable year shall be the amount determined in accordance with the following table:

''For taxable years beginning in:	***The applicable amount is:***
2001	*$3,000*
2002	*$4,000*
2003	*$5,000*
2004	*$6,000*
2005	*$7,000*
2006	*$8,000*
2007	*$9,000*
2008 and thereafter	*$10,000.*

''(b) LIMITATIONS.—

''(1) REDUCTION FOR AMOUNTS RECEIVED UNDER LONG-TERM CARE INSURANCE POLICY.—The amount of the deduction allowable under subsection (a) with respect to a qualified family member shall be reduced (but not below zero) by the amount received for the taxable year under a long-term care insurance policy (whether or not such policy is a qualified long-term care insurance contract under section 7702B) with respect to which the insured is the qualified family member.

''(2) PHASEOUT.—The amount of the deduction allowable under subsection (a) (after the application of paragraph (1)) shall be reduced in the

same manner as the exemption amount is reduced under section 151(d)(3).

''(c) QUALIFIED FAMILY MEMBER.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified family member' means, with respect to any taxable year, any individual—

''(A) who is—

''(i) the taxpayer's spouse, or

''(ii) an individual who bears a relationship to the taxpayer described in any of paragraphs (1) through (8) of section 152(a),

''(B) who is a member for the entire taxable year of the household maintained by the taxpayer,

''(C) whose gross income for the calendar year in which the taxable year of the taxpayer begins is less than the sum of—

''(i) the exemption amount (as defined in section 151(d)), and

''(ii) the standard deduction, and

''(D) 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 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.

''(2) SPECIAL RULES.—

''(A) FREQUENCY OF CERTIFICATION.—The term 'qualified family member' shall not include any individual otherwise meeting the requirements of paragraph (1)(D) unless the certification is made within the 39½ month period ending on the due date (or such other period as the Secretary prescribes).

''(B) GROSS INCOME TEST NOT TO APPLY TO CERTAIN INDIVIDUALS.—Paragraph (1)(C) shall not apply to—

''(i) the spouse of the taxpayer,

''(ii) any child of the taxpayer described in section 151(c)(1)(B), and

''(iii) any gross income which is not taken into account under paragraph (1)(B) of section 151(c) by reason of paragraph (5) thereof.

''(3) INDIVIDUALS WITH LONG-TERM CARE NEEDS.—An individual is described in this paragraph if the individual meets any of the following requirements:

''(A) The individual is at least 6 years of age and—

''(i) is unable to perform (without substantial assistance from another individual) at least 3 activities of daily living (as defined in section 7702B(c)(2)(B)) due to a loss of functional capacity, or

''(ii) requires substantial supervision to protect such individual from threats to health and safety due to severe cognitive impairment, and

''(I) is unable to perform, without reminding or cuing assistance, at least 1 activity of daily living (as so defined), or

''(II) 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.

''(B) The individual is at least 2 but not 6 years of age and is unable due to a loss of functional capacity to perform (without substantial assistance from another individual) at least 2 of the following activities: eating, transferring, or mobility.

''(C) The individual is under 2 years of age and requires specific durable medical equipment by reason of a severe health condition or requires a skilled practitioner trained to address the individual's condition to be available if the individual's parents or guardians are absent.

''(d) SPECIAL RULES.—

''(1) IDENTIFICATION REQUIREMENT.—No deduction shall be allowed under this section to a taxpayer with respect to any qualified family member unless the taxpayer includes the name and taxpayer identification number of such member, and the identification number of the physician certifying such member, on the return of tax for the taxable year.

''(2) TAXABLE YEAR MUST BE FULL TAXABLE YEAR.—No deduction shall be allowable under this section in the case of a taxable year covering a period of less than 12 months, except that in the case of a taxable year closed by the death of a taxpayer a ratable portion of the deduction shall be allowable.

''(3) 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) DEDUCTION ALLOWABLE WHETHER OR NOT TAXPAYER ITEMIZES OTHER DEDUCTIONS.—

(1) 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 the following new paragraph:

''(3) the deduction allowed by section 223.''

(2) 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 the following new paragraph:

''(3) the deduction allowed by section 223.''

(c) CONFORMING AMENDMENTS.—

(1) Section 6213(g)(2) is amended by striking ''and'' at the end of subparagraph (K), by striking the period at the end of subparagraph (L) and inserting '', and'', and by inserting after subparagraph (L) the following new subparagraph:

''(M) an omission of a correct TIN or physician identification number required under section 223(d)(1) (relating to deduction for provision of long-term care in the home to household members) to be included on a return.''

(2) 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. 223. Provision of long-term care in the home to household members.

''Sec. 224. Cross reference.''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

TITLE IV—PENSION AND INDIVIDUAL RETIREMENT ARRANGEMENT PROVISIONS

SEC. 400. SHORT TITLE.

This title may be cited as the ''Retirement Savings and Pension Coverage Act of 2000''.

Subtitle A—Individual Retirement Accounts

SEC. 401. MODIFICATION OF IRA CONTRIBUTION LIMITS.

(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) CATCH-UP CONTRIBUTIONS FOR INDIVIDUALS 50 OR OLDER.—

''(i) IN GENERAL.—In the case of an individual who has attained the age of 50 before the close of the taxable year, the deductible amount for such taxable year (determined without regard to this subparagraph) shall be increased by the applicable catch-up amount.

''(ii) APPLICABLE CATCH-UP AMOUNT.—For purposes of clause (i), the applicable catch-up amount shall be the amount determined in accordance with the following table:

"For taxable years beginning in:	***The applicable catch-up amount is:***
2001	*$500*
2002	*$1,000*
2003 and thereafter	*$1,500.*

''(C) 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) and the $1,500 amount under subparagraph (B) 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 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 $500, such amount shall be rounded to the next lower multiple of $500.''.

(b) INCREASE IN AGI LIMITS FOR ACTIVE PARTICIPANTS.—

(1) JOINT RETURNS.—The table in clause (i) of section 219(g)(3)(B) (relating to applicable dollar amount) is amended to read as follows:

"For taxable years beginning in calendar year:	***The applicable dollar amount:***
2001	*$56,000*
2002	*$60,000*
2003	*$64,000*
2004	*$68,000*
2005	*$72,000*
2006	*$76,000*
2007 or thereafter	*$80,000.''.*

(2) OTHER TAXPAYERS.—Section 219(g)(3)(B) (relating to applicable dollar amount) is amended by striking clauses (ii) and (iii) and inserting the following:

''(ii) In the case of any other taxpayer:

"For taxable years beginning in calendar year:	***The applicable dollar amount:***
2001	*$36,000*
2002	*$40,000*
2003	*$44,000*
2004	*$48,000*
2005 or thereafter	*$50,000.''.*

(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. 402. 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 not as a qualified employer plan (and contributions to such account or annuity as contributions to an individual retirement plan and not to the qualified employer 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 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).

''(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); except such term shall only include an eligible deferred compensation plan (as defined in section 457(b)) which is maintained by an eligible employer described in section 457(e)(1)(A).

''(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, 2001.

SEC. 403. 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, no amount shall be includible in the gross income of the account holder or beneficiary.

''(B) 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 an organization or entity described in section 170(c).

''(C) DENIAL OF DEDUCTION.—The amount allowable as a deduction to the taxpayer for the taxable year under section 170 (before the application of section 170(b)) 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. 404. MODIFICATION OF AGI LIMITS FOR ROTH IRAS.

(a) INCREASE IN AGI LIMIT FOR ROTH IRA CONTRIBUTIONS.—

(1) IN GENERAL.—Section 408A(c)(3)(C)(ii) (relating to limits based on modified adjusted gross income) is amended to read as follows:

''(ii) the applicable dollar amount is—

''(I) in the case of a taxpayer filing a joint return, $190,000, and

''(II) in the case of any other taxpayer, $95,000.''.

(2) PHASEOUT AMOUNT.—Clause (ii) of section 408A(c)(3)(A) is amended to read as follows:

''(ii) $15,000 ($30,000 in the case of a joint return).''.

(b) INCREASE IN AGI LIMIT FOR ROTH IRA CONVERSIONS.—Section 408A(c)(3)(B) (relating to rollover from IRA) is amended by striking ''relates'' and all that follows and inserting ''relates, the taxpayer's adjusted gross income exceeds $100,000 ($200,000 in the case of a joint return).''.

(c) CONFORMING AMENDMENT.—Section 408A(c)(3) is amended by striking subparagraph (D).

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

Subtitle B—Expanding Coverage

SEC. 411. INCREASE IN BENEFIT AND CONTRIBUTION LIMITS.

(a) DEFINED BENEFIT PLANS.—

(1) DOLLAR LIMIT.—

(A) Subparagraph (A) of section 415(b)(1) (relating to limitation for defined benefit plans) is amended by striking ''$90,000'' and inserting ''$160,000''.

(B) Subparagraphs (C) and (D) of section 415(b)(2) are each amended by striking ''$90,000'' each place it appears in the headings and the text and inserting ''$160,000''.

(C) Paragraph (7) of section 415(b) (relating to benefits under certain collectively bargained plans) is amended by striking ''the greater of $68,212 or one-half the amount otherwise applicable for such year under paragraph (1)(A) for '$90,000' '' and inserting ''one-half the amount otherwise applicable for such year under paragraph (1)(A) for '$160,000' ''.

(2) LIMIT REDUCED WHEN BENEFIT BEGINS BEFORE AGE 62.—Subparagraph (C) of section 415(b)(2) is amended by striking ''the social security retirement age'' each place it appears in the heading and text and inserting ''age 62'' and by striking the second sentence.

(3) LIMIT INCREASED WHEN BENEFIT BEGINS AFTER AGE 65.—Subparagraph (D) of section 415(b)(2) is amended by striking ''the social security retirement age'' each place it appears in the heading and text and inserting ''age 65''.

(4) COST-OF-LIVING ADJUSTMENTS.—Subsection (d) of section 415 (related to cost-of-living adjustments) is amended—

(A) by striking ''$90,000'' in paragraph (1)(A) and inserting ''$160,000''; and

(B) in paragraph (3)(A)—

(i) by striking ''$90,000'' in the heading and inserting ''$160,000''; and

(ii) by striking ''October 1, 1986'' and inserting ''July 1, 2000''.

(5) CONFORMING AMENDMENTS.—

(A) Section 415(b)(2) is amended by striking subparagraph (F).

(B) Section 415(b)(9) is amended to read as follows:

''(9) SPECIAL RULE FOR COMMERCIAL AIRLINE PILOTS.—In the case of any participant who is a commercial airline pilot, if, as of the time of the participant's retirement, regulations prescribed by the Federal Aviation Administration require an individual to separate from service as a commercial airline pilot after attaining any age occurring on or after age 60 and before age 62, paragraph (2)(C) shall be applied by substituting such age for age 62.''.

(C) Section 415(b)(10)(C)(i) is amended by striking ''applied without regard to paragraph (2)(F)''.

(b) DEFINED CONTRIBUTION PLANS.—

(1) DOLLAR LIMIT.—Subparagraph (A) of section 415(c)(1) (relating to limitation for defined contribution plans) is amended by striking ''$30,000'' and inserting ''$40,000''.

(2) COST-OF-LIVING ADJUSTMENTS.—Subsection (d) of section 415 (related to cost-of-living adjustments) is amended—

(A) by striking ''$30,000'' in paragraph (1)(C) and inserting ''$40,000''; and

(B) in paragraph (3)(D)—

(i) by striking ''$30,000'' in the heading and inserting ''$40,000''; and

(ii) by striking ''October 1, 1993'' and inserting ''July 1, 2000''.

(3) CONFORMING AMENDMENTS.—

(A) IN GENERAL.—Section 664(g)(3)(E) (relating to plan requirements) is amended by striking ''limitations under section 415(c)(1)'' and inserting ''applicable limitation under paragraph (7)''.

(B) APPLICABLE LIMITATION.—Section 664(g) (relating to qualified gratuitous transfer of qualified employer securities) is amended by adding at the end the following new paragraph:

''(7) APPLICABLE LIMITATION.—

''(A) IN GENERAL.—For purposes of paragraph (3)(E), the applicable limitation under this paragraph with respect to a participant is an amount equal to the lesser of—

''(i) $30,000, or

''(ii) 25 percent of the participant's compensation (as defined in section 415(c)(3)).

''(B) COST-OF-LIVING ADJUSTMENT.—The Secretary shall adjust annually the $30,000 amount under subparagraph (A)(i) 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 October 1, 1993, and any increase under this subparagraph which is not a multiple of $5,000 shall be rounded to the next lowest multiple of $5,000.''.

(c) QUALIFIED TRUSTS.—

(1) COMPENSATION LIMIT.—Sections 401(a)(17), 404(l), 408(k), and 505(b)(7) are each amended by striking ''$150,000'' each place it appears and inserting ''$200,000''.

(2) BASE PERIOD AND ROUNDING OF COST-OF-LIVING ADJUSTMENT.—Subparagraph (B) of section 401(a)(17) is amended—

(A) by striking ''October 1, 1993'' and inserting ''July 1, 2000''; and

(B) by striking ''$10,000'' both places it appears and inserting ''$5,000''.

(d) ELECTIVE DEFERRALS.—

(1) IN GENERAL.—Paragraph (1) of section 402(g) (relating to limitation on exclusion for elective deferrals) is amended to read as follows:

''(1) IN GENERAL.—

''(A) LIMITATION.—Notwithstanding subsections (e)(3) and (h)(1)(B), the elective deferrals of any individual for any taxable year shall be included in such individual's gross income to the extent the amount of such deferrals for the taxable year exceeds the applicable dollar amount.

''(B) APPLICABLE DOLLAR AMOUNT.—For purposes of subparagraph (A), the applicable dollar amount shall be the amount determined in accordance with the following table:

"For taxable years beginning in calendar year:	The applicable dollar amount:
2001	$11,000
2002	$12,000
2003	$13,000
2004	$14,000
2005 or thereafter	$15,000.''.

(2) COST-OF-LIVING ADJUSTMENT.—Paragraph (5) of section 402(g) is amended to read as follows:

''(5) COST-OF-LIVING ADJUSTMENT.—In the case of taxable years beginning after December 31, 2005, the Secretary shall adjust the $15,000 amount under paragraph (1)(B) at the same time and in the same manner as under section 415(d), except that the base period shall be the calendar quarter beginning July 1, 2004, and any increase under this paragraph which is not a multiple of $500 shall be rounded to the next lowest multiple of $500.''.

(3) CONFORMING AMENDMENTS.—

(A) Section 402(g) (relating to limitation on exclusion for elective deferrals), as amended by paragraphs (1) and (2), is further amended by striking paragraph (4) and redesignating paragraphs (5), (6), (7), (8), and (9) as paragraphs (4), (5), (6), (7), and (8), respectively.

(B) Paragraph (2) of section 457(c) is amended by striking ''402(g)(8)(A)(iii)'' and inserting ''402(g)(7)(A)(iii)''.

(C) Clause (iii) of section 501(c)(18)(D) is amended by striking ''(other than paragraph (4) thereof)''.

(e) DEFERRED COMPENSATION PLANS OF STATE AND LOCAL GOVERNMENTS AND TAX-EXEMPT ORGANIZATIONS.—

(1) IN GENERAL.—Section 457 (relating to deferred compensation plans of State and local governments and tax-exempt organizations) is amended—

(A) in subsections (b)(2)(A) and (c)(1) by striking ''$7,500'' each place it appears and inserting ''the applicable dollar amount''; and

(B) in subsection (b)(3)(A) by striking ''$15,000'' and inserting ''twice the dollar amount in effect under subsection (b)(2)(A)''.

(2) APPLICABLE DOLLAR AMOUNT; COST-OF-LIVING ADJUSTMENT.—Paragraph (15) of section 457(e) is amended to read as follows:

''(15) APPLICABLE DOLLAR AMOUNT.—

''(A) IN GENERAL.—The applicable dollar amount shall be the amount determined in accordance with the following table:

"For taxable years beginning in calendar year:	The applicable dollar amount:
2001	$11,000
2002	$12,000
2003	$13,000
2004	$14,000
2005 or thereafter	$15,000.

''(B) COST-OF-LIVING ADJUSTMENTS.—In the case of taxable years beginning after December 31, 2005, the Secretary shall adjust the $15,000 amount under subparagraph (A) at the same time and in the same manner as under section 415(d), except that the base period shall be the calendar quarter beginning July 1, 2004, and any increase under this paragraph which is not a multiple of $500 shall be rounded to the next lowest multiple of $500.''.

(f) SIMPLE RETIREMENT ACCOUNTS.—

(1) LIMITATION.—Clause (ii) of section 408(p)(2)(A) (relating to general rule for qualified salary reduction arrangement) is amended by striking ''$6,000'' and inserting ''the applicable dollar amount''.

(2) APPLICABLE DOLLAR AMOUNT.—Subparagraph (E) of 408(p)(2) is amended to read as follows:

''(E) APPLICABLE DOLLAR AMOUNT; COST-OF-LIVING ADJUSTMENT.—

''(i) IN GENERAL.—For purposes of subparagraph (A)(ii), the applicable dollar amount shall be the amount determined in accordance with the following table:

"For taxable years beginning in calendar year:	The applicable dollar amount:
2001	$7,000
2002	$8,000
2003	$9,000
2004 or thereafter	$10,000.

''(ii) COST-OF-LIVING ADJUSTMENT.—In the case of a year beginning after December 31, 2004, the Secretary shall adjust the $10,000 amount under clause (i) at the same time and in the same manner as under section 415(d), except that the base period taken into account shall be the calendar quarter beginning July 1, 2003, and any increase under this subparagraph which is not a multiple of $500 shall be rounded to the next lower multiple of $500.''.

(3) CONFORMING AMENDMENTS.—

(A) 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).

(g) ROUNDING RULE RELATING TO DEFINED BENEFIT PLANS AND DEFINED CONTRIBUTION PLANS.—Paragraph (4) of section 415(d) is amended to read as follows:

''(4) ROUNDING.—

''(A) $160,000 AMOUNT.—Any increase under subparagraph (A) of paragraph (1) which is not a multiple of $5,000 shall be rounded to the next lowest multiple of $5,000.

''(B) $40,000 AMOUNT.—Any increase under subparagraph (C) of paragraph (1) which is not a multiple of $1,000 shall be rounded to the next lowest multiple of $1,000.''.

(h) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2000.

SEC. 412. PLAN LOANS FOR SUBCHAPTER S OWNERS, PARTNERS, AND SOLE PROPRIETORS.

(a) IN GENERAL.—Subparagraph (B) of section 4975(f)(6) (relating to exemptions not to apply to certain transactions) is amended by adding at the end the following new clause:

''(iii) LOAN EXCEPTION.—For purposes of subparagraph (A)(i), the term 'owner-employee' shall only include a person described in subclause (II) or (III) of clause (i).''.

(b) AMENDMENT OF 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 amendment made by this section shall apply to years beginning after December 31, 2000.

SEC. 413. MODIFICATION OF TOP-HEAVY RULES.

(a) SIMPLIFICATION OF DEFINITION OF KEY EMPLOYEE.—

(1) IN GENERAL.—Section 416(i)(1)(A) (defining key employee) is amended—

(A) by striking ''or any of the 4 preceding plan years'' in the matter preceding clause (i);

(B) by striking clause (i) and inserting the following:

''(i) an officer of the employer having an annual compensation greater than $115,000,'';

(C) by striking clause (ii) and redesignating clauses (iii) and (iv) as clauses (ii) and (iii), respectively; and

(D) by striking the second sentence in the matter following clause (iii), as redesignated by subparagraph (C).

(2) COST-OF-LIVING ADJUSTMENT.—Section 416(i)(1) is amended by adding at the end the following new subparagraph:

''(E) COST-OF-LIVING ADJUSTMENT.—In the case of a year beginning after December 31, 2001, the Secretary shall adjust the $115,000 amount under subparagraph (A)(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, 2000, and any increase under this subparagraph which is not a multiple of $5,000 shall be rounded to the next lower multiple of $5,000.''.

(3) CONFORMING AMENDMENT.—Section 416(i)(1)(B)(iii) is amended by striking ''and subparagraph (A)(ii)''.

(b) MATCHING CONTRIBUTIONS TAKEN INTO ACCOUNT FOR MINIMUM CONTRIBUTION REQUIREMENTS.—Section 416(c)(2)(A) (relating to defined contribution plans) is amended by adding at the end the following: ''Employer matching contributions (as defined in section 401(m)(4)(A)) shall be taken into account for purposes of this subparagraph.''.

(c) DISTRIBUTIONS DURING LAST YEAR BEFORE DETERMINATION DATE TAKEN INTO ACCOUNT.—

(1) IN GENERAL.—Paragraph (3) of section 416(g) is amended to read as follows:

''(3) DISTRIBUTIONS DURING LAST YEAR BEFORE DETERMINATION DATE TAKEN INTO ACCOUNT.—

''(A) IN GENERAL.—For purposes of determining—

''(i) the present value of the cumulative accrued benefit for any employee, or

''(ii) the amount of the account of any employee,

such present value or amount shall be increased by the aggregate distributions made with respect to such employee under the plan during the 1-year period ending on the determination date. The preceding sentence shall also apply to distributions under a terminated plan which if it had not been terminated would have been required to be included in an aggregation group.

''(B) 5-YEAR PERIOD IN CASE OF IN-SERVICE DISTRIBUTION.—In the case of any distribution made for a reason other than separation from service, death, or disability, subparagraph (A) shall be applied by substituting '5-year period' for '1-year period'.''.

(2) BENEFITS NOT TAKEN INTO ACCOUNT.—Subparagraph (E) of section 416(g)(4) is amended—

(A) by striking ''LAST 5 YEARS'' in the heading and inserting ''LAST YEAR BEFORE DETERMINATION DATE''; and

(B) by striking ''5-year period'' and inserting ''1-year period''.

(d) DEFINITION OF TOP-HEAVY PLANS.—Paragraph (4) of section 416(g) (relating to other special rules for top-heavy plans) is amended by adding at the end the following new subparagraph:

''(H) CASH OR DEFERRED ARRANGEMENTS USING ALTERNATIVE METHODS OF MEETING NONDISCRIMINATION REQUIREMENTS.—The term 'top-heavy plan' shall not include a plan which consists solely of—

''(i) a cash or deferred arrangement which meets the requirements of section 401(k)(12), and

''(ii) matching contributions with respect to which the requirements of section 401(m)(11) are met.

If, but for this subparagraph, a plan would be treated as a top-heavy plan because it is a member of an aggregation group which is a top-heavy group, contributions under the plan may

be taken into account in determining whether any other plan in the group meets the requirements of subsection (c)(2).''.

(e) FROZEN PLAN EXEMPT FROM MINIMUM BENEFIT REQUIREMENT.—Subparagraph (C) of section 416(c)(1) (relating to defined benefit plans) is amended—

(A) by striking ''clause (ii)'' in clause (i) and inserting ''clause (ii) or (iii)''; and

(B) by adding at the end the following:

''(iii) EXCEPTION FOR FROZEN PLAN.—For purposes of determining an employee's years of service with the employer, any service with the employer shall be disregarded to the extent that such service occurs during a plan year when the plan benefits (within the meaning of section 410(b)) no key employee or former key employee.''.

(f) 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.''.

(g) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2000.

SEC. 414. 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. 415. REPEAL OF COORDINATION REQUIREMENTS FOR DEFERRED COMPENSATION PLANS OF STATE AND LOCAL GOVERNMENTS AND TAX-EXEMPT ORGANIZATIONS.

(a) IN GENERAL.—Subsection (c) of section 457 (relating to deferred compensation plans of State and local governments and tax-exempt organizations), as amended by section 411, is amended to read as follows:

''(c) LIMITATION.—The maximum amount of the compensation of any one individual which may be deferred under subsection (a) during any taxable year shall not exceed the amount in effect under subsection (b)(2)(A) (as modified by any adjustment provided under subsection (b)(3)).''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to years beginning after December 31, 2000.

SEC. 416. ELIMINATION OF USER FEE FOR REQUESTS TO IRS REGARDING PENSION PLANS.

(a) ELIMINATION OF CERTAIN USER FEES.—The Secretary of the Treasury or the Secretary's delegate shall not require payment of user fees under the program established under section 10511 of the Revenue Act of 1987 for requests to the Internal Revenue Service for determination letters with respect to the qualified status of a pension benefit plan maintained solely by one or more eligible employers or any trust which is part of the plan. The preceding sentence shall not apply to any request—

(1) made after the later of—

(A) the fifth plan year the pension benefit plan is in existence; or

(B) the end of any remedial amendment period with respect to the plan beginning within the first 5 plan years; or

(2) made by the sponsor of any prototype or similar plan which the sponsor intends to market to participating employers.

(b) PENSION BENEFIT PLAN.—For purposes of this section, the term ''pension benefit plan'' means a pension, profit-sharing, stock bonus, annuity, or employee stock ownership plan.

(c) ELIGIBLE EMPLOYER.—For purposes of this section, the term ''eligible employer'' has the same meaning given such term in section 408(p)(2)(C)(i)(I) of the Internal Revenue Code of 1986. The determination of whether an employer is an eligible employer under this section shall be made as of the date of the request described in subsection (a).

(d) DETERMINATION OF AVERAGE FEES CHARGED.—For purposes of any determination of average fees charged, any request to which subsection (a) applies shall not be taken into account.

(e) EFFECTIVE DATE.—The provisions of this section shall apply with respect to requests made after December 31, 2000.

SEC. 417. DEDUCTION LIMITS.

(a) MODIFICATION OF LIMITS.—

(1) STOCK BONUS AND PROFIT SHARING TRUSTS.—

(A) IN GENERAL.—Subclause (I) of section 404(a)(3)(A)(i) (relating to stock bonus and profit sharing trusts) is amended by striking ''15 percent'' and inserting ''25 percent''.

(B) CONFORMING AMENDMENT.—Subparagraph (C) of section 404(h)(1) is amended by striking ''15 percent'' each place it appears and inserting ''25 percent''.

(2) DEFINED CONTRIBUTION PLANS.—

(A) IN GENERAL.—Clause (v) of section 404(a)(3)(A) (relating to stock bonus and profit sharing trusts) is amended to read as follows:

''(v) DEFINED CONTRIBUTION PLANS SUBJECT TO THE FUNDING STANDARDS.—Except as provided by the Secretary, a defined contribution plan which is subject to the funding standards of section 412 shall be treated in the same manner as a stock bonus or profit-sharing plan for purposes of this subparagraph.''.

(B) CONFORMING AMENDMENTS.—

(i) Section 404(a)(1)(A) is amended by inserting ''(other than a trust to which paragraph (3) applies)'' after ''pension trust''.

(ii) Section 404(h)(2) is amended by striking ''stock bonus or profit-sharing trust'' and inserting ''trust subject to subsection (a)(3)(A)''.

(iii) The heading of section 404(h)(2) is amended by striking ''STOCK BONUS AND PROFIT-SHARING TRUST'' and inserting ''CERTAIN TRUSTS''.

(b) COMPENSATION.—

(1) IN GENERAL.—Section 404(a) (relating to general rule) is amended by adding at the end the following:

''(12) DEFINITION OF COMPENSATION.—For purposes of paragraphs (3), (7), (8), and (9), the term 'compensation' shall include amounts treated as participant's compensation under subparagraph (C) or (D) of section 415(c)(3).''.

(2) CONFORMING AMENDMENTS.—

(A) Subparagraph (B) of section 404(a)(3) is amended by striking the last sentence thereof.

(B) Clause (i) of section 4972(c)(6)(B) is amended by striking ''(within the meaning of section 404(a))'' and inserting ''(within the meaning of section 404(a) and as adjusted under section 404(a)(12))''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2000.

SEC. 418. OPTION TO TREAT ELECTIVE DEFERRALS AS AFTER-TAX ROTH 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 ROTH CONTRIBUTIONS.

''(a) GENERAL RULE.—If an applicable retirement plan includes a qualified Roth contribution program—

''(1) any designated Roth 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 ROTH CONTRIBUTION PROGRAM.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified Roth contribution program' means a program under which an employee may elect to make designated Roth 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 Roth contribution program unless the applicable retirement plan—

''(A) establishes separate accounts ('designated Roth accounts') for the designated Roth 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 ROTH CONTRIBUTIONS.—For purposes of this section—

''(1) DESIGNATED ROTH CONTRIBUTION.—The term 'designated Roth 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 Roth account which is otherwise allowable under this chapter may be made only if the contribution is to—

''(i) another designated Roth 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 Roth 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 Roth 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 Roth 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 first taxable year for which the individual made a designated Roth contribution to any designated Roth account established for such individual under the same applicable retirement plan, or

''(ii) if a rollover contribution was made to such designated Roth account from a designated Roth account previously established for such individual under another applicable retirement plan, the first taxable year for which the individual made a designated Roth contribution to such previously established account.

''(C) DISTRIBUTIONS OF EXCESS DEFERRALS AND CONTRIBUTIONS AND EARNINGS THEREON.—The term 'qualified distribution' shall not include any distribution of any excess deferral under section 402(g)(2) or any excess contribution under section 401(k)(8), and any income on the excess deferral or contribution.

''(3) TREATMENT OF DISTRIBUTIONS OF CERTAIN EXCESS DEFERRALS.—Notwithstanding section 72, if any excess deferral under section 402(g)(2) attributable to a designated Roth contribution is not distributed on or before the 1st April 15 following the close of the taxable year in which such excess deferral is made, the amount of such excess deferral shall—

''(A) not be treated as investment in the contract, and

''(B) be included in gross income for the taxable year in which such excess is distributed.

''(4) AGGREGATION RULES.—Section 72 shall be applied separately with respect to distributions and payments from a designated Roth 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)(A) (as added by section 201(d)(1)) the following new sentence: ''The preceding sentence shall not apply to the portion of such excess as does not exceed the designated Roth 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 Roth account (as defined in section 402A), an eligible retirement plan with respect to such portion shall include only another designated Roth 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 Roth 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 ROTH 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 Roth contributions (as defined in section 402A) 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 Roth contributions.''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

Subtitle C—Enhancing Fairness For Women

SEC. 421. CATCH-UP CONTRIBUTIONS FOR INDIVIDUALS AGE 50 OR OVER.

(a) IN GENERAL.—Section 414 (relating to definitions and special rules) is amended by adding at the end the following new subsection:

''(v) CATCH-UP 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 deferral amount, 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 DEFERRAL AMOUNT; COST-OF-LIVING ADJUSTMENT.—

''(i) IN GENERAL.—For purposes of subparagraph (A)(i), the applicable deferral amount shall be the amount determined in accordance with the following table:

"For taxable years beginning in calendar year:	The applicable deferral amount:
2001	$1,000
2002	$2,000
2003	$3,000
2004	$4,000
2005 or thereafter	$5,000.

''(ii) COST-OF-LIVING ADJUSTMENT.—In the case of a year beginning after December 31, 2005, the Secretary shall adjust the $5,000 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, 2004, and any increase under this subparagraph which is not a multiple of $500 shall be rounded to the next lower multiple of $500.

''(3) TREATMENT OF CONTRIBUTIONS.—In the case of any contribution to a plan under paragraph (1), such contribution shall not, with respect to the year in which the contribution is made—

''(A) be subject to any otherwise applicable limitation contained in section 402(g), 402(h)(2), 404(a), 404(h), 408(p)(2)(A)(ii), 415, or 457, or

''(B) be taken into account in applying such limitations to other contributions or benefits under such plan or any other such plan.

''(4) APPLICATION OF NONDISCRIMINATION RULES.—

''(A) IN GENERAL.—An applicable employer plan shall not be treated as failing to meet the nondiscrimination requirements under section 401(a)(4) with respect to benefits, rights, and features if the plan allows all eligible participants to make the same election with respect to the additional elective deferrals under this subsection.

''(B) AGGREGATION.—For purposes of subparagraph (A), all plans maintained by employers who are treated as a single employer under subsection (b), (c), (m), or (o) of section 414 shall be treated as 1 plan.

''(5) 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 any comparable limitation contained in the terms of the plan.

''(6) OTHER DEFINITIONS AND RULES.—For purposes of this subsection—

''(A) 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).

''(B) ELECTIVE DEFERRAL.—The term 'elective deferral' has the meaning given such term by subsection (u)(2)(C).

''(C) EXCEPTION FOR SECTION 457 PLANS.—This subsection shall not apply to an applicable employer plan described in subparagraph (A)(iii) for any year to which section 457(b)(3) applies.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to contributions in taxable years beginning after December 31, 2000.

SEC. 422. 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 fifth 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 Retirement Savings and Pension Coverage Act of 2000)''.

(B) Section 404(a)(10)(B) is amended by striking '', the exclusion allowance under section 403(b)(2),''.

(C) Section 415(a)(2) is amended by striking '', and the amount of the contribution for such portion shall reduce the exclusion allowance as provided in section 403(b)(2)''.

(D) Section 415(c)(3) is amended by adding at the end the following new subparagraph:

''(E) ANNUITY CONTRACTS.—In the case of an annuity contract described in section 403(b), the term 'participant's compensation' means the participant's includible compensation determined under section 403(b)(3).''.

(E) Section 415(c) is amended by striking paragraph (4).

(F) Section 415(c)(7) is amended to read as follows:

''(7) CERTAIN CONTRIBUTIONS BY CHURCH PLANS NOT TREATED AS EXCEEDING LIMIT.—

''(A) IN GENERAL.—Notwithstanding any other provision of this subsection, at the election of a participant who is an employee of a church or a convention or association of churches, including an organization described in section 414(e)(3)(B)(ii), contributions and other additions for an annuity contract or retirement income account described in section 403(b) with respect to such participant, when expressed as an annual addition to such participant's account, shall be treated as not exceeding the limitation of paragraph (1) if such annual addition is not in excess of $10,000.

''(B) $40,000 AGGREGATE LIMITATION.—The total amount of additions with respect to any participant which may be taken into account for purposes of this subparagraph for all years may not exceed $40,000.

''(C) ANNUAL ADDITION.—For purposes of this paragraph, the term 'annual addition' has the meaning given such term by paragraph (2).''.

(G) Subparagraph (B) of section 402(g)(7) (as redesignated by section 201(d)(3)(A)) is amended by inserting before the period at the end the following: ''(as in effect before the enactment of the Retirement Savings and Pension Coverage Act of 2000)''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to years beginning after December 31, 2000.

(b) SPECIAL RULES FOR SECTIONS 403(b) AND 408.—

(1) IN GENERAL.—Subsection (k) of section 415 is amended by adding at the end the following new paragraph:

''(4) SPECIAL RULES FOR SECTIONS 403(b) AND 408.—For purposes of this section, any annuity contract described in section 403(b) for the benefit of a participant shall be treated as a defined contribution plan maintained by each employer with respect to which the participant has the control required under subsection (b) or (c) of section 414 (as modified by subsection (h)). For purposes of this section, any contribution by an employer to a simplified employee pension plan for an individual for a taxable year shall be treated as an employer contribution to a defined contribution plan for such individual for such year.''.

(2) EFFECTIVE DATE.—

(A) IN GENERAL.—The amendment made by paragraph (1) shall apply to limitation years beginning after December 31, 1999.

(B) EXCLUSION ALLOWANCE.—Effective for limitation years beginning in 2000, in the case of any annuity contract described in section 403(b) of the Internal Revenue Code of 1986, the amount of the contribution disqualified by reason of section 415(g) of such Code shall reduce the exclusion allowance as provided in section 403(b)(2) of such Code.

(3) MODIFICATION OF 403(b) EXCLUSION ALLOWANCE TO CONFORM TO 415 MODIFICATION.—The Secretary of the Treasury shall modify the regulations regarding the exclusion allowance under section 403(b)(2) of the Internal Revenue Code of 1986 to render void the requirement that contributions to a defined benefit pension plan be treated as previously excluded amounts for purposes of the exclusion allowance. For taxable years beginning after December 31, 1999, such regulations shall be applied as if such requirement were void.

(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. 423. FASTER VESTING OF CERTAIN EMPLOYER MATCHING CONTRIBUTIONS.

(a) IN GENERAL.—Section 411(a) (relating to minimum vesting standards) is amended—

(1) in paragraph (2), by striking ''A plan'' and inserting ''Except as provided in paragraph (12), a plan''; and

(2) by adding at the end the following:

''(12) FASTER VESTING FOR MATCHING CONTRIBUTIONS.—In the case of matching contributions (as defined in section 401(m)(4)(A)), paragraph (2) shall be applied—

''(A) by substituting '3 years' for '5 years' in subparagraph (A), and

''(B) by substituting the following table for the table contained in subparagraph (B):

''Years of service:	*The nonforfeitable percentage is:*
2	*20*
3	*40*
4	*60*
5	*80*
6	*100.''.*

(b) AMENDMENT OF 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) 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 one or more collective bargaining agreements between employee representatives and one or more employers ratified by the date of the 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 the enactment); or

(ii) January 1, 2001; or

(B) January 1, 2005.

(3) SERVICE REQUIRED.—With respect to any plan, the amendments made by this section shall not apply to any employee before the date that such employee has 1 hour of service under such plan in any plan year to which the amendments made by this section apply.

SEC. 424. SIMPLIFY AND UPDATE THE MINIMUM DISTRIBUTION RULES.

(a) SIMPLIFICATION AND FINALIZATION OF MINIMUM DISTRIBUTION REQUIREMENTS.—

(1) IN GENERAL.—The Secretary of the Treasury shall—

(A) simplify and finalize the regulations relating to minimum distribution requirements under sections 401(a)(9), 408(a)(6) and (b)(3), 403(b)(10), and 457(d)(2) of the Internal Revenue Code of 1986; and

(B) modify such regulations to—

(i) reflect current life expectancy; and

(ii) revise the required distribution methods so that, under reasonable assumptions, the amount of the required minimum distribution does not decrease over a participant's life expectancy.

(2) FRESH START.—Notwithstanding subparagraph (D) of section 401(a)(9) of such Code, during the first year that regulations are in effect under this subsection, required distributions for future years may be redetermined to reflect changes under such regulations. Such redetermination shall include the opportunity to choose a new designated beneficiary and to elect a new method of calculating life expectancy.

(3) DATE FOR REGULATIONS.—Not later than December 31, 2001, the Secretary shall issue final regulations described in paragraph (1) and such regulations shall apply without regard to whether an individual had previously begun receiving minimum distributions.

(b) REPEAL OF RULE WHERE DISTRIBUTIONS HAD BEGUN BEFORE DEATH OCCURS.—

(1) IN GENERAL.—Subparagraph (B) of section 401(a)(9) is amended by striking clause (i) and redesignating clauses (ii), (iii), and (iv) as clauses (i), (ii), and (iii), respectively.

(2) CONFORMING CHANGES.—

(A) Clause (i) of section 401(a)(9)(B) (as so redesignated) is amended—

(i) by striking ''FOR OTHER CASES'' in the heading; and

(ii) by striking ''the distribution of the employee's interest has begun in accordance with subparagraph (A)(ii)'' and inserting ''his entire interest has been distributed to him''.

(B) Clause (ii) of section 401(a)(9)(B) (as so redesignated) is amended by striking ''clause (ii)'' and inserting ''clause (i)''.

(C) Clause (iii) of section 401(a)(9)(B) (as so redesignated) is amended—

(i) by striking ''clause (iii)(I)'' and inserting ''clause (ii)(I)'';

(ii) by striking ''clause (iii)(III)'' in subclause (I) and inserting ''clause (ii)(III)'';

(iii) by striking ''the date on which the employee would have attained age 70½,'' in subclause (I) and inserting ''April 1 of the calendar year following the calendar year in which the spouse attains 70½,''; and

(iv) by striking ''the distributions to such spouse begin,'' in subclause (II) and inserting ''his entire interest has been distributed to him,''.

(3) EFFECTIVE DATE.—

(A) IN GENERAL.—Except as provided in subparagraph (B), the amendments made by this subsection shall apply to years beginning after December 31, 2000.

(B) DISTRIBUTIONS TO SURVIVING SPOUSE.—

(i) IN GENERAL.—In the case of an employee described in clause (ii), distributions to the surviving spouse of the employee shall not be required to commence prior to the date on which

such distributions would have been required to begin under section 401(a)(9)(B) of the Internal Revenue Code of 1986 (as in effect on the day before the date of the enactment of this Act).

(ii) CERTAIN EMPLOYEES.—An employee is described in this clause if such employee dies before—

(I) the date of the enactment of this Act, and

(II) the required beginning date (within the meaning of section 401(a)(9)(C) of the Internal Revenue Code of 1986) of the employee.

(c) REDUCTION IN EXCISE TAX.—

(1) IN GENERAL.—Subsection (a) of section 4974 is amended by striking ''50 percent'' and inserting ''10 percent''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to years beginning after December 31, 2000.

SEC. 425. 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. 426. PROVISIONS RELATING TO HARDSHIP DISTRIBUTIONS.

(a) SAFE HARBOR RELIEF.—

(1) 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.

(2) EFFECTIVE DATE.—The revised regulations under this subsection shall apply to years beginning after December 31, 2000.

(b) HARDSHIP DISTRIBUTIONS NOT TREATED AS ELIGIBLE ROLLOVER DISTRIBUTIONS.—

(1) MODIFICATION OF DEFINITION OF ELIGIBLE ROLLOVER.—Section 402(c)(4)(C) (relating to eligible rollover distribution) is amended by striking ''described in section 401(k)(2)(B)(i)(IV)'' and inserting ''under the terms of the plan''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to distributions made after December 31, 2001, unless a plan administrator elects to apply such amendment to distributions made after December 31, 2000.

SEC. 427. WAIVER OF TAX ON NONDEDUCTIBLE CONTRIBUTIONS FOR DOMESTIC OR SIMILAR WORKERS.

(a) IN GENERAL.—Section 4972(c)(6) (relating to exceptions to nondeductible contributions), as amended by section 442(b), is amended by striking ''or'' at the end of subparagraph (A), by striking the period and inserting '', or'' at the end of subparagraph (B), and by inserting after subparagraph (B) the following new subparagraph:

''(C) so much of the contributions to a qualified employer plan which are not deductible when contributed solely because such contributions are not made in connection with a trade or business of the employer.''.

(b) EXCLUSION OF CERTAIN CONTRIBUTIONS.—Section 4972(c)(6), as amended by subsection (a), is amended by adding at the end the following new sentence: ''Subparagraph (C) shall not apply to contributions made on behalf of the employer or a member of the employer's family (as defined in section 447(e)(1)).''.

(c) NO INFERENCE.—Nothing in the amendments made by this section shall be construed to infer the proper treatment of nondeductible contributions under the laws in effect before such amendments.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

Subtitle D—Increasing Portability For Participants

SEC. 431. 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) 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) and which is maintained by an eligible employer described in section 457(e)(1)(A).''.

(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) which is maintained by an eligible 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 eligible 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 RULES.—

(1) EFFECTIVE DATE.—Except as provided in paragraph (2), the amendments made by this section shall apply to distributions after December 31, 2000.

(2) REASONABLE NOTICE.—No penalty shall be imposed on a plan for the failure to provide the information required by the amendment made by subsection (c) with respect to any distribution made before January 1, 2002, if the administrator of such plan makes a reasonable attempt to comply with such requirement.

(3) 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. 432. 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. 433. 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, 2001.

SEC. 434. 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 433, 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. 435. TREATMENT OF FORMS OF DISTRIBUTION.

(a) PLAN TRANSFERS.—

(1) AMENDMENT OF INTERNAL REVENUE CODE.—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) IN GENERAL.—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, and

''(V) 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) SPECIAL RULE FOR MERGERS; ETC.—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 OF 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 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 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; and

''(v) the transferee plan allows the participant or beneficiary described in clause (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) Except to the extent provided in regulations promulgated by the Secretary of the Treasury, a defined contribution plan shall not be treated as failing to meet the requirements of this subsection 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 OF INTERNAL REVENUE CODE.—Paragraph (6)(B) of section 411(d) (relating to accrued benefit not to be decreased by amendment) is amended by inserting after the second sentence the following new sentence: ''The Secretary shall by regulations provide that this subparagraph shall not apply to any plan amendment which reduces or eliminates benefits or subsidies which create significant burdens or complexities for the plan and plan participants and does not adversely affect the rights of any participant in a more than de minimis manner.''.

(2) AMENDMENT OF ERISA.—Section 204(g)(2) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1054(g)(2)) is amended by inserting before the last sentence the following new sentence: ''The Secretary of the Treasury shall by regulations provide that this paragraph shall not apply to any plan amendment which reduces or eliminates benefits or subsidies which create significant burdens or complexities for the plan and plan participants and does not adversely affect the rights of any participant in a more than de minimis manner.''.

(3) SECRETARY DIRECTED.—Not later than December 31, 2002, the Secretary of the Treasury is directed to issue regulations under section 411(d)(6) of the Internal Revenue Code of 1986 and section 204(g) of the Employee Retirement Income Security Act of 1974, including the regulations required by the amendment made by this subsection. Such regulations shall apply to plan years beginning after December 31, 2002, or such earlier date as is specified by the Secretary of the Treasury.

SEC. 436. 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. 437. 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.—Subsection (e) of section 457 is amended by adding after paragraph (16) the following new paragraph:

''(17) 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.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to trustee-to-trustee transfers after December 31, 2000.

SEC. 438. EMPLOYERS MAY DISREGARD ROLLOVERS FOR PURPOSES OF CASH-OUT AMOUNTS.

(a) QUALIFIED PLANS.—

(1) AMENDMENT OF INTERNAL REVENUE CODE.—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 OF 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. 439. MINIMUM DISTRIBUTION AND INCLUSION REQUIREMENTS FOR SECTION 457 PLANS.

(a) MINIMUM DISTRIBUTION REQUIREMENTS.—Paragraph (2) of section 457(d) (relating to distribution requirements) is amended to read as follows:

''(2) MINIMUM DISTRIBUTION REQUIREMENTS.—A plan meets the minimum distribution requirements of this paragraph if such plan meets the requirements of section 401(a)(9).''.

(b) INCLUSION IN GROSS INCOME.—

(1) YEAR OF INCLUSION.—Subsection (a) of section 457 (relating to year of inclusion in gross income) is amended to read as follows:

''(a) YEAR OF INCLUSION IN GROSS INCOME.—

''(1) IN GENERAL.—Any amount of compensation deferred under an eligible deferred compensation plan, and any income attributable to the amounts so deferred, shall be includible in gross income only for the taxable year in which such compensation or other income—

''(A) is paid to the participant or other beneficiary, in the case of a plan of an eligible employer described in subsection (e)(1)(A), and

''(B) is paid or otherwise made available to the participant or other beneficiary, in the case of a plan of an eligible employer described in subsection (e)(1)(B).

''(2) SPECIAL RULE FOR ROLLOVER AMOUNTS.—To the extent provided in section 72(t)(9), section 72(t) shall apply to any amount includible in gross income under this subsection.''.

(2) CONFORMING AMENDMENTS.—

(A) So much of paragraph (9) of section 457(e) as precedes subparagraph (A) is amended to read as follows:

''(9) BENEFITS OF TAX EXEMPT ORGANIZATION PLANS NOT TREATED AS MADE AVAILABLE BY REASON OF CERTAIN ELECTIONS, ETC.—In the case of an eligible deferred compensation plan of an employer described in subsection (e)(1)(B)—''.

(B) Section 457(d) is amended by adding at the end the following new paragraph:

''(3) SPECIAL RULE FOR GOVERNMENT PLAN.—An eligible deferred compensation plan of an employer described in subsection (e)(1)(A) shall not be treated as failing to meet the requirements of this subsection solely by reason of making a distribution described in subsection (e)(9)(A).''.

(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. 441. REPEAL OF 155 PERCENT OF CURRENT LIABILITY FUNDING LIMIT.

(a) AMENDMENTS OF INTERNAL REVENUE CODE.—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 OF 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. 442. 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 one plan, but only employees of such member or employer shall be taken into account.

''(iv) PLANS MAINTAINED 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 one 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. 443. 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 amendment made by this section shall apply to years beginning after December 31, 2000.

SEC. 444. EXCISE TAX ON FAILURE TO PROVIDE NOTICE BY DEFINED BENEFIT PLANS SIGNIFICANTLY REDUCING FUTURE BENEFIT ACCRUALS.

(a) AMENDMENT OF INTERNAL REVENUE CODE.—

(1) IN GENERAL.—Chapter 43 (relating to qualified pension, etc., plans) is amended by adding at the end the following new section:

''SEC. 4980F. FAILURE OF APPLICABLE PLANS REDUCING BENEFIT ACCRUALS TO SATISFY NOTICE REQUIREMENTS.

''(a) IMPOSITION OF TAX.—There is hereby imposed a tax on the failure of any applicable pension plan to meet the requirements of subsection (e) with respect to any applicable individual.

''(b) AMOUNT OF TAX.—

''(1) IN GENERAL.—The amount of the tax imposed by subsection (a) on any failure with respect to any applicable individual shall be $100 for each day in the noncompliance period with respect to such failure.

''(2) NONCOMPLIANCE PERIOD.—For purposes of this section, the term 'noncompliance period' means, with respect to any failure, the period beginning on the date the failure first occurs and ending on the date the notice to which the failure relates is provided or the failure is otherwise corrected.

''(c) LIMITATIONS ON AMOUNT OF TAX.—

''(1) TAX NOT TO APPLY WHERE FAILURE NOT DISCOVERED AND REASONABLE DILIGENCE EXERCISED.—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 any person subject to liability for the tax under subsection (d) did not know that the failure existed and exercised reasonable diligence to meet the requirements of subsection (e).

''(2) TAX NOT TO APPLY TO FAILURES CORRECTED WITHIN 30 DAYS.—No tax shall be imposed by subsection (a) on any failure if—

''(A) any person subject to liability for the tax under subsection (d) exercised reasonable diligence to meet the requirements of subsection (e), and

''(B) such person provides the notice described in subsection (e) during the 30-day period beginning on the first date such person knew, or exercising reasonable diligence would have known, that such failure existed.

''(3) OVERALL LIMITATION FOR UNINTENTIONAL FAILURES.—

''(A) IN GENERAL.—If the person subject to liability for tax under subsection (d) exercised reasonable diligence to meet the requirements of subsection (e), 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 or otherwise inequitable relative to the failure involved.

''(d) LIABILITY FOR TAX.—The following shall be liable for the tax imposed by subsection (a):

''(1) In the case of a plan other than a multiemployer plan, the employer.

''(2) In the case of a multiemployer plan, the plan.

''(e) NOTICE REQUIREMENTS FOR PLANS SIGNIFICANTLY REDUCING BENEFIT ACCRUALS.—

''(1) IN GENERAL.—If an applicable pension plan is amended to provide for a significant reduction in the rate of future benefit accrual, the plan administrator shall provide written notice to each applicable individual (and to each employee organization representing applicable individuals).

''(2) NOTICE.—The notice required by paragraph (1) shall be written in a manner calculated to be understood by the average plan participant and shall provide sufficient information (as determined in accordance with regulations prescribed by the Secretary) to allow applicable individuals to understand the effect of the plan amendment. The Secretary may provide a simplified form of notice for, or exempt from any notice requirement, a plan—

''(A) which has fewer than 100 participants who have accrued a benefit under the plan, or

''(B) which offers participants the option to choose between the new benefit formula and the old benefit formula.

''(3) TIMING OF NOTICE.—Except as provided in regulations, the notice required by paragraph (1) shall be provided within a reasonable time before the effective date of the plan amendment.

''(4) DESIGNEES.—Any notice under paragraph (1) may be provided to a person designated, in writing, by the person to which it would otherwise be provided.

''(5) NOTICE BEFORE ADOPTION OF AMENDMENT.—A plan shall not be treated as failing to meet the requirements of paragraph (1) merely because notice is provided before the adoption of the plan amendment if no material modification of the amendment occurs before the amendment is adopted.

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

''(1) APPLICABLE INDIVIDUAL.—The term 'applicable individual' means, with respect to any plan amendment—

''(A) each 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)),

whose rate of future benefit accrual under the plan may reasonably be expected to be significantly reduced by such plan amendment.

''(2) APPLICABLE PENSION PLAN.—The term 'applicable pension plan' means—

''(A) any defined benefit plan, or

''(B) an individual account plan which is subject to the funding standards of section 412.

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 the election provided by section 410(d) has not been made.

''(3) EARLY RETIREMENT.—A plan amendment which eliminates or significantly reduces any early retirement benefit or retirement-type subsidy (within the meaning of section 411(d)(6)(B)(i)) shall be treated as having the effect of significantly reducing the rate of future benefit accrual.

''(g) NEW TECHNOLOGIES.—The Secretary may by regulations allow any notice under paragraph (1) or (2) of subsection (e) to be provided by using new technologies.''

(2) CLERICAL AMENDMENT.—The table of sections for chapter 43 is amended by adding at the end the following new item:

''Sec. 4980F. Failure of applicable plans reducing benefit accruals to satisfy notice requirements.''.

(b) AMENDMENT OF ERISA.—Section 204(h) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1054(h)) is amended by adding at the end the following new paragraphs:

''(3)(A) An applicable pension plan to which paragraph (1) applies shall not be treated as meeting the requirements of such paragraph unless, in addition to any notice required to be provided to an individual or organization under such paragraph, the plan administrator provides the notice described in subparagraph (B) to each applicable individual (and to each employee organization representing applicable individuals).

''(B) The notice required by subparagraph (A) shall be written in a manner calculated to be understood by the average plan participant and shall provide sufficient information (as determined in accordance with regulations prescribed by the Secretary of the Treasury) to allow applicable individuals to understand the effect of the plan amendment. The Secretary of the Treasury may provide a simplified form of notice for, or exempt from any notice requirement, a plan—

''(i) which has fewer than 100 participants who have accrued a benefit under the plan, or

''(ii) which offers participants the option to choose between the new benefit formula and the old benefit formula.

''(C) Except as provided in regulations prescribed by the Secretary of the Treasury, the notice required by subparagraph (A) shall be provided within a reasonable time before the effective date of the plan amendment.

''(D) Any notice under subparagraph (A) may be provided to a person designated, in writing, by the person to which it would otherwise be provided.

''(E) A plan shall not be treated as failing to meet the requirements of subparagraph (A) merely because notice is provided before the adoption of the plan amendment if no material modification of the amendment occurs before the amendment is adopted.

''(F) The Secretary of the Treasury may by regulations allow any notice under subparagraph (A) or (B) to be provided by using new technologies.

''(4) For purposes of paragraph (3)—

''(A) The term 'applicable individual' means, with respect to any plan amendment—

''(i) each 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)(i)),

whose rate of future benefit accrual under the plan may reasonably be expected to be significantly reduced by such plan amendment.

''(B) The term 'applicable pension plan' means—

''(i) any defined benefit plan; or

''(ii) an individual account plan which is subject to the funding standards of section 412 of the Internal Revenue Code of 1986.

''(C) A plan amendment which eliminates or significantly reduces any early retirement benefit or retirement-type subsidy (within the meaning of subsection (g)(2)(A)) shall be treated as having the effect of significantly reducing the rate of future benefit accrual.''.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to plan amendments taking effect on or after the date of the enactment of this Act.

(2) TRANSITION.—Until such time as the Secretary of the Treasury issues regulations under sections 4980F(e)(2) and (3) of the Internal Revenue Code of 1986 and section 204(h)(3) of the Employee Retirement Income Security Act of 1974 (as added by the amendments made by this section), a plan shall be treated as meeting the requirements of such sections if it makes a good faith effort to comply with such requirements.

(3) SPECIAL NOTICE RULES.—

(A) IN GENERAL.—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.

(B) REASONABLE NOTICE.—The amendments made by this section shall not apply to any plan amendment taking effect on or after the date of the enactment of this Act if, before October 25, 2000, notice was provided to participants and beneficiaries adversely affected by the plan amendment (or their representatives) which was reasonably expected to notify them of the nature and effective date of the plan amendment.

(d) STUDY.—The Secretary of the Treasury shall prepare a report on the effects of conversions of traditional defined benefit plans to cash balance or hybrid formula plans. Such study shall examine the effect of such conversions on longer service participants, including the incidence and effects of ''wear away'' provisions under which participants earn no additional benefits for a period of time after the conversion. As soon as practicable, but not later than 60 days after the date of the enactment of this Act, the Secretary shall submit such report, together with recommendations thereon, to the Committee on Ways and Means and the Committee on Education and the Workforce of the House of Representatives and the Committee on Finance and the Committee on Health, Education, Labor, and Pensions of the Senate.

SEC. 445. TREATMENT OF MULTIEMPLOYER PLANS UNDER SECTION 415.

(a) COMPENSATION LIMIT.—

(1) IN GENERAL.—Paragraph (11) of section 415(b) (relating to limitation for defined benefit plans) is amended to read as follows:

''(11) SPECIAL LIMITATION RULE FOR GOVERNMENTAL AND MULTIEMPLOYER PLANS.—In the case of a governmental plan (as defined in section 414(d)) or a multiemployer plan (as defined in section 414(f)), subparagraph (B) of paragraph (1) shall not apply.''.

(2) CONFORMING AMENDMENT.—Section 415(b)(7) (relating to benefits under certain collectively bargained plans) is amended by inserting ''(other than a multiemployer plan)'' after ''defined benefit plan'' in the matter preceding subparagraph (A).

(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—

''(A) with any other plan which is not a multiemployer plan for purposes of applying subsection (b)(1)(B) to such other plan, or

''(B) with any other multiemployer plan for purposes of applying the limitations established in this section.''.

(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) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2000.

SEC. 446. 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 which is invested in assets consisting of qualifying employer securities, qualifying employer real property, or both, if such assets were acquired before January 1, 1999.''.

(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. 447. 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 plan participant or plan 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)(A) 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) The Secretary may provide that years in which no employee or former employee benefits (within the meaning of section 410(b) of the Internal Revenue Code of 1986) under the plan need not be taken into account in determining the 3-year period under paragraph (1)(B)(i).''.

(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, 2001.

SEC. 448. PROHIBITED ALLOCATIONS OF STOCK IN S CORPORATION 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 ALLOCATIONS 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 person.

''(2) FAILURE TO MEET REQUIREMENTS.—

''(A) IN GENERAL.—If a plan fails to meet the requirements of paragraph (1), the plan shall be treated as having distributed to any disqualified person the amount allocated to the account of such person in violation of paragraph (1) at the time of such allocation.

''(B) CROSS REFERENCE.—

''For excise tax relating to violations of paragraph (1) and ownership of synthetic equity, see section 4979A.

''(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 persons own at least 50 percent of the number of shares of stock in the 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), an individual shall be treated as owning deemed-owned shares of the individual. Solely for purposes of applying paragraph (5), this subparagraph shall be applied after the attribution rules of paragraph (5) have been applied.

''(4) DISQUALIFIED PERSON.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'disqualified person' means any person if—

''(i) the aggregate number of deemed-owned shares of such person and the members of such person's family is at least 20 percent of the number of deemed-owned shares of stock in the S corporation, or

''(ii) in the case of a person not described in clause (i), the number of deemed-owned shares of such person is at least 10 percent of the number of deemed-owned shares of stock in such corporation.

''(B) TREATMENT OF FAMILY MEMBERS.—In the case of a disqualified person described in subparagraph (A)(i), any member of such person's family with deemed-owned shares shall be treated as a disqualified person if not otherwise treated as a disqualified person under subparagraph (A).

''(C) DEEMED-OWNED SHARES.—

''(i) IN GENERAL.—The term 'deemed-owned shares' means, with respect to any person—

''(I) the stock in the S corporation constituting employer securities of an employee stock ownership plan which is allocated to such person under the plan, and

''(II) such person's share of the stock in such corporation which is held by such plan but which is not allocated under the plan to participants.

''(ii) PERSON'S SHARE OF UNALLOCATED STOCK.—For purposes of clause (i)(II), a person's share of unallocated S corporation stock held by such plan is the amount of the unallocated stock which would be allocated to such person if the unallocated stock were allocated to all participants 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 individual described in clause (ii) or (iii).

A spouse of an individual who is legally separated from such individual under a decree of divorce or separate maintenance shall not be treated as such individual's spouse for purposes of this subparagraph.

''(5) TREATMENT OF SYNTHETIC EQUITY.—For purposes of paragraphs (3) and (4), in the case of a person who owns synthetic equity in the S corporation, except to the extent provided in regulations, the shares of stock in such corporation on which such synthetic equity is based shall be treated as outstanding stock in such corporation and deemed-owned shares of such person if such treatment of synthetic equity of 1 or more such persons results in—

''(A) the treatment of any person as a disqualified person, or

''(B) the treatment of any year as a nonallocation year.

For purposes of this paragraph, synthetic equity shall be treated as owned by a person in the

same manner as stock is treated as owned by a person under the rules of paragraphs (2) and (3) of section 318(a). If, without regard to this paragraph, a person is treated as a disqualified person or a year is treated as a nonallocation year, this paragraph shall not be construed to result in the person or year not being so treated.

''(6) 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).

''(C) SYNTHETIC EQUITY.—The term 'synthetic equity' means any stock option, warrant, restricted stock, deferred issuance stock right, or similar interest or right that gives the holder the right to acquire or receive stock of the S corporation in the future. Except to the extent provided in regulations, synthetic equity also includes a stock appreciation right, phantom stock unit, or similar right to a future cash payment based on the value of such stock or appreciation in such value.

''(7) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this subsection.''.

(b) COORDINATION WITH SECTION 4975(e)(7).—The last sentence of section 4975(e)(7) (defining employee stock ownership plan) is amended by inserting '', section 409(p),'' after ''409(n)''.

(c) EXCISE TAX.—

(1) APPLICATION OF TAX.—Subsection (a) of section 4979A (relating to tax on certain prohibited allocations of employer securities) is amended—

(A) by striking ''or'' at the end of paragraph (1); and

(B) by striking all that follows paragraph (2) and inserting the following:

''(3) there is any allocation of employer securities which violates the provisions of section 409(p), or a nonallocation year described in subsection (e)(2)(C) with respect to an employee stock ownership plan, or

''(4) any synthetic equity is owned by a disqualified person in any nonallocation year,

there is hereby imposed a tax on such allocation or ownership equal to 50 percent of the amount involved.''.

(2) LIABILITY.—Section 4979A(c) (defining liability for tax) is amended to read as follows:

''(c) LIABILITY FOR TAX.—The tax imposed by this section shall be paid—

''(1) in the case of an allocation referred to in paragraph (1) or (2) of subsection (a), by—

''(A) the employer sponsoring such plan, or

''(B) the eligible worker-owned cooperative,

which made the written statement described in section 664(g)(1)(E) or in section 1042(b)(3)(B) (as the case may be), and

''(2) in the case of an allocation or ownership referred to in paragraph (3) or (4) of subsection (a), by the S corporation the stock in which was so allocated or owned.''.

(3) DEFINITIONS.—Section 4979A(e) (relating to definitions) is amended to read as follows:

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

''(1) DEFINITIONS.—Except as provided in paragraph (2), terms used in this section have the same respective meanings as when used in sections 409 and 4978.

''(2) SPECIAL RULES RELATING TO TAX IMPOSED BY REASON OF PARAGRAPH (3) OR (4) OF SUBSECTION (a).—

''(A) PROHIBITED ALLOCATIONS.—The amount involved with respect to any tax imposed by reason of subsection (a)(3) is the amount allocated to the account of any person in violation of section 409(p)(1).

''(B) SYNTHETIC EQUITY.—The amount involved with respect to any tax imposed by reason of subsection (a)(4) is the value of the shares on which the synthetic equity is based.

''(C) SPECIAL RULE DURING FIRST NONALLOCATION YEAR.—For purposes of subparagraph (A), the amount involved for the first nonallocation year of any employee stock ownership plan shall be determined by taking into account the total value of all the deemed-owned shares of all disqualified persons with respect to such plan.

''(D) STATUTE OF LIMITATIONS.—The statutory period for the assessment of any tax imposed by this section by reason of paragraph (3) or (4) of subsection (a) shall not expire before the date which is 3 years from the later of—

''(i) the allocation or ownership referred to in such paragraph giving rise to such tax, or

''(ii) the date on which the Secretary is notified of such allocation or ownership.''.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to plan years beginning after December 31, 2001.

(2) EXCEPTION FOR CERTAIN PLANS.—In the case of any—

(A) employee stock ownership plan established after July 11, 2000; 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 11, 2000.

Subtitle F—Reducing Regulatory Burdens

SEC. 451. MODIFICATION OF TIMING OF PLAN VALUATIONS.

(a) IN GENERAL.—Paragraph (9) of section 412(c) (relating to annual valuation) is amended to read as follows:

''(9) ANNUAL VALUATION.—

''(A) IN GENERAL.—For purposes of this section, a determination of experience gains and losses and a valuation of the plan's liability shall be made not less frequently than once every year, except that such determination shall be made more frequently to the extent required in particular cases under regulations prescribed by the Secretary.

''(B) VALUATION DATE.—

''(i) CURRENT YEAR.—Except as provided in clause (ii), the valuation referred to in subparagraph (A) shall be made as of a date within the plan year to which the valuation refers or within one month prior to the beginning of such year.

''(ii) ELECTION TO USE PRIOR YEAR VALUATION.—The valuation referred to in subparagraph (A) may be made as of a date within the plan year prior to the year to which the valuation refers if—

''(I) an election is in effect under this clause with respect to the plan, and

''(II) as of such date, the value of the assets of the plan are not less than 125 percent of the plan's current liability (as defined in paragraph (7)(B)).

''(iii) ADJUSTMENTS.—Information under clause (ii) shall, in accordance with regulations, be actuarially adjusted to reflect significant differences in participants.

''(iv) ELECTION.—An election under clause (ii), once made, shall be irrevocable without the consent of the Secretary.''.

(b) AMENDMENT OF 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), the valuation referred to in subparagraph (A) shall be made as of a date within the plan year to which the valuation refers or within one month prior to the beginning of such year.

''(ii) The valuation referred to in subparagraph (A) may be made as of a date within the plan year prior to the year to which the valuation refers if—

''(I) an election is in effect under this clause with respect to the plan; and

''(II) as of such date, the value of the assets of the plan are not less than 125 percent of the plan's current liability (as defined in paragraph (7)(B)).

''(iii) Information under clause (ii) shall, in accordance with regulations, be actuarially adjusted to reflect significant differences in participants.

''(iv) An election under clause (ii), 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. 452. 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) STANDARD FOR DISALLOWANCE.—Section 404(k)(5)(A) (relating to disallowance of deduction) is amended by inserting ''avoidance or'' before ''evasion''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 453. REPEAL OF TRANSITION RULE RELATING TO CERTAIN HIGHLY COMPENSATED EMPLOYEES.

(a) IN GENERAL.—Paragraph (4) of section 1114(c) of the Tax Reform Act of 1986 is hereby repealed.

(b) EFFECTIVE DATE.—The repeal made by subsection (a) shall apply to plan years beginning after December 31, 2000.

SEC. 454. 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. 455. 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 advice or information 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.

SEC. 456. 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 $250,000 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 plan years beginning after December 31, 2001, the Secretary of the Treasury shall provide for the filing of a simplified annual return for any retirement plan which covers less than 25 employees on the first day of a plan year and meets the requirements described in subparagraphs (B), (D), and (E) of subsection (a)(2).

(c) EFFECTIVE DATE.—The provisions of this section shall take effect on January 1, 2001.

SEC. 457. IMPROVEMENT OF EMPLOYEE PLANS COMPLIANCE RESOLUTION SYSTEM.

The Secretary of the Treasury shall continue to update and improve the Employee Plans Compliance Resolution System (or any successor program) giving special attention to—

(1) increasing the awareness and knowledge of small employers concerning the availability and use of the program;

(2) taking into account special concerns and circumstances that small employers face with respect to compliance and correction of compliance failures;

(3) extending the duration of the self-correction period under the Administrative Policy Regarding Self-Correction for significant compliance failures;

(4) expanding the availability to correct insignificant compliance failures under the Administrative Policy Regarding Self-Correction during audit; and

(5) assuring that any tax, penalty, or sanction that is imposed by reason of a compliance failure is not excessive and bears a reasonable relationship to the nature, extent, and severity of the failure.

SEC. 458. REPEAL OF THE MULTIPLE USE TEST.

(a) IN GENERAL.—Paragraph (9) of section 401(m) is amended to read as follows:

''(9) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this subsection and subsection (k), including regulations permitting appropriate aggregation of plans and contributions.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to years beginning after December 31, 2000.

SEC. 459. FLEXIBILITY IN NONDISCRIMINATION, COVERAGE, AND LINE OF BUSINESS 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 paragraph (1) shall apply to years beginning after December 31, 2002.

(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 paragraph (1) shall apply to years beginning after December 31, 2002.

(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.

(c) LINE OF BUSINESS RULES.—The Secretary of the Treasury shall, on or before December 31, 2002, modify the existing regulations issued under section 414(r) of the Internal Revenue Code of 1986 in order to expand (to the extent that the Secretary determines appropriate) the ability of a pension plan to demonstrate compliance with the line of business requirements based upon the facts and circumstances surrounding the design and operation of the plan, even though the plan is unable to satisfy the mechanical tests currently used to determine compliance.

SEC. 460. EXTENSION TO ALL GOVERNMENTAL PLANS OF MORATORIUM ON APPLICATION OF CERTAIN NONDISCRIMINATION RULES APPLICABLE TO STATE AND LOCAL PLANS.

(a) IN GENERAL.—

(1) Subparagraph (G) of section 401(a)(5) and subparagraph (H) of section 401(a)(26) are each amended by striking ''section 414(d))'' and all that follows and inserting ''section 414(d)).''.

(2) 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 striking ''maintained by a State or local government or political subdivision thereof (or agency or instrumentality thereof)''.

(b) CONFORMING AMENDMENTS.—

(1) The heading for subparagraph (G) of section 401(a)(5) is amended to read as follows: ''GOVERNMENTAL PLANS''.

(2) The heading for subparagraph (H) of section 401(a)(26) is amended to read as follows: ''EXCEPTION FOR GOVERNMENTAL PLANS''.

(3) Subparagraph (G) of section 401(k)(3) is amended by inserting ''GOVERNMENTAL PLANS.—'' after ''(G)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2000.

SEC. 461. NOTICE AND CONSENT PERIOD REGARDING DISTRIBUTIONS.

(a) EXPANSION OF PERIOD.—

(1) AMENDMENT OF INTERNAL REVENUE CODE.—

(A) IN GENERAL.—Subparagraph (A) of section 417(a)(6) is amended by striking ''90-day'' and inserting ''180-day''.

(B) MODIFICATION OF REGULATIONS.—The Secretary of the Treasury shall modify the regulations under sections 402(f), 411(a)(11), and 417 of the Internal Revenue Code of 1986 to substitute ''180 days'' for ''90 days'' each place it appears in Treasury Regulations sections 1.402(f)–1, 1.411(a)–11(c), and 1.417(e)–1(b).

(2) AMENDMENT OF ERISA.—Section 205(c)(7)(A) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1055(c)(7)(A)) is amended by striking ''90-day'' and inserting ''180-day''.

(3) EFFECTIVE DATE.—The amendments made by paragraph (1)(A) and (2) and the modifications required by paragraph (1)(B) 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.

(c) DISCLOSURE OF OPTIONAL FORMS OF BENEFITS.—

(1) REGULATIONS.—

(A) IN GENERAL.—The Secretary of the Treasury shall, not later than December 31, 2001, issue final regulations under section 417(a)(3) of the Internal Revenue Code of 1986 which provide that if—

(i) a defined benefit plan offers both a qualified joint and survivor annuity and a single sum optional form of benefit, and

(ii) the distributable amount under such single sum option is less than the present value (determined in accordance with section 417(e) of such Code) of the qualified joint and survivor annuity commencing as of the same annuity starting date, the written explanation required by section 417(a)(3)(A) of such Code shall include sufficient information to allow the participant to understand the difference between the amount of the single sum and such present value.

(B) UNMARRIED PARTICIPANTS.—If the plan offers an unmarried participant one or more annuity options that are substantially more valuable than the qualified joint and survivor annuity offered by the plan, the comparison required under subparagraph (A) shall be made between the single sum option and the most valuable of the other annuity options offered by the plan.

(C) FORM.—Any information required under this paragraph shall be provided in a manner calculated to be reasonably understood by the average plan participant.

(2) EFFECTIVE DATE.—Regulations issued under paragraph (1) shall only apply to distributions made not earlier than 6 months after the date such regulations are issued.

SEC. 462. ANNUAL REPORT DISSEMINATION.

(a) REPORT AVAILABLE THROUGH ELECTRONIC MEANS.—Section 104(b)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1024(b)(3)) is amended by adding at the end the following new sentence: ''The requirement to furnish information under the previous sentence shall be satisfied if the administrator makes such information reasonably available through electronic means or other new technology.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to reports for years beginning after December 31, 1999.

SEC. 463. 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 (D) and inserting ''Committee on Health, Education, Labor, and Pensions'';

(B) by striking subparagraph (F) and inserting the following:

''(F) 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'';

(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 accepted 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''.

SEC. 464. STUDY OF PENSION COVERAGE.

Not later than 5 years after the date of the enactment of this Act, the Secretary of the Treasury shall submit a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on the effect of the provisions of the Retirement Savings and Pension Coverage Act of 2000 on pension coverage, including—

(1) any expansion of coverage for low- and middle-income workers;

(2) levels of pension benefits;

(3) quality of pension coverage;

(4) worker's access to and participation in plans; and

(5) retirement security.

Subtitle G—Other ERISA Provisions

SEC. 471. MISSING PARTICIPANTS.

(a) IN GENERAL.—Section 4050 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1350) is amended by redesignating subsection (c) as subsection (e) and by inserting after subsection (b) the following new subsection:

''(c) MULTIEMPLOYER PLANS.—The corporation shall prescribe rules similar to the rules in subsection (a) for multiemployer plans covered by this title that terminate under section 4041A.

''(d) PLANS NOT OTHERWISE SUBJECT TO TITLE.—

''(1) TRANSFER TO CORPORATION.—The plan administrator of a plan described in paragraph (4) may elect to transfer a missing participant's benefits to the corporation upon termination of the plan.

''(2) INFORMATION TO THE CORPORATION.—To the extent provided in regulations, the plan administrator of a plan described in paragraph (4) shall, upon termination of the plan, provide the corporation information with respect to benefits of a missing participant if the plan transfers such benefits—

''(A) to the corporation, or

''(B) to an entity other than the corporation or a plan described in paragraph (4)(B)(ii).

''(3) PAYMENT BY THE CORPORATION.—If benefits of a missing participant were transferred to the corporation under paragraph (1), the corporation shall, upon location of the participant or beneficiary, pay to the participant or beneficiary the amount transferred (or the appropriate survivor benefit) either—

''(A) in a single sum (plus interest), or

''(B) in such other form as is specified in regulations of the corporation.

''(4) PLANS DESCRIBED.—A plan is described in this paragraph if—

''(A) the plan is a pension plan (within the meaning of section 3(2))—

''(i) to which the provisions of this section do not apply (without regard to this subsection), and

''(ii) which is not a plan described in paragraphs (2) through (11) of section 4021(b), and

''(B) at the time the assets are to be distributed upon termination, the plan—

''(i) has missing participants, and

''(ii) has not provided for the transfer of assets to pay the benefits of all missing participants to another pension plan (within the meaning of section 3(2)).

''(5) CERTAIN PROVISIONS NOT TO APPLY.—Subsections (a)(1) and (a)(3) shall not apply to a plan described in paragraph (4).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to distributions made after final regulations implementing subsections (c) and (d) of section 4050 of the Employee Retirement Income Security Act of 1974 (as added by subsection (a)), respectively, are prescribed.

SEC. 472. 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) 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 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 two 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. 473. REDUCTION OF ADDITIONAL PBGC PREMIUM FOR NEW AND SMALL PLANS.

(a) NEW PLANS.—Subparagraph (E) of section 4006(a)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)(3)(E)) is amended by adding at the end the following new clause:

''(v) In the case of a new defined benefit plan, the amount determined under clause (ii) for any plan year shall be an amount equal to the product of the amount determined under clause (ii) and the applicable percentage. For purposes of this clause, the term 'applicable percentage' means—

''(I) 0 percent, for the first plan year.

''(II) 20 percent, for the second plan year.

''(III) 40 percent, for the third plan year.

''(IV) 60 percent, for the fourth plan year.

''(V) 80 percent, for the fifth plan year.

For purposes of this clause, a defined benefit plan (as defined in section 3(35)) maintained by a contributing sponsor shall be treated as a new defined benefit plan for each of its first 5 plan years if, during the 36-month period ending on the date of the adoption of the plan, the sponsor and each member of any controlled group including the sponsor (or any predecessor of either) did not establish or maintain a plan to which this title applies with respect to which benefits were accrued for substantially the same employees as are in the new plan.''.

(b) SMALL PLANS.—Paragraph (3) of section 4006(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)), as amended by section 472(b), is amended—

(1) by striking ''The'' in subparagraph (E)(i) and inserting ''Except as provided in subparagraph (G), the'', and

(2) by inserting after subparagraph (F) the following new subparagraph:

''(G)(i) In the case of an employer who has 25 or fewer employees on the first day of the plan year, the additional premium determined under subparagraph (E) for each participant shall not exceed $5 multiplied by the number of participants in the plan as of the close of the preceding plan year.

''(ii) For purposes of clause (i), whether an employer has 25 or fewer employees on the first day of the plan year is determined taking into consideration all of the employees of all members of the contributing sponsor's controlled group. In the case of a plan maintained by two or more contributing sponsors, the employees of all contributing sponsors and their controlled groups shall be aggregated for purposes of determining whether the 25-or-fewer-employees limitation has been satisfied.''.

(c) EFFECTIVE DATES.—

(1) SUBSECTION (a).—The amendments made by subsection (a) shall apply to plans established after December 31, 2000.

(2) SUBSECTION (b).—The amendments made by subsection (b) shall apply to plan years beginning after December 31, 2000.

SEC. 474. AUTHORIZATION FOR PBGC TO PAY INTEREST ON PREMIUM OVERPAYMENT REFUNDS.

(a) IN GENERAL.—Section 4007(b) of the Employment Retirement Income Security Act of 1974 (29 U.S.C. 1307(b)) is amended—

(1) by striking ''(b)'' and inserting ''(b)(1)'', and

(2) by inserting at the end the following new paragraph:

''(2) The corporation is authorized to pay, subject to regulations prescribed by the corporation, interest on the amount of any overpayment of premium refunded to a designated payor. Interest under this paragraph shall be calculated at the same rate and in the same manner as interest is calculated for underpayments under paragraph (1).''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to interest accruing for periods beginning not earlier than the date of the enactment of this Act.

SEC. 475. 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 new paragraph:

''(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 new subsection:

''(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 January 1, 2001.

SEC. 476. MULTIEMPLOYER PLAN BENEFITS GUARANTEE.

(a) IN GENERAL.—Section 4022A(c) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1322A(c)) is amended—

(1) by striking ''$5'' each place it appears in paragraph (1) and inserting ''$11'',

(2) by striking ''$15'' in paragraph (1) and inserting ''$33'', and

(3) by striking paragraphs (2), (5), and (6) and by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively.

(b) CONFORMING AMENDMENT.—Section 4244(e)(4) of such Act (29 U.S.C. 1424(e)(4)) is

amended by striking ''and without regard to section 4022A(c)(2)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to benefits payable after the date of the enactment of this Act, except that such amendments shall not apply to any multiemployer plan that has received financial assistance (within the meaning of section 4261 of the Employee Retirement Income Security Act of 1974) within the 1-year period ending on the date of the enactment of this Act.

SEC. 477. CIVIL PENALTIES FOR BREACH OF FIDUCIARY RESPONSIBILITY.

(a) IMPOSITION AND AMOUNT OF PENALTY MADE DISCRETIONARY.—Section 502(l)(1) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1132(l)(1)) is amended—

(1) by striking ''shall'' and inserting ''may'', and

(2) by striking ''equal to'' and inserting ''not greater than''.

(b) APPLICABLE RECOVERY AMOUNT.—Section 502(l)(2) of such Act (29 U.S.C. 1132(l)(2)) is amended to read as follows:

''(2) For purposes of paragraph (1), the term 'applicable recovery amount' means any amount which is recovered from any fiduciary or other person (or from any other person on behalf of any such fiduciary or other person) with respect to a breach or violation described in paragraph (1) on or after the 30th day following receipt by such fiduciary or other person of written notice from the Secretary of the violation, whether paid voluntarily or by order of a court in a judicial proceeding instituted by the Secretary under subsection (a)(2) or (a)(5). The Secretary may, in the Secretary's sole discretion, extend the 30-day period described in the preceding sentence.''.

(c) OTHER RULES.—Section 502(l) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1132(l)) is amended by adding at the end the following new paragraph:

''(5) A person shall be jointly and severally liable for the penalty described in paragraph (1) to the same extent that such person is jointly and severally liable for the applicable recovery amount on which the penalty is based.

''(6) No penalty shall be assessed under this subsection unless the person against whom the penalty is assessed is given notice and opportunity for a hearing with respect to the violation and applicable recovery amount.''.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to any breach of fiduciary responsibility or other violation of part 4 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 occurring on or after the date of enactment of this Act.

(2) TRANSITION RULE.—In applying the amendment made by subsection (b) (relating to applicable recovery amount), a breach or other violation occurring before the date of enactment of this Act which continues after the 180th day after such date (and which may have been discontinued at any time during its existence) shall be treated as having occurred after such date of enactment.

SEC. 478. BENEFIT SUSPENSION NOTICE.

(a) MODIFICATION OF REGULATION.—The Secretary of Labor shall modify the regulation under section 203(a)(3)(B) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1053(a)(3)(B)) to provide that the notification required by such regulation—

(1) in the case of an employee who returns to work for a former employer after commencement of payment of benefits under the plan shall—

(A) be made during the first calendar month or payroll period in which the plan withholds payments, and

(B) if a reduced rate of future benefit accruals will apply to the returning employee (as of the first date of participation in the plan by the employee after returning to work), include a statement that the rate of future benefit accruals will be reduced, and

(2) in the case of any employee who is not described in paragraph (1)—

(A) may be included in the summary plan description for the plan furnished in accordance with section 104(b) of such Act (29 U.S.C. 1024(b)), rather than in a separate notice, and

(B) need not include a copy of the relevant plan provisions.

(b) EFFECTIVE DATE.—The modification made under this section shall apply to plan years beginning after December 31, 2000.

Subtitle H—Plan Amendments

SEC. 481. 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) except as provided by the Secretary of the Treasury, such plan shall not fail to meet the requirements of section 411(d)(6) of the Internal Revenue Code of 1986 or section 204(g) of the Employee Retirement Income Security Act of 1974 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 governmental 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 V—SCHOOL CONSTRUCTION PROVISIONS

SEC. 501. 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 after December 31, 2000.

SEC. 502. MODIFICATION OF ARBITRAGE REBATE RULES APPLICABLE TO PUBLIC SCHOOL CONSTRUCTION BONDS.

(a) IN GENERAL.—Subparagraph (C) of section 148(f)(4) is amended by adding at the end the following new clause:

''(xviii) 4-YEAR SPENDING REQUIREMENT FOR PUBLIC SCHOOL CONSTRUCTION ISSUE.—

''(I) IN GENERAL.—In the case of a public school construction issue, the spending requirements of clause (ii) shall be treated as met if at least 10 percent of the available construction proceeds of the construction issue are spent for the governmental purposes of the issue within the 1-year period beginning on the date the bonds are issued, 30 percent of such proceeds are spent for such purposes within the 2-year period beginning on such date, 60 percent of such proceeds are spent for such purposes within the 3-year period beginning on such date, and 100 percent of such proceeds are spent for such purposes within the 4-year period beginning on such date.

''(II) PUBLIC SCHOOL CONSTRUCTION ISSUE.—For purposes of this clause, the term 'public school construction issue' means any construction issue if no bond which is part of such issue is a private activity bond and all of the available construction proceeds of such issue are to be used for the construction (as defined in clause (iv)) of public school facilities to provide education or training below the postsecondary level or for the acquisition of land that is functionally related and subordinate to such facilities.

''(III) OTHER RULES TO APPLY.—Rules similar to the rules of the preceding provisions of this subparagraph which apply to clause (ii) also apply to this clause.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to obligations issued after December 31, 2000.

SEC. 503. MODIFICATION OF SPECIAL ARBITRAGE RULE FOR CERTAIN FUNDS.

(a) IN GENERAL.—Paragraph (1) of section 648 of the Tax Reform Act of 1984 is amended to read as follows:

''(1) such securities or obligations are held in a fund—

''(A) which, except to the extent of the investment earnings on such securities or obligations, cannot be used, under State constitutional or statutory restrictions continuously in effect since October 9, 1969, through the date of issue of the bond issue, to pay debt service on the bond issue or to finance the facilities that are to be financed with the proceeds of the bonds, or

''(B) the annual distributions from which cannot exceed 7 percent of the average fair market value of the assets held in such fund except to the extent distributions are necessary to pay debt service on the bond issue,''.

(b) CONFORMING AMENDMENT.—Paragraph (3) of such section is amended by striking ''the investment earnings of'' and inserting ''distributions from''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 2001.

SEC. 504. 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:

''(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 term of the issue to be used to provide the school facility.

''(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 in a calendar year the amount described in subparagraph (A) for such year in such manner as the State determines appropriate.

''(ii) RULES FOR CARRYFORWARD OF UNUSED AMOUNT.—With respect to any calendar year, a State may make an election under rules similar to the rules of section 146(f), except that the sole carryforward purpose with respect to such election is the issuance of exempt facility bonds described in section 142(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-private schools).''

(e) CONFORMING AMENDMENT.—The heading of section 147(h) is amended by striking ''MORTGAGE REVENUE BONDS, QUALIFIED STUDENT LOAN BONDS, AND QUALIFIED 501(c)(3) BONDS'' in the heading and inserting ''CERTAIN BONDS''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to obligations issued after December 31, 2000.

SEC. 505. EXPANSION OF QUALIFIED ZONE ACADEMY BOND PROGRAM.

(a) IN GENERAL.—So much of part IV of subchapter U of chapter 1 (relating to incentives for education zones) as precedes subsection (d) of section 1397E is amended to read as follows:

''PART IV—EDUCATION BOND PROVISIONS

''Sec. 1397E. Credit to holders of qualified zone academy bonds.

''Sec. 1397F. Qualified zone academy bond defined.

''Sec. 1397G. Authorization of additional qualified zone academy bonds without targeting and private partnership requirements.

''SEC. 1397E. CREDIT TO HOLDERS OF QUALIFIED ZONE ACADEMY BONDS.

''(a) ALLOWANCE OF CREDIT.—In the case of an eligible taxpayer who holds a qualified zone academy bond on a credit allowance date of such bond which occurs during the taxable year, there shall be allowed as a credit against the tax imposed by this chapter for such taxable year an amount equal to the sum of the credits determined under subsection (b) with respect to credit allowance dates during such year on which the taxpayer holds such bond.

''(b) AMOUNT OF CREDIT.—

''(1) IN GENERAL.—The amount of the credit determined under this subsection with respect to any credit allowance date for a qualified zone academy bond is 25 percent of the annual credit determined with respect to such bond.

''(2) ANNUAL CREDIT.—The annual credit determined with respect to any qualified zone academy bond is the product of—

''(A) the applicable credit rate, multiplied by

''(B) the outstanding face amount of the bond.

''(3) APPLICABLE CREDIT RATE.—For purposes of paragraph (1), the applicable credit rate with respect to an issue is the rate equal to an average market yield (as of the day before the day that the issue is sold) on outstanding long-term corporate debt obligations (determined under regulations prescribed by the Secretary).

''(4) SPECIAL RULE FOR ISSUANCE AND REDEMPTION.—In the case of a bond which is issued during the 3-month period ending on a credit allowance date, the amount of the credit determined under this subsection with respect to such credit allowance date shall be a ratable portion of the credit otherwise determined based on the portion of the 3-month period during which the bond is outstanding. A similar rule shall apply when the bond is redeemed.

''(c) LIMITATION BASED ON AMOUNT OF TAX.—

''(1) IN GENERAL.—The credit allowed under subsection (a) for any taxable year shall not exceed the excess of—

''(A) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

''(B) the sum of the credits allowable under part IV of subchapter A (other than subpart C thereof, relating to refundable credits).

''(2) CARRYOVER OF UNUSED CREDIT.—If the credit allowable under subsection (a) exceeds the limitation imposed by paragraph (1) for such taxable year, such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such taxable year.

''(d) DEFINITIONS.—For purposes of this section—

''(1) QUALIFIED ZONE ACADEMY BOND.—The term 'qualified zone academy bond' has the meaning given to such term by section 1397F; except that such term shall also include any bond treated as a qualified zone academy bond under section 1397G. Such term shall not include any bond which is part of an issue unless such issue meets the requirements of subsection (g).

''(2) CREDIT ALLOWANCE DATE.—The term 'credit allowance date' means—

''(A) March 15,

''(B) June 15,

''(C) September 15, and

''(D) December 15.

Such term includes the last day on which the bond is outstanding.

''(3) ELIGIBLE TAXPAYER.—The term 'eligible taxpayer' means—

''(A) a bank (within the meaning of section 581),

''(B) an insurance company to which subchapter L applies,

''(C) a corporation actively engaged in the business of lending money, and

''(D) any other C corporation.

''(e) OTHER DEFINITIONS.—For purposes of this subchapter—

''(1) LOCAL EDUCATIONAL AGENCY.—The term 'local educational agency' has the meaning given to such term by section 14101 of the Elementary and Secondary Education Act of 1965. Such term includes the local educational agency that serves the District of Columbia, but does not include any other State agency.

''(2) BOND.—The term 'bond' includes any obligation.

''(3) STATE.—The term 'State' includes the District of Columbia and any possession of the United States.

''(4) PUBLIC SCHOOL FACILITY.—The term 'public school facility' shall not include—

''(A) any stadium or other facility primarily used for athletic contests or exhibitions or other events for which admission is charged to the general public, or

''(B) any facility which is not owned by a State or local government or any agency or instrumentality of a State or local government.

''(5) PERMITTED PURPOSE.—The term 'permitted purpose' means—

''(A) in the case of a bond which is a qualified zone academy bond without regard to section 1397G, any qualified purpose (as defined in section 1397F(a)(4)), and

''(B) in the case of a bond which is a qualified zone academy bond solely by reason of section 1397G, the purpose described in section 1397G(a)(2).

''(f) SPECIAL RULES.—

''(1) ONLY CERTAIN REFINANCINGS PERMITTED.—A refinancing of indebtedness (other than a qualified zone academy bond) shall be treated as a qualified zone academy bond only if such indebtedness was originally incurred by the issuer—

''(A) after the date of the enactment of this section,

''(B) for a term of not more than 1 year,

''(C) to finance an expenditure which is a permitted purpose to be financed by a qualified zone academy bond, and

''(D) in anticipation of being refinanced with proceeds of a qualified zone academy bond.

''(2) SINKING FUNDS.—Rules similar to the rules under section 148 on replacement proceeds shall apply for purposes of this section. Such replacement proceeds shall be invested in noninterest-bearing State and Local Government Series obligations issued by the Secretary.

''(g) SPECIAL RULES RELATING TO ARBITRAGE.—

''(1) IN GENERAL.—Except as otherwise provided in this subsection, an issue shall be treated as meeting the requirements of this subsection if the issue meets the spending requirements of subclause (I) of section 148(f)(4)(C)(xviii).

''(2) RULES REGARDING COMPLIANCE DURING 4-YEAR PERIOD.—If an issue fails to meet such spending requirements during the 4-year period beginning on the date of issuance, the issuer shall pay to the United States amounts which

would be required to be paid to the United States under section 148(f)(2) were such issue required to meet the requirements of such section. Rules similar to the rules of clause (iii) of section 148(f)(4)(C) shall apply for purposes of the preceding sentence.

''(3) RULES REGARDING CONTINUING COMPLIANCE AFTER 4-YEAR DETERMINATION.—If at least 95 percent of the proceeds of the issue is not expended for 1 or more permitted purposes within the 4-year period beginning on the date of issuance, an issue shall be treated as continuing to meet the requirements of this subsection if the issuer uses all unspent proceeds of the issue to redeem bonds of the issue within 90 days after the end of such 4-year period.

''(4) SMALL ISSUER EXCEPTION.—Paragraph (1) shall not apply to an issue issued by a governmental unit with general taxing powers if the requirements of paragraphs (2) and (3) of section 148(f) would be treated as met by reason of subparagraph (D) of section 148(f)(4) if such issue were treated as a tax-exempt bond and taken into account under such subparagraph, and such issue shall be so treated for purposes of determining whether such requirements are met with respect to tax-exempt bonds.

''(h) RECAPTURE OF PORTION OF CREDIT WHERE CESSATION OF COMPLIANCE.—

''(1) IN GENERAL.—If any bond which when issued purported to be a qualified zone academy bond ceases to be a qualified zone academy bond, the issuer shall pay to the United States (at the time required by the Secretary) an amount equal to the sum of—

''(A) the aggregate of the credits allowable under this section with respect to such bond (determined without regard to subsection (c)) for taxable years ending during the calendar year in which such cessation occurs and the 2 preceding calendar years, and

''(B) interest at the underpayment rate under section 6621 on the amount determined under subparagraph (A) for each calendar year for the period beginning on the first day of such calendar year.

''(2) FAILURE TO PAY.—If the issuer fails to timely pay the amount required by paragraph (1) with respect to such bond, the tax imposed by this chapter on each holder of any such bond which is part of such issue shall be increased (for the taxable year of the holder in which such cessation occurs) by the aggregate decrease in the credits allowed under this section to such holder for taxable years beginning in such 3 calendar years which would have resulted solely from denying any credit under this section with respect to such issue for such taxable years.

''(3) SPECIAL RULES.—

''(A) TAX BENEFIT RULE.—The tax for the taxable year shall be increased under paragraph (2) 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 paragraph (2) shall not be treated as a tax imposed by this chapter for purposes of determining —

''(i) the amount of any credit allowable under this part, or

''(ii) the amount of the tax imposed by section 55.

''(i) CREDIT INCLUDED IN GROSS INCOME.—Gross income includes the amount of the credit allowed to the taxpayer under this section (determined without regard to subsection (c)) and the amount so included shall be treated as interest income.

''(j) TREATMENT FOR ESTIMATED TAX PURPOSES.—Solely for purposes of sections 6654 and 6655, the credit allowed by this section to a taxpayer by reason of holding a qualified zone academy bond on a credit allowance date shall be treated as if it were a payment of estimated tax made by the taxpayer on such date.

''(k) REPORTING.—Issuers of qualified zone academy bonds shall submit reports similar to the reports required under section 149(e).

''(l) TERMINATION.—This section shall not apply to any bond issued after December 31, 2005.

"SEC. 1397F. QUALIFIED ZONE ACADEMY BONDS."

(b) EXTENSION OF QUALIFIED ZONE ACADEMY BOND PROVISIONS.—

(1) Subsections (d) and (e) of section 1397E (as in effect on the day before the date of the enactment of this Act) are hereby moved and inserted after the section heading for section 1397F (as added by subsection (a)) and redesignated as subsections (a) and (b).

(2) Subsection (b) of section 1397F (as so redesignated) is amended to read as follows:

''(b) LIMITATIONS ON AMOUNT OF BONDS DESIGNATED.—

''(1) IN GENERAL.—There is a national zone academy bond limitation for each calendar year. Such limitation is—

''(A) $400,000,000 for 1998,

''(B) $400,000,000 for 1999,

''(C) $400,000,000 for 2000,

''(D) $400,000,000 for 2001,

''(E) $400,000,000 for 2002,

''(F) $400,000,000 for 2003, and

''(G) except as provided in paragraph (3), zero after 2003.

''(2) ALLOCATION OF LIMITATION.—

''(A) IN GENERAL.—The national zone academy bond limitation for a calendar year shall be allocated by the Secretary among the States on the basis of their respective populations of individuals below the poverty line (as defined by the Office of Management and Budget). The limitation amount allocated to a State under the preceding sentence shall be allocated by the State to qualified zone academies within such State.

''(B) DESIGNATION SUBJECT TO LIMITATION AMOUNT.—The maximum aggregate face amount of bonds issued during any calendar year which may be designated under subsection (a) with respect to any qualified zone academy shall not exceed the limitation amount allocated to such academy under subparagraph (A) for such calendar year.

''(3) CARRYOVER OF UNUSED LIMITATION.—If for any calendar year—

''(A) the limitation amount under this subsection for any State, exceeds

''(B) the amount of bonds issued during such year which are designated under subsection (a) (or the corresponding provisions of prior law) with respect to qualified zone academies within such State,

the limitation amount under this subsection for such State for the following calendar year shall be increased by the amount of such excess. Any carryforward of a limitation amount may be carried only to the first 2 years (3 years for carryforwards from 1998 or 1999) following the unused limitation year. For purposes of the preceding sentence, a limitation amount shall be treated as used on a first-in first-out basis.''

(3) Subsection (a) of section 1397F (as so redesignated) is amended—

(A) by striking ''For purposes of this section— '' in the material preceding paragraph (1) and inserting ''For purposes of this part—'',

(B) by striking ''an eligible local'' in paragraphs (1)(A) and (3)(A) (as redesignated by this paragraph) and inserting ''a local'',

(C) by striking ''the maximum term permitted under paragraph (3)'' in paragraph (1)(D) and inserting ''15 years'', and

(D) by striking paragraphs (3) and (6) and by redesignating paragraphs (4) and (5) as paragraphs (3) and (4), respectively.

(4) Paragraph (3) of section 1397F(a) (as so redesignated) is amended—

(A) by striking ''(4)'' and all that follows through ''The term'' and inserting the following:

''(4) QUALIFIED ZONE ACADEMY.—The term'',

(B) by striking subparagraph (B),

(C) by redesignating clauses (i) through (iv) as subparagraphs (A) through (D), respectively, and

(D) by redesignating subclauses (I) and (II) of subparagraph (D) (as so redesignated) as clauses (i) and (ii), respectively.

(c) AUTHORIZATION OF ADDITIONAL QUALIFIED ZONE ACADEMY BONDS WITHOUT TARGETING AND PRIVATE PARTNERSHIP REQUIREMENTS.—Part IV of subchapter U of chapter 1 is amended by adding at the end the following new section:

"SEC. 1397G. AUTHORIZATION OF ADDITIONAL QUALIFIED ZONE ACADEMY BONDS WITHOUT TARGETING AND PRIVATE PARTNERSHIP REQUIREMENTS.

''(a) IN GENERAL.—For purposes of this part, the term 'qualified zone academy bond' also includes any bond issued by a State or local government as part of an issue if—

''(1) the issuer designates such bond for purpose of this section, and

''(2) the requirements of subparagraphs (A), (B), and (D) of paragraph (1) of section 1397F(a) are met with respect to such issue, determined—

''(A) by treating any public school facility as being a qualified zone academy ,and

''(B) by applying paragraph (4) thereof as if the only qualified purpose were constructing, rehabilitating, or repairing a public school facility or acquiring the land which is functionally related and subordinate to the public school facility which is to be constructed with part of the proceeds of such issue.

''(b) LIMITATION ON AMOUNT OF BONDS DESIGNATED.—The maximum aggregate face amount of bonds issued during any calendar year which may be designated under subsection (a) by any issuer shall not exceed the limitation amount allocated under subsection (d) for such calendar year to such issuer.

''(c) NATIONAL LIMITATION ON AMOUNT OF BONDS DESIGNATED.—There is a national additional qualified zone academy bond limitation for each calendar year. Such limitation is—

''(1) $5,000,000,000 for 2001,

''(2) $5,000,000,000 for 2002, and

''(3) $5,000,000,000 for 2003,

''(4) except as provided in subsection (e), zero after 2003.

''(d) LIMITATION ALLOCATED AMONG STATES.—

''(1) IN GENERAL.—

''(A) ALLOCATION ON THE BASIS OF POPULATION.—50 percent of the limitation applicable under subsection (c) for any calendar year shall be allocated before such calendar year by the Secretary among the States on the basis of their respective populations.

''(B) ALLOCATION ON THE BASIS OF POVERTY.—50 percent of the limitation applicable under subsection (c) for any calendar year shall be allocated before such calendar year by the Secretary among the States on the basis of their respective populations of individuals below the poverty line (as defined by the Office of Management and Budget).

''(C) MINIMUM ALLOCATIONS TO SMALL STATES.—The Secretary shall adjust the allocations under this subsection for any calendar year for each State to the extent necessary to ensure that the amount allocated to such State under this subsection for such year is not less than $25,000,000.

''(D) USE OF CENSUS DATA.—Determinations under this subsection shall be made on the basis of the most recently available census data.

''(2) ALLOCATION WITHIN THE STATE.—

''(A) IN GENERAL.—Except as otherwise provided in subparagraph (B), the limitation allocated to any State may be allocated among governmental units in such State having authority to issue such bonds as provided by State law (or, in absence of State law, by the Governor of such State).

''(B) MINIMUM ALLOCATIONS TO LARGE LOCAL EDUCATIONAL AGENCIES.—In no event may the limitation for any calendar year allocated to any large local educational agency in a State be less than the sum of—

''(i) an amount which bears the same ratio to 50 percent of such limitation as the population within the area under the jurisdiction of such agency bears to the population of the entire State, and

''(ii) an amount which bears the same ratio to 50 percent of such limitation as the population within the area under the jurisdiction of such agency below the poverty line (as defined by the Office of Management and Budget) bears to such population of the entire State.

''(3) ALLOCATIONS FOR INDIAN SCHOOLS.—In addition to the amounts otherwise allocated under this subsection, $200,000,000 (in the aggregate for calendar years 2001, 2002, and 2003) shall be allocated by the Secretary (after consultation with the Secretary of the Interior) for purposes of the construction, rehabilitation, and repair of schools operated by or on behalf of an Indian tribal government (within the meaning of section 7871). In the case of amounts allocated under the preceding sentence, Indian tribal governments (as so defined) shall be treated as qualified issuers for purposes of this part.

''(4) REQUIRED STATE ALLOCATION PLANS.—

''(A) IN GENERAL.—Notwithstanding any other provision of this section, the limitation for any State shall be zero unless the limitation is allocated within such State pursuant to a qualified allocation plan.

''(B) QUALIFIED ALLOCATION PLAN.—For purposes of subparagraph (A), the term 'qualified allocation plan' means any plan which—

''(i) identifies the State's needs for public school facilities (including descriptions of the capacity of public schools in the State to house projected enrollments), particular financing difficulties being encountered by local school districts in the State, and health and safety problems at existing facilities, and

''(ii) describes how the State will allocate to local educational agencies, or otherwise use, its allocation under this section to address the needs identified under clause (i), including a description of how it will—

''(I) ensure that the needs of rural, urban, and suburban areas will be recognized,

''(II) ensure that the needs of localities with the greatest needs, as demonstrated by inadequate school facilities coupled with low level of resources, will be met, and

''(III) give priority to the role of charter schools in achieving State educational objectives.

''(C) APPLICATION OF PARAGRAPH.—This paragraph shall apply to allocations after more than 6 months after the date of the enactment of this paragraph.

''(5) LARGE LOCAL EDUCATIONAL AGENCY.—For purposes of this section, the term 'large local educational agency' means, with respect to a calendar year, any local educational agency with at least 40,000 children who have attained age 5 but not age 18 for the most recent fiscal year ending before such calendar year.

''(e) CARRYOVER OF UNUSED LIMITATION.—

''(1) IN GENERAL.—If for any calendar year—

''(A) the amount allocated under subsection (d) to any State, exceeds

''(B) the amount of bonds issued during such year which are designated under subsection (a) pursuant to such allocation,

the limitation amount under such subsection for such State for the following calendar year shall be increased by the amount of such excess.

''(2) 2-YEAR CARRYFORWARD.—Any carryforward of a limitation amount may be carried only to the first 2 years following the unused limitation year. For purposes of the preceding sentence, a limitation amount shall be treated as used on a first-in first-out basis.

''(3) ALLOCATIONS FOR INDIAN SCHOOLS.—Rules similar to paragraphs (1) and (2) shall apply to the amounts allocated under subsection (d)(3); except that 2003 shall be treated as the unused limitation year.''

(d) REPORTING.—Subsection (d) of section 6049 (relating to returns regarding payments of interest) is amended by adding at the end the following new paragraph:

''(8) REPORTING OF CREDIT ON QUALIFIED ZONE ACADEMY BONDS.—

''(A) IN GENERAL.—For purposes of subsection (a), the term 'interest' includes amounts includible in gross income under section 1397E(i) and such amounts shall be treated as paid on the credit allowance date (as defined in section 1397E(d)(2)).

''(B) REPORTING TO CORPORATIONS, ETC.—Except as otherwise provided in regulations, in the case of any interest described in subparagraph (A) of this paragraph, subsection (b)(4) of this section shall be applied without regard to subparagraphs (A), (H), (I), (J), (K), and (L)(i).

''(C) REGULATORY AUTHORITY.—The Secretary may prescribe such regulations as are necessary or appropriate to carry out the purposes of this paragraph, including regulations which require more frequent or more detailed reporting.''

(e) CONFORMING AMENDMENTS.—

(1) Subsections (f), (g), and (h) of section 1397E (as in effect on the day before the date of the enactment of this Act) are hereby repealed.

(2) Subchapter U of chapter 1 of such Code is amended by redesignating section 1397F (as in effect on the day before the date of the enactment of this Act) as section 1397H.

(3) The table of parts of subchapter U of chapter 1 of such Code is amended by striking the item relating to part IV and inserting the following item:

''Part IV. Education bond provisions.''

(f) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to obligations issued after December 31, 2000.

(2) MODIFICATION OF RESTRICTION ON ZONE ACADEMY BOND HOLDERS.—In the case of bonds to which section 1397E of the Internal Revenue Code of 1986 (as in effect before the date of the enactment of this Act) applies, the limitation of such section to corporations actively engaged in the business of lending money shall not apply after the date of the enactment of this Act.

TITLE VI—COMMUNITY REVITALIZATION

Subtitle A—Tax Incentives for Renewal Communities

SEC. 601. DESIGNATION OF AND TAX INCENTIVES FOR RENEWAL COMMUNITIES.

(a) IN GENERAL.—Chapter 1 is amended by adding at the end the following new subchapter:

''Subchapter X—Renewal Communities

''Part I. Designation.

''Part II. Renewal community capital gain; renewal community business.

''Part III. Additional incentives.

''PART I—DESIGNATION

''Sec. 1400E. Designation of renewal communities.

''SEC. 1400E. DESIGNATION OF RENEWAL COMMUNITIES.

''(a) DESIGNATION.—

''(1) DEFINITIONS.—For purposes of this title, the term 'renewal community' means any area—

''(A) which is nominated by 1 or more local governments and the State or States in which it is located for designation as a renewal community (hereafter in this section referred to as a 'nominated area'), and

''(B) which the Secretary of Housing and Urban Development designates as a renewal community, after consultation with—

''(i) the Secretaries of Agriculture, Commerce, Labor, and the Treasury; the Director of the Office of Management and Budget, and the Administrator of the Small Business Administration, and

''(ii) in the case of an area on an Indian reservation, the Secretary of the Interior.

''(2) NUMBER OF DESIGNATIONS.—

''(A) IN GENERAL.—Not more than 40 nominated areas may be designated as renewal communities.

''(B) MINIMUM DESIGNATION IN RURAL AREAS.—Of the areas designated under paragraph (1), at least 12 must be areas—

''(i) which are within a local government jurisdiction or jurisdictions with a population of less than 50,000,

''(ii) which are outside of a metropolitan statistical area (within the meaning of section 143(k)(2)(B)), or

''(iii) which are determined by the Secretary of Housing and Urban Development, after consultation with the Secretary of Commerce, to be rural areas.

One of such 12 areas shall be an area within Mississippi, to be designated by the State of Mississippi, that includes at least 1 census tract within Madison County, Mississippi.

''(3) AREAS DESIGNATED BASED ON DEGREE OF POVERTY, ETC.—

''(A) IN GENERAL.—Except as otherwise provided in this section, the nominated areas designated as renewal communities under this subsection shall be those nominated areas with the highest average ranking with respect to the criteria described in subparagraphs (B), (C), and (D) of subsection (c)(3). For purposes of the preceding sentence, an area shall be ranked within each such criterion on the basis of the amount by which the area exceeds such criterion, with the area which exceeds such criterion by the greatest amount given the highest ranking.

''(B) EXCEPTION WHERE INADEQUATE COURSE OF ACTION, ETC.—An area shall not be designated under subparagraph (A) if the Secretary of Housing and Urban Development determines that the course of action described in subsection (d)(2) with respect to such area is inadequate.

''(C) PREFERENCE FOR ENTERPRISE COMMUNITIES AND EMPOWERMENT ZONES.—With respect to the first 20 designations made under this section, a preference shall be provided to those nominated areas which are enterprise communities or empowerment zones (and are otherwise eligible for designation under this section).

''(4) LIMITATION ON DESIGNATIONS.—

''(A) PUBLICATION OF REGULATIONS.—The Secretary of Housing and Urban Development shall prescribe by regulation no later than 4 months after the date of the enactment of this section, after consultation with the officials described in paragraph (1)(B)—

''(i) the procedures for nominating an area under paragraph (1)(A),

''(ii) the parameters relating to the size and population characteristics of a renewal community, and

''(iii) the manner in which nominated areas will be evaluated based on the criteria specified in subsection (d).

''(B) TIME LIMITATIONS.—The Secretary of Housing and Urban Development may designate nominated areas as renewal communities only during the period beginning on the first day of

the first month following the month in which the regulations described in subparagraph (A) are prescribed and ending on December 31, 2001.

''(C) PROCEDURAL RULES.—The Secretary of Housing and Urban Development shall not make any designation of a nominated area as a renewal community under paragraph (2) unless—

''(i) the local governments and the States in which the nominated area is located have the authority—

''(I) to nominate such area for designation as a renewal community,

''(II) to make the State and local commitments described in subsection (d), and

''(III) to provide assurances satisfactory to the Secretary of Housing and Urban Development that such commitments will be fulfilled,

''(ii) a nomination regarding such area is submitted in such a manner and in such form, and contains such information, as the Secretary of Housing and Urban Development shall by regulation prescribe, and

''(iii) the Secretary of Housing and Urban Development determines that any information furnished is reasonably accurate.

''(5) NOMINATION PROCESS FOR INDIAN RESERVATIONS.—For purposes of this subchapter, in the case of a nominated area on an Indian reservation, the reservation governing body (as determined by the Secretary of the Interior) shall be treated as being both the State and local governments with respect to such area.

''(b) PERIOD FOR WHICH DESIGNATION IS IN EFFECT.—

''(1) IN GENERAL.—Any designation of an area as a renewal community shall remain in effect during the period beginning on January 1, 2002, and ending on the earliest of—

''(A) December 31, 2009,

''(B) the termination date designated by the State and local governments in their nomination, or

''(C) the date the Secretary of Housing and Urban Development revokes such designation.

''(2) REVOCATION OF DESIGNATION.—The Secretary of Housing and Urban Development may revoke the designation under this section of an area if such Secretary determines that the local government or the State in which the area is located—

''(A) has modified the boundaries of the area, or

''(B) is not complying substantially with, or fails to make progress in achieving, the State or local commitments, respectively, described in subsection (d).

''(3) EARLIER TERMINATION OF CERTAIN BENEFITS IF EARLIER TERMINATION OF DESIGNATION.—If the designation of an area as a renewal community terminates before December 31, 2009, the day after the date of such termination shall be substituted for 'January 1, 2010' each place it appears in sections 1400F and 1400J with respect to such area.

''(c) AREA AND ELIGIBILITY REQUIREMENTS.—

''(1) IN GENERAL.—The Secretary of Housing and Urban Development may designate a nominated area as a renewal community under subsection (a) only if the area meets the requirements of paragraphs (2) and (3) of this subsection.

''(2) AREA REQUIREMENTS.—A nominated area meets the requirements of this paragraph if—

''(A) the area is within the jurisdiction of one or more local governments,

''(B) the boundary of the area is continuous, and

''(C) the area—

''(i) has a population of not more than 200,000 and at least—

''(I) 4,000 if any portion of such area (other than a rural area described in subsection (a)(2)(B)(i)) is located within a metropolitan statistical area (within the meaning of section 143(k)(2)(B)) which has a population of 50,000 or greater, or

''(II) 1,000 in any other case, or

''(ii) is entirely within an Indian reservation (as determined by the Secretary of the Interior).

''(3) ELIGIBILITY REQUIREMENTS.—A nominated area meets the requirements of this paragraph if the State and the local governments in which it is located certify in writing (and the Secretary of Housing and Urban Development, after such review of supporting data as he deems appropriate, accepts such certification) that—

''(A) the area is one of pervasive poverty, unemployment, and general distress;

''(B) the unemployment rate in the area, as determined by the most recent available data, was at least 1½ times the national unemployment rate for the period to which such data relate;

''(C) the poverty rate for each population census tract within the nominated area is at least 20 percent; and

''(D) in the case of an urban area, at least 70 percent of the households living in the area have incomes below 80 percent of the median income of households within the jurisdiction of the local government (determined in the same manner as under section 119(b)(2) of the Housing and Community Development Act of 1974).

''(4) CONSIDERATION OF OTHER FACTORS.—The Secretary of Housing and Urban Development, in selecting any nominated area for designation as a renewal community under this section—

''(A) shall take into account—

''(i) the extent to which such area has a high incidence of crime, or

''(ii) if such area has census tracts identified in the May 12, 1998, report of the General Accounting Office regarding the identification of economically distressed areas, and

''(B) with respect to 1 of the areas to be designated under subsection (a)(2)(B), may, in lieu of any criteria described in paragraph (3), take into account the existence of outmigration from the area.

''(d) REQUIRED STATE AND LOCAL COMMITMENTS.—

''(1) IN GENERAL.—The Secretary of Housing and Urban Development may designate any nominated area as a renewal community under subsection (a) only if—

''(A) the local government and the State in which the area is located agree in writing that, during any period during which the area is a renewal community, such governments will follow a specified course of action which meets the requirements of paragraph (2) and is designed to reduce the various burdens borne by employers or employees in such area, and

''(B) the economic growth promotion requirements of paragraph (3) are met.

''(2) COURSE OF ACTION.—

''(A) IN GENERAL.—A course of action meets the requirements of this paragraph if such course of action is a written document, signed by a State (or local government) and neighborhood organizations, which evidences a partnership between such State or government and community-based organizations and which commits each signatory to specific and measurable goals, actions, and timetables. Such course of action shall include at least 4 of the following:

''(i) A reduction of tax rates or fees applying within the renewal community.

''(ii) An increase in the level of efficiency of local services within the renewal community.

''(iii) Crime reduction strategies, such as crime prevention (including the provision of crime prevention services by nongovernmental entities).

''(iv) Actions to reduce, remove, simplify, or streamline governmental requirements applying within the renewal community.

''(v) Involvement in the program by private entities, organizations, neighborhood organizations, and community groups, particularly those in the renewal community, including a commitment from such private entities to provide jobs and job training for, and technical, financial, or other assistance to, employers, employees, and residents from the renewal community.

''(vi) The gift (or sale at below fair market value) of surplus real property (such as land, homes, and commercial or industrial structures) in the renewal community to neighborhood organizations, community development corporations, or private companies.

''(B) RECOGNITION OF PAST EFFORTS.—For purposes of this section, in evaluating the course of action agreed to by any State or local government, the Secretary of Housing and Urban Development shall take into account the past efforts of such State or local government in reducing the various burdens borne by employers and employees in the area involved.

''(3) ECONOMIC GROWTH PROMOTION REQUIREMENTS.—The economic growth promotion requirements of this paragraph are met with respect to a nominated area if the local government and the State in which such area is located certify in writing that such government and State (respectively) have repealed or reduced, will not enforce, or will reduce within the nominated area at least 4 of the following:

''(A) Licensing requirements for occupations that do not ordinarily require a professional degree.

''(B) Zoning restrictions on home-based businesses which do not create a public nuisance.

''(C) Permit requirements for street vendors who do not create a public nuisance.

''(D) Zoning or other restrictions that impede the formation of schools or child care centers.

''(E) Franchises or other restrictions on competition for businesses providing public services, including taxicabs, jitneys, cable television, or trash hauling.

This paragraph shall not apply to the extent that such regulation of businesses and occupations is necessary for and well-tailored to the protection of health and safety.

''(e) COORDINATION WITH TREATMENT OF EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES.—For purposes of this title, the designation under section 1391 of any area as an empowerment zone or enterprise community shall cease to be in effect as of the date that the designation of any portion of such area as a renewal community takes effect.

''(f) DEFINITIONS AND SPECIAL RULES.—For purposes of this subchapter—

''(1) GOVERNMENTS.—If more than one government seeks to nominate an area as a renewal community, any reference to, or requirement of, this section shall apply to all such governments.

''(2) LOCAL GOVERNMENT.—The term 'local government' means—

''(A) any county, city, town, township, parish, village, or other general purpose political subdivision of a State, and

''(B) any combination of political subdivisions described in subparagraph (A) recognized by the Secretary of Housing and Urban Development.

''(3) APPLICATION OF RULES RELATING TO CENSUS TRACTS.—The rules of section 1392(b)(4) shall apply.

''(4) CENSUS DATA.—Population and poverty rate shall be determined by using 1990 census data.

''(g) PRIORITY FOR DISTRICT OF COLUMBIA NOMINATED AREA.—For purposes of this subchapter—

''(1) IN GENERAL.—One nominated area within the District of Columbia shall be treated for purposes of subsection (a)(3) as having the highest average with respect to the criteria described in subparagraphs (B), (C), and (D) of subsection (c)(3).

''(2) DATE OF DESIGNATION.—Notwithstanding subsection (b)(1), the designation of a nominated area within the District of Columbia as a

renewal community shall take effect on January 1, 2003.

''(3) NOMINATION.—The District of Columbia shall be treated as being both a State and local government with respect to such area.

"PART II—RENEWAL COMMUNITY CAPITAL GAIN; RENEWAL COMMUNITY BUSINESS

''Sec. 1400F. Renewal community capital gain.

''Sec. 1400G. Renewal community business defined.

"SEC. 1400F. RENEWAL COMMUNITY CAPITAL GAIN.

''(a) GENERAL RULE.—Gross income does not include any qualified capital gain from the sale or exchange of a qualified community asset held for more than 5 years.

''(b) QUALIFIED COMMUNITY ASSET.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified community asset' means—

''(A) any qualified community stock,

''(B) any qualified community partnership interest, and

''(C) any qualified community business property.

''(2) QUALIFIED COMMUNITY STOCK.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the term 'qualified community stock' means any stock in a domestic corporation if—

''(i) such stock is acquired by the taxpayer after December 31, 2001, and before January 1, 2010, at its original issue (directly or through an underwriter) from the corporation solely in exchange for cash,

''(ii) as of the time such stock was issued, such corporation was a renewal community business (or, in the case of a new corporation, such corporation was being organized for purposes of being a renewal community business), and

''(iii) during substantially all of the taxpayer's holding period for such stock, such corporation qualified as a renewal community business.

''(B) REDEMPTIONS.—A rule similar to the rule of section 1202(c)(3) shall apply for purposes of this paragraph.

''(3) QUALIFIED COMMUNITY PARTNERSHIP INTEREST.—The term 'qualified community partnership interest' means any capital or profits interest in a domestic partnership if—

''(A) such interest is acquired by the taxpayer after December 31, 2001, and before January 1, 2010, from the partnership solely in exchange for cash,

''(B) as of the time such interest was acquired, such partnership was a renewal community business (or, in the case of a new partnership, such partnership was being organized for purposes of being a renewal community business), and

''(C) during substantially all of the taxpayer's holding period for such interest, such partnership qualified as a renewal community business. A rule similar to the rule of paragraph (2)(B) shall apply for purposes of this paragraph.

''(4) QUALIFIED COMMUNITY BUSINESS PROPERTY.—

''(A) IN GENERAL.—The term 'qualified community business property' means tangible property if—

''(i) such property was acquired by the taxpayer by purchase (as defined in section 179(d)(2)) after December 31, 2001, and before January 1, 2010,

''(ii) the original use of such property in the renewal community commences with the taxpayer, and

''(iii) during substantially all of the taxpayer's holding period for such property, substantially all of the use of such property was in a renewal community business of the taxpayer.

''(B) SPECIAL RULE FOR SUBSTANTIAL IMPROVEMENTS.—The requirements of clauses (i) and (ii) of subparagraph (A) shall be treated as satisfied with respect to—

''(i) property which is substantially improved by the taxpayer before January 1, 2010, and

''(ii) any land on which such property is located.

The determination of whether a property is substantially improved shall be made under clause (ii) of section 1400B(b)(4)(B), except that 'December 31, 2001' shall be substituted for 'December 31, 1997' in such clause.

''(c) QUALIFIED CAPITAL GAIN.—For purposes of this section—

''(1) IN GENERAL.—Except as otherwise provided in this subsection, the term 'qualified capital gain' means any gain recognized on the sale or exchange of—

''(A) a capital asset, or

''(B) property used in the trade or business (as defined in section 1231(b)).

''(2) GAIN BEFORE 2002 OR AFTER 2014 NOT QUALIFIED.—The term 'qualified capital gain' shall not include any gain attributable to periods before January 1, 2002, or after December 31, 2014.

''(3) CERTAIN RULES TO APPLY.—Rules similar to the rules of paragraphs (3), (4), and (5) of section 1400B(e) shall apply for purposes of this subsection.

''(d) CERTAIN RULES TO APPLY.—For purposes of this section, rules similar to the rules of paragraphs (5), (6), and (7) of subsection (b), and subsections (f) and (g), of section 1400B shall apply; except that for such purposes section 1400B(g)(2) shall be applied by substituting 'January 1, 2002' for 'January 1, 1998' and 'December 31, 2014' for 'December 31, 2007'.

''(e) REGULATIONS.—The Secretary shall prescribe such regulations as may be appropriate to carry out the purposes of this section, including regulations to prevent the avoidance of the purposes of this section.

"SEC. 1400G. RENEWAL COMMUNITY BUSINESS DEFINED.

''For purposes of this subchapter, the term 'renewal community business' means any entity or proprietorship which would be a qualified business entity or qualified proprietorship under section 1397C if references to renewal communities were substituted for references to empowerment zones in such section.

"PART III—ADDITIONAL INCENTIVES

''Sec. 1400H. Renewal community employment credit.

''Sec. 1400I. Commercial revitalization deduction.

''Sec. 1400J. Increase in expensing under section 179.

"SEC. 1400H. RENEWAL COMMUNITY EMPLOYMENT CREDIT.

''(a) IN GENERAL.—Subject to the modification in subsection (b), a renewal community shall be treated as an empowerment zone for purposes of section 1396 with respect to wages paid or incurred after December 31, 2001.

''(b) MODIFICATION.—In applying section 1396 with respect to renewal communities—

''(1) the applicable percentage shall be 15 percent, and

''(2) subsection (c) thereof shall be applied by substituting '$10,000' for '$15,000' each place it appears.

"SEC. 1400I. COMMERCIAL REVITALIZATION DEDUCTION.

''(a) GENERAL RULE.—At the election of the taxpayer, either—

''(1) one-half of any qualified revitalization expenditures chargeable to capital account with respect to any qualified revitalization building shall be allowable as a deduction for the taxable year in which the building is placed in service, or

''(2) a deduction for all such expenditures shall be allowable ratably over the 120-month period beginning with the month in which the building is placed in service.

''(b) QUALIFIED REVITALIZATION BUILDINGS AND EXPENDITURES.—For purposes of this section—

''(1) QUALIFIED REVITALIZATION BUILDING.—The term 'qualified revitalization building' means any building (and its structural components) if—

''(A) the building is placed in service by the taxpayer in a renewal community and the original use of the building begins with the taxpayer, or

''(B) in the case of such building not described in subparagraph (A), such building—

''(i) is substantially rehabilitated (within the meaning of section 47(c)(1)(C)) by the taxpayer, and

''(ii) is placed in service by the taxpayer after the rehabilitation in a renewal community.

''(2) QUALIFIED REVITALIZATION EXPENDITURE.—

''(A) IN GENERAL.—The term 'qualified revitalization expenditure' means any amount properly chargeable to capital account for property for which depreciation is allowable under section 168 (without regard to this section) and which is—

''(i) nonresidential real property (as defined in section 168(e)), or

''(ii) section 1250 property (as defined in section 1250(c)) which is functionally related and subordinate to property described in clause (i).

''(B) CERTAIN EXPENDITURES NOT INCLUDED.—

''(i) ACQUISITION COST.—In the case of a building described in paragraph (1)(B), the cost of acquiring the building or interest therein shall be treated as a qualified revitalization expenditure only to the extent that such cost does not exceed 30 percent of the aggregate qualified revitalization expenditures (determined without regard to such cost) with respect to such building.

''(ii) CREDITS.—The term 'qualified revitalization expenditure' does not include any expenditure which the taxpayer may take into account in computing any credit allowable under this title unless the taxpayer elects to take the expenditure into account only for purposes of this section.

''(c) DOLLAR LIMITATION.—The aggregate amount which may be treated as qualified revitalization expenditures with respect to any qualified revitalization building shall not exceed the lesser of—

''(1) $10,000,000, or

''(2) the commercial revitalization expenditure amount allocated to such building under this section by the commercial revitalization agency for the State in which the building is located.

''(d) COMMERCIAL REVITALIZATION EXPENDITURE AMOUNT.—

''(1) IN GENERAL.—The aggregate commercial revitalization expenditure amount which a commercial revitalization agency may allocate for any calendar year is the amount of the State commercial revitalization expenditure ceiling determined under this paragraph for such calendar year for such agency.

''(2) STATE COMMERCIAL REVITALIZATION EXPENDITURE CEILING.—The State commercial revitalization expenditure ceiling applicable to any State—

''(A) for each calendar year after 2001 and before 2010 is $12,000,000 for each renewal community in the State, and

''(B) for each calendar year thereafter is zero.

''(3) COMMERCIAL REVITALIZATION AGENCY.—For purposes of this section, the term 'commercial revitalization agency' means any agency authorized by a State to carry out this section.

''(4) TIME AND MANNER OF ALLOCATIONS.—Allocations under this section shall be made at the same time and in the same manner as under paragraphs (1) and (7) of section 42(h).

''(e) RESPONSIBILITIES OF COMMERCIAL REVITALIZATION AGENCIES.—

''(1) PLANS FOR ALLOCATION.—Notwithstanding any other provision of this section, the commercial revitalization expenditure amount with respect to any building shall be zero unless—

''(A) such amount was allocated pursuant to a qualified allocation plan of the commercial revitalization agency which is approved (in accordance with rules similar to the rules of section 147(f)(2) (other than subparagraph (B)(ii) thereof)) by the governmental unit of which such agency is a part; and

''(B) such agency notifies the chief executive officer (or its equivalent) of the local jurisdiction within which the building is located of such allocation and provides such individual a reasonable opportunity to comment on the allocation.

''(2) QUALIFIED ALLOCATION PLAN.—For purposes of this subsection, the term 'qualified allocation plan' means any plan—

''(A) which sets forth selection criteria to be used to determine priorities of the commercial revitalization agency which are appropriate to local conditions,

''(B) which considers—

''(i) the degree to which a project contributes to the implementation of a strategic plan that is devised for a renewal community through a citizen participation process,

''(ii) the amount of any increase in permanent, full-time employment by reason of any project, and

''(iii) the active involvement of residents and nonprofit groups within the renewal community, and

''(C) which provides a procedure that the agency (or its agent) will follow in monitoring compliance with this section.

''(f) SPECIAL RULES.—

''(1) DEDUCTION IN LIEU OF DEPRECIATION.—The deduction provided by this section for qualified revitalization expenditures shall—

''(A) with respect to the deduction determined under subsection (a)(1), be in lieu of any depreciation deduction otherwise allowable on account of one-half of such expenditures, and

''(B) with respect to the deduction determined under subsection (a)(2), be in lieu of any depreciation deduction otherwise allowable on account of all of such expenditures.

''(2) BASIS ADJUSTMENT, ETC.—For purposes of sections 1016 and 1250, the deduction under this section shall be treated in the same manner as a depreciation deduction. For purposes of section 1250(b)(5), the straight line method of adjustment shall be determined without regard to this section.

''(3) SUBSTANTIAL REHABILITATIONS TREATED AS SEPARATE BUILDINGS.—A substantial rehabilitation (within the meaning of section 47(c)(1)(C)) of a building shall be treated as a separate building for purposes of subsection (a).

''(4) CLARIFICATION OF ALLOWANCE OF DEDUCTION UNDER MINIMUM TAX.—Notwithstanding section 56(a)(1), the deduction under this section shall be allowed in determining alternative minimum taxable income under section 55.

''(g) TERMINATION.—This section shall not apply to any building placed in service after December 31, 2009.

''SEC. 1400J. INCREASE IN EXPENSING UNDER SECTION 179.

''(a) IN GENERAL.—For purposes of section 1397A—

''(1) a renewal community shall be treated as an empowerment zone,

''(2) a renewal community business shall be treated as an enterprise zone business, and

''(3) qualified renewal property shall be treated as qualified zone property.

''(b) QUALIFIED RENEWAL PROPERTY.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified renewal property' means any property to which section 168 applies (or would apply but for section 179) if—

''(A) such property was acquired by the taxpayer by purchase (as defined in section 179(d)(2)) after December 31, 2001, and before January 1, 2010, and

''(B) such property would be qualified zone property (as defined in section 1397D) if references to renewal communities were substituted for references to empowerment zones in section 1397D.

''(2) CERTAIN RULES TO APPLY.—The rules of subsections (a)(2) and (b) of section 1397D shall apply for purposes of this section.''.

(b) EXCEPTION FOR COMMERCIAL REVITALIZATION DEDUCTION FROM PASSIVE LOSS RULES.—

(1) Paragraph (3) of section 469(i) is amended by redesignating subparagraphs (C), (D), and (E) as subparagraphs (D), (E), and (F), respectively, and by inserting after subparagraph (B) the following new subparagraph:

''(C) EXCEPTION FOR COMMERCIAL REVITALIZATION DEDUCTION.—Subparagraph (A) shall not apply to any portion of the passive activity loss for any taxable year which is attributable to the commercial revitalization deduction under section 1400I.''.

(2) Subparagraph (E) of section 469(i)(3), as redesignated by subparagraph (A), is amended to read as follows:

''(E) ORDERING RULES TO REFLECT EXCEPTIONS AND SEPARATE PHASE-OUTS.—If subparagraph (B), (C), or (D) applies for a taxable year, paragraph (1) shall be applied—

''(i) first to the portion of the passive activity loss to which subparagraph (C) does not apply,

''(ii) second to the portion of the passive activity credit to which subparagraph (B) or (D) does not apply,

''(iii) third to the portion of such credit to which subparagraph (B) applies,

''(iv) fourth to the portion of such loss to which subparagraph (C) applies, and

''(v) then to the portion of such credit to which subparagraph (D) applies.''.

(3)(A) Subparagraph (B) of section 469(i)(6) is amended by striking ''or'' at the end of clause (i), by striking the period at the end of clause (ii) and inserting '', or'', and by adding at the end the following new clause:

''(iii) any deduction under section 1400I (relating to commercial revitalization deduction).''.

(B) The heading for such subparagraph (B) is amended by striking ''OR REHABILITATION CREDIT'' and inserting '', REHABILITATION CREDIT, OR COMMERCIAL REVITALIZATION DEDUCTION''.

(c) AUDIT AND REPORT.—Not later than January 31 of 2004, 2007, and 2010, the Comptroller General of the United States shall, pursuant to an audit of the renewal community program established under section 1400E of the Internal Revenue Code of 1986 (as added by subsection (a)) and the empowerment zone and enterprise community program under subchapter U of chapter 1 of such Code, report to Congress on such program and its effect on poverty, unemployment, and economic growth within the designated renewal communities, empowerment zones, and enterprise communities.

(d) CLERICAL AMENDMENT.—The table of subchapters for chapter 1 is amended by adding at the end the following new item:

''Subchapter X. Renewal Communities.''.

SEC. 602. WORK OPPORTUNITY CREDIT FOR HIRING YOUTH RESIDING IN RENEWAL COMMUNITIES.

(a) HIGH-RISK YOUTH.—Subparagraphs (A)(ii) and (B) of section 51(d)(5) are each amended by striking ''empowerment zone or enterprise community'' and inserting ''empowerment zone, enterprise community, or renewal community''.

(b) QUALIFIED SUMMER YOUTH EMPLOYEE.—Clause (iv) of section 51(d)(7)(A) is amended by striking ''empowerment zone or enterprise community'' and inserting ''empowerment zone, enterprise community, or renewal community''.

(c) HEADINGS.—Paragraphs (5)(B) and (7)(C) of section 51(d) are each amended by inserting ''OR COMMUNITY'' in the heading after ''ZONE''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to individuals who begin work for the employer after December 31, 2001.

Subtitle B—Extension and Expansion of Empowerment Zone Incentives

SEC. 611. AUTHORITY TO DESIGNATE 9 ADDITIONAL EMPOWERMENT ZONES.

Section 1391 is amended by adding at the end the following new subsection:

''(h) ADDITIONAL DESIGNATIONS PERMITTED.—

''(1) IN GENERAL.—In addition to the areas designated under subsections (a) and (g), the appropriate Secretaries may designate in the aggregate an additional 9 nominated areas as empowerment zones under this section, subject to the availability of eligible nominated areas. Of that number, not more than seven may be designated in urban areas and not more than 2 may be designated in rural areas.

''(2) PERIOD DESIGNATIONS MAY BE MADE AND TAKE EFFECT.—A designation may be made under this subsection after the date of the enactment of this subsection and before January 1, 2002. Subject to subparagraphs (B) and (C) of subsection (d)(1), such designations shall remain in effect during the period beginning on January 1, 2002, and ending on December 31, 2009.

''(3) MODIFICATIONS TO ELIGIBILITY CRITERIA, ETC.—The rules of subsection (g)(3) shall apply to designations under this subsection.''.

SEC. 612. EXTENSION OF EMPOWERMENT ZONE TREATMENT THROUGH 2009.

Subparagraph (A) of section 1391(d)(1) (relating to period for which designation is in effect) is amended to read as follows:

''(A)(i) in the case of an empowerment zone, December 31, 2009, or

''(ii) in the case of an enterprise community, the close of the 10th calendar year beginning on or after such date of designation,''.

SEC. 613. 20 PERCENT EMPLOYMENT CREDIT FOR ALL EMPOWERMENT ZONES

(a) 20 PERCENT CREDIT.—Subsection (b) of section 1396 (relating to empowerment zone employment credit) is amended to read as follows:

''(b) APPLICABLE PERCENTAGE.—For purposes of this section, the applicable percentage is 20 percent.''.

(b) ALL EMPOWERMENT ZONES ELIGIBLE FOR CREDIT.—Section 1396 is amended by striking subsection (e).

(c) CONFORMING AMENDMENT.—Subsection (d) of section 1400 is amended to read as follows:

''(d) SPECIAL RULE FOR APPLICATION OF EMPLOYMENT CREDIT.—With respect to the DC Zone, section 1396(d)(1)(B) (relating to empowerment zone employment credit) shall be applied by substituting 'the District of Columbia' for 'such empowerment zone'.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to wages paid or incurred after December 31, 2001.

SEC. 614. INCREASED EXPENSING UNDER SECTION 179.

(a) IN GENERAL.—Subparagraph (A) of section 1397A(a)(1) is amended by striking ''$20,000'' and inserting ''$35,000''.

(b) EXPENSING FOR PROPERTY USED IN DEVELOPABLE SITES.—Section 1397A is amended by striking subsection (c).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

SEC. 615. HIGHER LIMITS ON TAX-EXEMPT EMPOWERMENT ZONE FACILITY BONDS.

(a) IN GENERAL.—Paragraph (3) of section 1394(f) (relating to bonds for empowerment zones

designated under section 1391(g)) is amended to read as follows:

''(3) EMPOWERMENT ZONE FACILITY BOND.—For purposes of this subsection, the term 'empowerment zone facility bond' means any bond which would be described in subsection (a) if—

''(A) in the case of obligations issued before January 1, 2002, only empowerment zones designated under section 1391(g) were taken into account under sections 1397C and 1397D, and

''(B) in the case of obligations issued after December 31, 2001, all empowerment zones (other than the District of Columbia) were taken into account under sections 1397C and 1397D.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to obligations issued after December 31, 2001.

SEC. 616. NONRECOGNITION OF GAIN ON ROLLOVER OF EMPOWERMENT ZONE INVESTMENTS.

(a) IN GENERAL.—Part III of subchapter U of chapter 1 is amended—

(1) by redesignating subpart C as subpart D;

(2) by redesignating sections 1397B and 1397C as sections 1397C and 1397D, respectively; and

(3) by inserting after subpart B the following new subpart:

''Subpart C—Nonrecognition of Gain on Rollover of Empowerment Zone Investments

''Sec. 1397B. Nonrecognition of Gain on Rollover of Empowerment Zone Investments.

''SEC. 1397B. NONRECOGNITION OF GAIN ON ROLLOVER OF EMPOWERMENT ZONE INVESTMENTS.

''(a) NONRECOGNITION OF GAIN.—In the case of any sale of a qualified empowerment zone asset held by the taxpayer for more than 1 year and with respect to which such taxpayer elects the application of this section, gain from such sale shall be recognized only to the extent that the amount realized on such sale exceeds—

''(1) the cost of any qualified empowerment zone asset (with respect to the same zone as the asset sold) purchased by the taxpayer during the 60-day period beginning on the date of such sale, reduced by

''(2) any portion of such cost previously taken into account under this section.

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

''(1) QUALIFIED EMPOWERMENT ZONE ASSET.—

''(A) IN GENERAL.—The term 'qualified empowerment zone asset' means any property which would be a qualified community asset (as defined in section 1400F) if in section 1400F—

''(i) references to empowerment zones were substituted for references to renewal communities,

''(ii) references to enterprise zone businesses (as defined in section 1397C) were substituted for references to renewal community businesses, and

''(iii) the date of the enactment of this paragraph were substituted for 'December 31, 2001' each place it appears.

''(B) TREATMENT OF DC ZONE.—The District of Columbia Enterprise Zone shall not be treated as an empowerment zone for purposes of this section.

''(2) CERTAIN GAIN NOT ELIGIBLE FOR ROLLOVER.—This section shall not apply to—

''(A) any gain which is treated as ordinary income for purposes of this subtitle, and

''(B) any gain which is attributable to real property, or an intangible asset, which is not an integral part of an enterprise zone business.

''(3) PURCHASE.—A taxpayer shall be treated as having purchased any property if, but for paragraph (4), the unadjusted basis of such property in the hands of the taxpayer would be its cost (within the meaning of section 1012).

''(4) BASIS ADJUSTMENTS.—If gain from any sale is not recognized by reason of subsection (a), such gain shall be applied to reduce (in the order acquired) the basis for determining gain or loss of any qualified empowerment zone asset which is purchased by the taxpayer during the 60-day period described in subsection (a). This paragraph shall not apply for purposes of section 1202.

''(5) HOLDING PERIOD.—For purposes of determining whether the nonrecognition of gain under subsection (a) applies to any qualified empowerment zone asset which is sold—

''(A) the taxpayer's holding period for such asset and the asset referred to in subsection (a)(1) shall be determined without regard to section 1223, and

''(B) only the first year of the taxpayer's holding period for the asset referred to in subsection (a)(1) shall be taken into account for purposes of paragraphs (2)(A)(iii), (3)(C), and (4)(A)(iii) of section 1400F(b).''.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (23) of section 1016(a) is amended—

(A) by striking ''or 1045'' and inserting ''1045, or 1397B'', and

(B) by striking ''or 1045(b)(4)'' and inserting ''1045(b)(4), or 1397B(b)(4)''.

(2) Paragraph (15) of section 1223 is amended to read as follows:

''(15) Except for purposes of sections 1202(a)(2), 1202(c)(2)(A), 1400B(b), and 1400F(b), in determining the period for which the taxpayer has held property the acquisition of which resulted under section 1045 or 1397B in the nonrecognition of any part of the gain realized on the sale of other property, there shall be included the period for which such other property has been held as of the date of such sale.''.

(3) Paragraph (2) of section 1394(b) is amended—

(A) by striking ''section 1397C'' and inserting ''section 1397D'', and

(B) by striking ''section 1397C(a)(2)'' and inserting ''section 1397D(a)(2)''.

(4) Paragraph (3) of section 1394(b) is amended—

(A) by striking ''section 1397B'' each place it appears and inserting ''section 1397C'', and

(B) by striking ''section 1397B(d)'' and inserting ''section 1397C(d)''.

(5) Sections 1400(e) and 1400B(c) are each amended by striking ''section 1397B'' each place it appears and inserting ''section 1397C''.

(6) The table of subparts for part III of subchapter U of chapter 1 is amended by striking the last item and inserting the following new items:

''Subpart C. Nonrecognition of gain on rollover of empowerment zone investments.

''Subpart D. General provisions.''.

(7) The table of sections for subpart D of such part III is amended to read as follows:

''Sec. 1397C. Enterprise zone business defined.

''Sec. 1397D. Qualified zone property defined.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to qualified empowerment zone assets acquired after the date of the enactment of this Act.

SEC. 617. INCREASED EXCLUSION OF GAIN ON SALE OF EMPOWERMENT ZONE STOCK.

(a) IN GENERAL.—Subsection (a) of section 1202 is amended to read as follows:

''(a) EXCLUSION.—

''(1) IN GENERAL.—In the case of a taxpayer other than a corporation, gross income shall not include 50 percent of any gain from the sale or exchange of qualified small business stock held for more than 5 years.

''(2) EMPOWERMENT ZONE BUSINESSES.—

''(A) IN GENERAL.—In the case of qualified small business stock acquired after the date of the enactment of this paragraph in a corporation which is a qualified business entity (as defined in section 1397C(b)) during substantially all of the taxpayer's holding period for such stock, paragraph (1) shall be applied by substituting '60 percent' for '50 percent'.

''(B) CERTAIN RULES TO APPLY.—Rules similar to the rules of paragraphs (5) and (7) of section 1400B(b) shall apply for purposes of this paragraph.

''(C) GAIN AFTER 2014 NOT QUALIFIED.—Subparagraph (A) shall not apply to gain attributable to periods after December 31, 2014.

''(D) TREATMENT OF DC ZONE.—The District of Columbia Enterprise Zone shall not be treated as an empowerment zone for purposes of this paragraph.''.

(b) CONFORMING AMENDMENT.—Paragraph (8) of section 1(h) is amended by striking ''means'' and all that follows and inserting ''means the excess of—

''(A) the gain which would be excluded from gross income under section 1202 but for the percentage limitation in section 1202(a), over

''(B) the gain excluded from gross income under section 1202.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to stock acquired after the date of the enactment of this Act.

Subtitle C—New Markets Tax Credit

SEC. 621. NEW MARKETS TAX CREDIT.

(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. NEW MARKETS TAX CREDIT.

''(a) ALLOWANCE OF CREDIT.—

''(1) IN GENERAL.—For purposes of section 38, in the case of a taxpayer who holds a qualified equity investment on a credit allowance date of such investment which occurs during the taxable year, the new markets tax credit determined under this section for such taxable year is an amount equal to the applicable percentage of the amount paid to the qualified community development entity for such investment at its original issue.

''(2) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the applicable percentage is—

''(A) 5 percent with respect to the first 3 credit allowance dates, and

''(B) 6 percent with respect to the remainder of the credit allowance dates.

''(3) CREDIT ALLOWANCE DATE.—For purposes of paragraph (1), the term 'credit allowance date' means, with respect to any qualified equity investment—

''(A) the date on which such investment is initially made, and

''(B) each of the 6 anniversary dates of such date thereafter.

''(b) QUALIFIED EQUITY INVESTMENT.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified equity investment' means any equity investment in a qualified community development entity if—

''(A) such investment is acquired by the taxpayer at its original issue (directly or through an underwriter) solely in exchange for cash,

''(B) substantially all of such cash is used by the qualified community development entity to make qualified low-income community investments, and

''(C) such investment is designated for purposes of this section by the qualified community development entity.

Such term shall not include any equity investment issued by a qualified community development entity more than 5 years after the date that such entity receives an allocation under subsection (f). Any allocation not used within such 5-year period may be reallocated by the Secretary under subsection (f).

''(2) LIMITATION.—The maximum amount of equity investments issued by a qualified community development entity which may be designated under paragraph (1)(C) by such entity

shall not exceed the portion of the limitation amount allocated under subsection (f) to such entity.

''(3) SAFE HARBOR FOR DETERMINING USE OF CASH.—The requirement of paragraph (1)(B) shall be treated as met if at least 85 percent of the aggregate gross assets of the qualified community development entity are invested in qualified low-income community investments.

''(4) TREATMENT OF SUBSEQUENT PURCHASERS.—The term 'qualified equity investment' includes any equity investment which would (but for paragraph (1)(A)) be a qualified equity investment in the hands of the taxpayer if such investment was a qualified equity investment in the hands of a prior holder.

''(5) REDEMPTIONS.—A rule similar to the rule of section 1202(c)(3) shall apply for purposes of this subsection.

''(6) EQUITY INVESTMENT.—The term 'equity investment' means—

''(A) any stock (other than nonqualified preferred stock as defined in section 351(g)(2)) in an entity which is a corporation, and

''(B) any capital interest in an entity which is a partnership.

''(c) QUALIFIED COMMUNITY DEVELOPMENT ENTITY.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified community development entity' means any domestic corporation or partnership if—

''(A) the primary mission of the entity is serving, or providing investment capital for, low-income communities or low-income persons,

''(B) the entity maintains accountability to residents of low-income communities through their representation on any governing board of the entity or on any advisory board to the entity, and

''(C) the entity is certified by the Secretary for purposes of this section as being a qualified community development entity.

''(2) SPECIAL RULES FOR CERTAIN ORGANIZATIONS.—The requirements of paragraph (1) shall be treated as met by—

''(A) any specialized small business investment company (as defined in section 1044(c)(3)), and

''(B) any community development financial institution (as defined in section 103 of the Community Development Banking and Financial Institutions Act of 1994 (12 U.S.C. 4702)).

''(d) QUALIFIED LOW-INCOME COMMUNITY INVESTMENTS.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified low-income community investment' means—

''(A) any equity investment in, or loan to, any qualified active low-income community business,

''(B) the purchase from another community development entity of any loan made by such entity which is a qualified low-income community investment,

''(C) financial counseling and other services specified in regulations prescribed by the Secretary to businesses located in, and residents of, low-income communities, and

''(D) any equity investment in, or loan to, any qualified community development entity.

''(2) QUALIFIED ACTIVE LOW-INCOME COMMUNITY BUSINESS.—

''(A) IN GENERAL.—For purposes of paragraph (1), the term 'qualified active low-income community business' means, with respect to any taxable year, any corporation (including a nonprofit corporation) or partnership if for such year—

''(i) at least 50 percent of the total gross income of such entity is derived from the active conduct of a qualified business within any low-income community,

''(ii) a substantial portion of the use of the tangible property of such entity (whether owned or leased) is within any low-income community,

''(iii) a substantial portion of the services performed for such entity by its employees are performed in any low-income community,

''(iv) less than 5 percent of the average of the aggregate unadjusted bases of the property of such entity is attributable to collectibles (as defined in section 408(m)(2)) other than collectibles that are held primarily for sale to customers in the ordinary course of such business, and

''(v) less than 5 percent of the average of the aggregate unadjusted bases of the property of such entity is attributable to nonqualified financial property (as defined in section 1397C(e)).

''(B) PROPRIETORSHIP.—Such term shall include any business carried on by an individual as a proprietor if such business would meet the requirements of subparagraph (A) were it incorporated.

''(C) PORTIONS OF BUSINESS MAY BE QUALIFIED ACTIVE LOW-INCOME COMMUNITY BUSINESS.—The term 'qualified active low-income community business' includes any trades or businesses which would qualify as a qualified active low-income community business if such trades or businesses were separately incorporated.

''(3) QUALIFIED BUSINESS.—For purposes of this subsection, the term 'qualified business' has the meaning given to such term by section 1397C(d); except that—

''(A) in lieu of applying paragraph (2)(B) thereof, the rental to others of real property located in any low-income community shall be treated as a qualified business if there are substantial improvements located on such property, and

''(B) paragraph (3) thereof shall not apply.

''(e) LOW-INCOME COMMUNITY.—For purposes of this section—

''(1) IN GENERAL.—The term 'low-income community' means any population census tract if—

''(A) the poverty rate for such tract is at least 20 percent, or

''(B)(i) in the case of a tract not located within a metropolitan area, the median family income for such tract does not exceed 80 percent of statewide median family income, or

''(ii) in the case of a tract located within a metropolitan area, the median family income for such tract does not exceed 80 percent of the greater of statewide median family income or the metropolitan area median family income.

''(2) TARGETED AREAS.—The Secretary may designate any area within any census tract as a low-income community if—

''(A) the boundary of such area is continuous,

''(B) the area would satisfy the requirements of paragraph (1) if it were a census tract, and

''(C) an inadequate access to investment capital exists in such area.

''(3) AREAS NOT WITHIN CENSUS TRACTS.—In the case of an area which is not tracted for population census tracts, the equivalent county divisions (as defined by the Bureau of the Census for purposes of defining poverty areas) shall be used for purposes of determining poverty rates and median family income.

''(f) NATIONAL LIMITATION ON AMOUNT OF INVESTMENTS DESIGNATED.—

''(1) IN GENERAL.—There is a new markets tax credit limitation for each calendar year. Such limitation is—

''(A) $1,000,000,000 for 2001,

''(B) $1,500,000,000 for 2002 and 2003,

''(C) $2,000,000,000 for 2004 and 2005, and

''(D) $3,500,000,000 for 2006 and 2007.

''(2) ALLOCATION OF LIMITATION.—The limitation under paragraph (1) shall be allocated by the Secretary among qualified community development entities selected by the Secretary. In making allocations under the preceding sentence, the Secretary shall give priority to any entity—

''(A) with a record of having successfully provided capital or technical assistance to disadvantaged businesses or communities, or

''(B) which intends to satisfy the requirement under subsection (b)(1)(B) by making qualified low-income community investments in 1 or more businesses in which persons unrelated to such entity (within the meaning of section 267(b) or 707(b)(1)) hold the majority equity interest.

''(3) CARRYOVER OF UNUSED LIMITATION.—If the new markets tax credit limitation for any calendar year exceeds the aggregate amount allocated under paragraph (2) for such year, such limitation for the succeeding calendar year shall be increased by the amount of such excess. No amount may be carried under the preceding sentence to any calendar year after 2014.

''(g) RECAPTURE OF CREDIT IN CERTAIN CASES.—

''(1) IN GENERAL.—If, at any time during the 7-year period beginning on the date of the original issue of a qualified equity investment in a qualified community development entity, there is a recapture event with respect to such investment, then the tax imposed by this chapter for the taxable year in which such event occurs shall be increased by the credit recapture amount.

''(2) CREDIT RECAPTURE AMOUNT.—For purposes of paragraph (1), the credit recapture amount is an amount equal to the sum of—

''(A) the aggregate decrease in the credits allowed to the taxpayer under section 38 for all prior taxable years which would have resulted if no credit had been determined under this section with respect to such investment, plus

''(B) interest at the underpayment rate established under section 6621 on the amount determined under subparagraph (A) for each prior taxable year for the period beginning on the due date for filing the return for the prior taxable year involved.

No deduction shall be allowed under this chapter for interest described in subparagraph (B).

''(3) RECAPTURE EVENT.—For purposes of paragraph (1), there is a recapture event with respect to an equity investment in a qualified community development entity if—

''(A) such entity ceases to be a qualified community development entity,

''(B) the proceeds of the investment cease to be used as required of subsection (b)(1)(B), or

''(C) such investment is redeemed by such entity.

''(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 this chapter or for purposes of section 55.

''(h) BASIS REDUCTION.—The basis of any qualified equity investment shall be reduced by the amount of any credit determined under this section with respect to such investment. This subsection shall not apply for purposes of sections 1202, 1400B, and 1400F.

''(i) REGULATIONS.—The Secretary shall prescribe such regulations as may be appropriate to carry out this section, including regulations—

''(1) which limit the credit for investments which are directly or indirectly subsidized by other Federal tax benefits (including the credit under section 42 and the exclusion from gross income under section 103),

''(2) which prevent the abuse of the purposes of this section,

''(3) which provide rules for determining whether the requirement of subsection (b)(1)(B) is treated as met,

''(4) which impose appropriate reporting requirements, and

''(5) which apply the provisions of this section to newly formed entities.''.

(b) CREDIT MADE PART OF GENERAL BUSINESS CREDIT.—

(1) IN GENERAL.—Subsection (b) of section 38 is amended by striking ''plus'' at the end of paragraph (11), by striking the period at the end of paragraph (12) and inserting '', plus'', and by adding at the end the following new paragraph:

''(13) the new markets tax credit determined under section 45D(a).''.

(2) LIMITATION ON CARRYBACK.—Subsection (d) of section 39 is amended by adding at the end the following new paragraph:

''(9) NO CARRYBACK OF NEW MARKETS TAX CREDIT BEFORE JANUARY 1, 2001.—No portion of the unused business credit for any taxable year which is attributable to the credit under section 45D may be carried back to a taxable year ending before January 1, 2001.''.

(c) DEDUCTION FOR UNUSED CREDIT.—Subsection (c) of section 196 is amended by striking ''and'' at the end of paragraph (7), by striking the period at the end of paragraph (8) and inserting '', and'', and by adding at the end the following new paragraph:

''(9) the new markets tax credit determined under section 45D(a).''.

(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 new item:

''Sec. 45D. New markets tax credit.''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to investments made after December 31, 2000.

(f) GUIDANCE ON ALLOCATION OF NATIONAL LIMITATION.—Not later than 120 days after the date of the enactment of this Act, the Secretary of the Treasury or the Secretary's delegate shall issue guidance which specifies—

(1) how entities shall apply for an allocation under section 45D(f)(2) of the Internal Revenue Code of 1986, as added by this section;

(2) the competitive procedure through which such allocations are made; and

(3) the actions that such Secretary or delegate shall take to ensure that such allocations are properly made to appropriate entities.

(g) AUDIT AND REPORT.—Not later than January 31 of 2004, 2007, and 2010, the Comptroller General of the United States shall, pursuant to an audit of the new markets tax credit program established under section 45D of the Internal Revenue Code of 1986 (as added by subsection (a)), report to Congress on such program, including all qualified community development entities that receive an allocation under the new markets credit under such section.

Subtitle D—Improvements in Low-Income Housing Credit

SEC. 631. 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) $1.75 ($1.50 for 2001) multiplied by the State population, or

''(II) $2,000,000,''.

(b) ADJUSTMENT OF STATE CEILING FOR INCREASES IN COST-OF-LIVING.—Paragraph (3) of section 42(h) (relating to housing credit dollar amount for agencies) is amended by adding at the end the following new subparagraph:

''(H) COST-OF-LIVING ADJUSTMENT.—

''(i) IN GENERAL.—In the case of a calendar year after 2002, the $2,000,000 and $1.75 amounts in subparagraph (C) 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 such calendar year by substituting 'calendar year 2001' for 'calendar year 1992' in subparagraph (B) thereof.

''(ii) ROUNDING.—

''(I) In the case of the $2,000,000 amount, any increase under clause (i) which is not a multiple of $5,000 shall be rounded to the next lowest multiple of $5,000.

''(II) In the case of the $1.75 amount, any increase under clause (i) which is not a multiple of 5 cents shall be rounded to the next lowest multiple of 5 cents.''.

(c) CONFORMING AMENDMENTS.—

(1) Section 42(h)(3)(C), as amended by subsection (a), is amended—

(A) by striking ''clause (ii)'' in the matter following clause (iv) and inserting ''clause (i)''; and

(B) by striking ''clauses (i)'' in the matter following clause (iv) and inserting ''clauses (ii)''.

(2) Section 42(h)(3)(D)(ii) is amended—

(A) by striking ''subparagraph (C)(ii)'' and inserting ''subparagraph (C)(i)''; and

(B) by striking ''clauses (i)'' in subclause (II) and inserting ''clauses (ii)''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to calendar years after 2000.

SEC. 632. MODIFICATION OF CRITERIA FOR ALLOCATING HOUSING CREDITS AMONG PROJECTS.

(a) SELECTION CRITERIA.—Subparagraph (C) of section 42(m)(1) (relating to certain selection criteria must be used) is amended—

(1) by inserting '', including whether the project includes the use of existing housing as part of a community revitalization plan'' before the comma at the end of clause (iii); and

(2) by striking clauses (v), (vi), and (vii) and inserting the following new clauses:

''(v) tenant populations with special housing needs,

''(vi) public housing waiting lists,

''(vii) tenant populations of individuals with children, and

''(viii) projects intended for eventual tenant ownership.''.

(b) PREFERENCE FOR COMMUNITY REVITALIZATION PROJECTS LOCATED IN QUALIFIED CENSUS TRACTS.—Clause (ii) of section 42(m)(1)(B) is amended by striking ''and'' at the end of subclause (I), by adding ''and'' at the end of subclause (II), and by inserting after subclause (II) the following new subclause:

''(III) projects which are located in qualified census tracts (as defined in subsection (d)(5)(C)) and the development of which contributes to a concerted community revitalization plan,''.

SEC. 633. ADDITIONAL RESPONSIBILITIES OF HOUSING CREDIT AGENCIES.

(a) MARKET STUDY; PUBLIC DISCLOSURE OF RATIONALE FOR NOT FOLLOWING CREDIT ALLOCATION PRIORITIES.—Subparagraph (A) of section 42(m)(1) (relating to responsibilities of housing credit agencies) is amended by striking ''and'' at the end of clause (i), by striking the period at the end of clause (ii) and inserting a comma, and by adding at the end the following new clauses:

''(iii) a comprehensive market study of the housing needs of low-income individuals in the area to be served by the project is conducted before the credit allocation is made and at the developer's expense by a disinterested party who is approved by such agency, and

''(iv) a written explanation is available to the general public for any allocation of a housing credit dollar amount which is not made in accordance with established priorities and selection criteria of the housing credit agency.''.

(b) SITE VISITS.—Clause (iii) of section 42(m)(1)(B) (relating to qualified allocation plan) is amended by inserting before the period ''and in monitoring for noncompliance with habitability standards through regular site visits''.

SEC. 634. MODIFICATIONS TO RULES RELATING TO BASIS OF BUILDING WHICH IS ELIGIBLE FOR CREDIT.

(a) ADJUSTED BASIS TO INCLUDE PORTION OF CERTAIN BUILDINGS USED BY LOW-INCOME INDIVIDUALS WHO ARE NOT TENANTS AND BY PROJECT EMPLOYEES.—Paragraph (4) of section 42(d) (relating to special rules relating to determination of adjusted basis) is amended—

(1) by striking ''subparagraph (B)'' in subparagraph (A) and inserting ''subparagraphs (B) and (C)'';

(2) by redesignating subparagraph (C) as subparagraph (D); and

(3) by inserting after subparagraph (B) the following new subparagraph:

''(C) INCLUSION OF BASIS OF PROPERTY USED TO PROVIDE SERVICES FOR CERTAIN NONTENANTS.—

''(i) IN GENERAL.—The adjusted basis of any building located in a qualified census tract (as defined in paragraph (5)(C)) shall be determined by taking into account the adjusted basis of property (of a character subject to the allowance for depreciation and not otherwise taken into account) used throughout the taxable year in providing any community service facility.

''(ii) LIMITATION.—The increase in the adjusted basis of any building which is taken into account by reason of clause (i) shall not exceed 10 percent of the eligible basis of the qualified low-income housing project of which it is a part. For purposes of the preceding sentence, all community service facilities which are part of the same qualified low-income housing project shall be treated as one facility.

''(iii) COMMUNITY SERVICE FACILITY.—For purposes of this subparagraph, the term 'community service facility' means any facility designed to serve primarily individuals whose income is 60 percent or less of area median income (within the meaning of subsection (g)(1)(B)).''.

(b) CERTAIN NATIVE AMERICAN HOUSING ASSISTANCE DISREGARDED IN DETERMINING WHETHER BUILDING IS FEDERALLY SUBSIDIZED FOR PURPOSES OF THE LOW-INCOME HOUSING CREDIT.—Subparagraph (E) of section 42(i)(2) (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''.

SEC. 635. OTHER MODIFICATIONS.

(a) ALLOCATION OF CREDIT LIMIT TO CERTAIN BUILDINGS.—

(1) The first sentence of section 42(h)(1)(E)(ii) is amended by striking ''(as of'' the first place it appears and inserting ''(as of the later of the date which is 6 months after the date that the allocation was made or''.

(2) The last sentence of section 42(h)(3)(C) is amended by striking ''project which'' and inserting ''project which fails to meet the 10 percent test under paragraph (1)(E)(ii) on a date after the close of the calendar year in which the allocation was made or which''.

(b) DETERMINATION OF WHETHER BUILDINGS ARE LOCATED IN HIGH COST AREAS.—The first sentence of section 42(d)(5)(C)(ii)(I) is amended—

(1) by inserting ''either'' before ''in which 50 percent''; and

(2) by inserting before the period ''or which has a poverty rate of at least 25 percent''.

SEC. 636. CARRYFORWARD RULES.

(a) IN GENERAL.—Clause (ii) of section 42(h)(3)(D) (relating to unused housing credit

carryovers allocated among certain States) is amended by striking ''the excess'' and all that follows and inserting ''the excess (if any) of—

''(I) the unused State housing credit ceiling for the year preceding such year, over

''(II) the aggregate housing credit dollar amount allocated for such year.''.

(b) CONFORMING AMENDMENT.—The second sentence of section 42(h)(3)(C) (relating to State housing credit ceiling) is amended by striking ''clauses (i) and (iii)'' and inserting ''clauses (i) through (iv)''.

SEC. 637. EFFECTIVE DATE.

Except as otherwise provided in this title, the amendments made by this title shall apply to—

(1) housing credit dollar amounts allocated after December 31, 2000; and

(2) buildings placed in service after such date to the extent paragraph (1) of section 42(h) of the Internal Revenue Code of 1986 does not apply to any building by reason of paragraph (4) thereof, but only with respect to bonds issued after such date.

Subtitle E—Other Community Renewal and New Markets Assistance

SEC. 641. TRANSFER OF UNOCCUPIED AND SUBSTANDARD HUD-HELD HOUSING TO LOCAL GOVERNMENTS AND COMMUNITY DEVELOPMENT CORPORATIONS.

Section 204 of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997 (12 U.S.C. 1715z–11a) is amended—

(1) by striking ''FLEXIBLE AUTHORITY.—'' and inserting ''DISPOSITION OF HUD-OWNED PROPERTIES. (a) FLEXIBLE AUTHORITY FOR MULTIFAMILY PROJECTS.—''; and

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

''(b) TRANSFER OF UNOCCUPIED AND SUBSTANDARD HOUSING TO LOCAL GOVERNMENTS AND COMMUNITY DEVELOPMENT CORPORATIONS.—

''(1) TRANSFER AUTHORITY.—Notwithstanding the authority under subsection (a) and the last sentence of section 204(g) of the National Housing Act (12 U.S.C. 1710(g)), the Secretary of Housing and Urban Development shall transfer ownership of any qualified HUD property, subject to the requirements of this section, to a unit of general local government having jurisdiction for the area in which the property is located or to a community development corporation which operates within such a unit of general local government in accordance with this subsection, but only to the extent that units of general local government and community development corporations consent to transfer and the Secretary determines that such transfer is practicable.

''(2) QUALIFIED HUD PROPERTIES.—For purposes of this subsection, the term 'qualified HUD property' means any property for which, as of the date that notification of the property is first made under paragraph (3)(B), not less than 6 months have elapsed since the later of the date that the property was acquired by the Secretary or the date that the property was determined to be unoccupied or substandard, that is owned by the Secretary and is—

''(A) an unoccupied multifamily housing project;

''(B) a substandard multifamily housing project; or

''(C) an unoccupied single family property that—

''(i) has been determined by the Secretary not to be an eligible asset under section 204(h) of the National Housing Act (12 U.S.C. 1710(h)); or

''(ii) is an eligible asset under such section 204(h), but—

''(I) is not subject to a specific sale agreement under such section; and

''(II) has been determined by the Secretary to be inappropriate for continued inclusion in the program under such section 204(h) pursuant to paragraph (10) of such section.

''(3) TIMING.—The Secretary shall establish procedures that provide for—

''(A) time deadlines for transfers under this subsection;

''(B) notification to units of general local government and community development corporations of qualified HUD properties in their jurisdictions;

''(C) such units and corporations to express interest in the transfer under this subsection of such properties;

''(D) a right of first refusal for transfer of qualified HUD properties to units of general local government and community development corporations, under which—

''(i) the Secretary shall establish a period during which the Secretary may not transfer such properties except to such units and corporations;

''(ii) the Secretary shall offer qualified HUD properties that are single family properties for purchase by units of general local government at a cost of $1 for each property, but only to the extent that the costs to the Federal Government of disposal at such price do not exceed the costs to the Federal Government of disposing of property subject to the procedures for single family property established by the Secretary pursuant to the authority under the last sentence of section 204(g) of the National Housing Act (12 U.S.C. 1710(g));

''(iii) the Secretary may accept an offer to purchase a property made by a community development corporation only if the offer provides for purchase on a cost recovery basis; and

''(iv) the Secretary shall accept an offer to purchase such a property that is made during such period by such a unit or corporation and that complies with the requirements of this paragraph;

''(E) a written explanation, to any unit of general local government or community development corporation making an offer to purchase a qualified HUD property under this subsection that is not accepted, of the reason that such offer was not acceptable.

''(4) OTHER DISPOSITION.—With respect to any qualified HUD property, if the Secretary does not receive an acceptable offer to purchase the property pursuant to the procedure established under paragraph (3), the Secretary shall dispose of the property to the unit of general local government in which property is located or to community development corporations located in such unit of general local government on a negotiated, competitive bid, or other basis, on such terms as the Secretary deems appropriate.

''(5) SATISFACTION OF INDEBTEDNESS.—Before transferring ownership of any qualified HUD property pursuant to this subsection, the Secretary shall satisfy any indebtedness incurred in connection with the property to be transferred, by canceling the indebtedness.

''(6) DETERMINATION OF STATUS OF PROPERTIES.—To ensure compliance with the requirements of this subsection, the Secretary shall take the following actions:

''(A) UPON ENACTMENT.—Upon the enactment of this subsection, the Secretary shall promptly assess each residential property owned by the Secretary to determine whether such property is a qualified HUD property.

''(B) UPON ACQUISITION.—Upon acquiring any residential property, the Secretary shall promptly determine whether the property is a qualified HUD property.

''(C) UPDATES.—The Secretary shall periodically reassess the residential properties owned by the Secretary to determine whether any such properties have become qualified HUD properties.

''(7) TENANT LEASES.—This subsection shall not affect the terms or the enforceability of any contract or lease entered into with respect to any residential property before the date that such property becomes a qualified HUD property.

''(8) USE OF PROPERTY.—Property transferred under this subsection shall be used only for appropriate neighborhood revitalization efforts, including homeownership, rental units, commercial space, and parks, consistent with local zoning regulations, local building codes, and subdivision regulations and restrictions of record.

''(9) INAPPLICABILITY TO PROPERTIES MADE AVAILABLE FOR HOMELESS.—Notwithstanding any other provision of this subsection, this subsection shall not apply to any properties that the Secretary determines are to be made available for use by the homeless pursuant to subpart E of part 291 of title 24, Code of Federal Regulations, during the period that the properties are so available.

''(10) PROTECTION OF EXISTING CONTRACTS.—This subsection may not be construed to alter, affect, or annul any legally binding obligations entered into with respect to a qualified HUD property before the property becomes a qualified HUD property.

''(11) DEFINITIONS.—For purposes of this subsection, the following definitions shall apply:

''(A) COMMUNITY DEVELOPMENT CORPORATION.—The term 'community development corporation' means a nonprofit organization whose primary purpose is to promote community development by providing housing opportunities for low-income families.

''(B) COST RECOVERY BASIS.—The term 'cost recovery basis' means, with respect to any sale of a residential property by the Secretary, that the purchase price paid by the purchaser is equal to or greater than the sum of: (i) the appraised value of the property, as determined in accordance with such requirements as the Secretary shall establish; and (ii) the costs incurred by the Secretary in connection with such property during the period beginning on the date on which the Secretary acquires title to the property and ending on the date on which the sale is consummated.

''(C) MULTIFAMILY HOUSING PROJECT.—The term 'multifamily housing project' has the meaning given the term in section 203 of the Housing and Community Development Amendments of 1978.

''(D) RESIDENTIAL PROPERTY.—The term 'residential property' means a property that is a multifamily housing project or a single family property.

''(E) SECRETARY.—The term 'Secretary' means the Secretary of Housing and Urban Development.

''(F) SEVERE PHYSICAL PROBLEMS.—The term 'severe physical problems' means, with respect to a dwelling unit, that the unit—

''(i) lacks hot or cold piped water, a flush toilet, or both a bathtub and a shower in the unit, for the exclusive use of that unit;

''(ii) on not less than three separate occasions during the preceding winter months, was uncomfortably cold for a period of more than 6 consecutive hours due to a malfunction of the heating system for the unit;

''(iii) has no functioning electrical service, exposed wiring, any room in which there is not a functioning electrical outlet, or has experienced three or more blown fuses or tripped circuit breakers during the preceding 90-day period;

''(iv) is accessible through a public hallway in which there are no working light fixtures, loose or missing steps or railings, and no elevator; or

''(v) has severe maintenance problems, including water leaks involving the roof, windows, doors, basement, or pipes or plumbing fixtures, holes or open cracks in walls or ceilings, severe paint peeling or broken plaster, and signs of rodent infestation.

''(G) SINGLE FAMILY PROPERTY.—The term 'single family property' means a 1- to 4-family residence.

''(H) SUBSTANDARD.—The term 'substandard' means, with respect to a multifamily housing project, that 25 percent or more of the dwelling units in the project have severe physical problems.

''(I) UNIT OF GENERAL LOCAL GOVERNMENT.—The term 'unit of general local government' has the meaning given such term in section 102(a) of the Housing and Community Development Act of 1974.

''(J) UNOCCUPIED.—The term 'unoccupied' means, with respect to a residential property, that the unit of general local government having jurisdiction over the area in which the project is located has certified in writing that the property is not inhabited.

''(12) REGULATIONS.—

''(A) INTERIM.—Not later than 30 days after the date of the enactment of this subsection, the Secretary shall issue such interim regulations as are necessary to carry out this subsection.

''(B) FINAL.—Not later than 60 days after the date of the enactment of this subsection, the Secretary shall issue such final regulations as are necessary to carry out this subsection.''.

SEC. 642. TRANSFER OF HUD ASSETS IN REVITALIZATION AREAS.

In carrying out the program under section 204(h) of the National Housing Act (12 U.S.C. 1710(h)), upon the request of the chief executive officer of a county or the government of appropriate jurisdiction and not later than 60 days after such request is made, the Secretary of Housing and Urban Development shall designate as a revitalization area all portions of such county that meet the criteria for such designation under paragraph (3) of such section.

SEC. 643. RISK-SHARING DEMONSTRATION.

Section 249 of the National Housing Act (12 U.S.C. 1715z–14) is amended—

(1) by striking the section heading and inserting the following:

''RISK-SHARING DEMONSTRATION'';

(2) by striking ''reinsurance'' each place such term appears and insert ''risk-sharing'';

(3) in subsection (a)—

(A) in the first sentence, by inserting ''and with insured community development financial institutions'' after ''private mortgage insurers'';

(B) in the second sentence—

(i) by striking ''two'' and inserting ''four''; and

(ii) by striking ''March 15, 1988'' and inserting ''the expiration of the 5-year period beginning on the date of the enactment of the Taxpayer Relief Act of 2000''; and

(C) in the third sentence—

(i) by striking ''insured'' and inserting ''for which risk of nonpayment is shared''; and

(ii) by striking ''10 percent'' and inserting ''20 percent'';

(4) in subsection (b)—

(A) in the first sentence—

(i) by striking ''to provide'' and inserting '', in providing'';

(ii) by striking ''through'' and inserting '', to enter into''; and

(iii) by inserting ''and with insured community development financial institutions'' before the period at the end;

(B) in the second sentence, by inserting ''and insured community development financial institutions'' after ''private mortgage insurance companies'';

(C) by striking paragraph (1) and inserting the following new paragraph:

''(1) assume a secondary percentage of loss on any mortgage insured pursuant to section 203(b), 234, or 245 covering a one- to four-family dwelling, which percentage of loss shall be set forth in the risk-sharing contract, with the first percentage of loss to be borne by the Secretary;''; and

(D) in paragraph (2)—

(i) by striking ''carry out (under appropriate delegation) such'' and inserting ''perform or delegate underwriting,'';

(ii) by striking ''function as the Secretary pursuant to regulations,'' and inserting ''functions as the Secretary''; and

(iii) by inserting before the period at the end the following: ''and shall set forth in the risk-sharing contract'';

(5) in subsection (c)—

(A) in the first sentence—

(i) by striking ''of'' the first place it appears and inserting ''for'';

(ii) by inserting ''received by the Secretary with a private mortgage insurer or insured community development financial institution'' after ''sharing of premiums''

(iii) by striking ''insurance reserves'' and inserting ''loss reserves'';

(iv) by striking ''such insurance'' and inserting ''such risk-sharing contract''; and

(v) by striking ''right'' and inserting ''rights''; and

(B) in the second sentence—

(i) by inserting ''or insured community development financial institution'' after ''private mortgage insurance company''; and

(ii) by striking ''for insurance'' and inserting ''for risk-sharing'';

(6) in subsection (d), by inserting ''or insured community development financial institution'' after ''private mortgage insurance company''; and

(7) by adding at the end the following new subsection:

''(e) INSURED COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION.—For purposes of this section, the term 'insured community development financial institution' means a community development financial institution, as such term is defined in section 103 of Reigle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4702) that is an insured depository institution (as such term is defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813)) or an insured credit union (as such term is defined in section 101 of the Federal Credit Union Act (12 U.S.C. 1752)).''.

SEC. 644. PREVENTION AND TREATMENT OF SUBSTANCE ABUSE; SERVICES PROVIDED THROUGH RELIGIOUS ORGANIZATIONS.

Title V of the Public Health Service Act (42 U.S.C. 290aa et seq.) is amended by adding at the end the following part:

''PART G—SERVICES PROVIDED THROUGH RELIGIOUS ORGANIZATIONS

''SEC. 581. APPLICABILITY TO DESIGNATED PROGRAMS.

''(a) DESIGNATED PROGRAMS.—Subject to subsection (b), this part applies to discretionary and formula grant programs administered by the Substance Abuse and Mental Health Services Administration that make awards of financial assistance to public or private entities for the purpose of carrying out activities to prevent or treat substance abuse (in this part referred to as a 'designated program'). Designated programs include the program under subpart II of part B of title XIX (relating to formula grants to the States).

''(b) LIMITATION.—This part does not apply to any award of financial assistance under a designated program for a purpose other than the purpose specified in subsection (a).

''(c) DEFINITIONS.—For purposes of this part (and subject to subsection (b)):

''(1) The term 'designated program' has the meaning given such term in subsection (a).

''(2) The term 'financial assistance' means a grant, cooperative agreement, or contract.

''(3) The term 'program beneficiary' means an individual who receives program services.

''(4) The term 'program participant' means a public or private entity that has received financial assistance under a designated program.

''(5) The term 'program services' means treatment for substance abuse, or preventive services regarding such abuse, provided pursuant to an award of financial assistance under a designated program.

''(6) The term 'religious organization' means a nonprofit religious organization.

''SEC. 582. RELIGIOUS ORGANIZATIONS AS PROGRAM PARTICIPANTS.

''(a) IN GENERAL.—Notwithstanding any other provision of law, a religious organization, on the same basis as any other nonprofit private provider—

''(1) may receive financial assistance under a designated program; and

''(2) may be a provider of services under a designated program.

''(b) RELIGIOUS ORGANIZATIONS.—The purpose of this section is to allow religious organizations to be program participants on the same basis as any other nonprofit private provider without impairing the religious character of such organizations, and without diminishing the religious freedom of program beneficiaries.

''(c) NONDISCRIMINATION AGAINST RELIGIOUS ORGANIZATIONS.—

''(1) ELIGIBILITY AS PROGRAM PARTICIPANTS.—Religious organizations are eligible to be program participants on the same basis as any other nonprofit private organization as long as the programs are implemented consistent with the Establishment Clause and Free Exercise Clause of the First Amendment to the United States Constitution. Nothing in this Act shall be construed to restrict the ability of the Federal Government, or a State or local government receiving funds under such programs, to apply to religious organizations the same eligibility conditions in designated programs as are applied to any other nonprofit private organization.

''(2) NONDISCRIMINATION.—Neither the Federal Government nor a State or local government receiving funds under designated programs shall discriminate against an organization that is or applies to be a program participant on the basis that the organization has a religious character.

''(d) RELIGIOUS CHARACTER AND FREEDOM.—

''(1) RELIGIOUS ORGANIZATIONS.—Except as provided in this section, any religious organization that is a program participant shall retain its independence from Federal, State, and local government, including such organization's control over the definition, development, practice, and expression of its religious beliefs.

''(2) ADDITIONAL SAFEGUARDS.—Neither the Federal Government nor a State shall require a religious organization to—

''(A) alter its form of internal governance; or

''(B) remove religious art, icons, scripture, or other symbols,

in order to be a program participant.

''(e) EMPLOYMENT PRACTICES.—Nothing in this section shall be construed to modify or affect the provisions of any other Federal or State law or regulation that relates to discrimination in employment. A religious organization's exemption provided under section 702 of the Civil Rights Act of 1964 regarding employment practices shall not be affected by its participation in, or receipt of funds from, a designated program.

''(f) RIGHTS OF PROGRAM BENEFICIARIES.—

''(1) IN GENERAL.—If an individual who is a program beneficiary or a prospective program beneficiary objects to the religious character of a program participant, within a reasonable period of time after the date of such objection such program participant shall refer such individual to, and the appropriate Federal, State, or local government that administers a designated program or is a program participant shall provide

to such individual (if otherwise eligible for such services), program services that—

''(A) are from an alternative provider that is accessible to, and has the capacity to provide such services to, such individual; and

''(B) have a value that is not less than the value of the services that the individual would have received from the program participant to which the individual had such objection.

Upon referring a program beneficiary to an alternative provider, the program participant shall notify the appropriate Federal, State, or local government agency that administers the program of such referral.

''(2) NOTICES.—Program participants, public agencies that refer individuals to designated programs, and the appropriate Federal, State, or local governments that administer designated programs or are program participants shall ensure that notice is provided to program beneficiaries or prospective program beneficiaries of their rights under this section.

''(3) ADDITIONAL REQUIREMENTS.—A program participant making a referral pursuant to paragraph (1) shall—

''(A) prior to making such referral, consider any list that the State or local government makes available of entities in the geographic area that provide program services; and

''(B) ensure that the individual makes contact with the alternative provider to which the individual is referred.

''(4) NONDISCRIMINATION.—A religious organization that is a program participant shall not in providing program services or engaging in outreach activities under designated programs discriminate against a program beneficiary or prospective program beneficiary on the basis of religion or religious belief.

''(g) FISCAL ACCOUNTABILITY.—

''(1) IN GENERAL.—Except as provided in paragraph (2), any religious organization that is a program participant shall be subject to the same regulations as other recipients of awards of Federal financial assistance to account, in accordance with generally accepted auditing principles, for the use of the funds provided under such awards.

''(2) LIMITED AUDIT.—With respect to the award involved, a religious organization that is a program participant shall segregate Federal amounts provided under award into a separate account from non-Federal funds. Only the award funds shall be subject to audit by the government.

''(h) COMPLIANCE.—With respect to compliance with this section by an agency, a religious organization may obtain judicial review of agency action in accordance with chapter 7 of title 5, United States Code.

''SEC. 583. LIMITATIONS ON USE OF FUNDS FOR CERTAIN PURPOSES.

''No funds provided under a designated program shall be expended for sectarian worship, instruction, or proselytization.

''SEC. 584. EDUCATIONAL REQUIREMENTS FOR PERSONNEL IN DRUG TREATMENT PROGRAMS.

''(a) FINDINGS.—The Congress finds that—

''(1) establishing unduly rigid or uniform educational qualification for counselors and other personnel in drug treatment programs may undermine the effectiveness of such programs; and

''(2) such educational requirements for counselors and other personnel may hinder or prevent the provision of needed drug treatment services.

''(b) NONDISCRIMINATION.—In determining whether personnel of a program participant that has a record of successful drug treatment for the preceding three years have satisfied State or local requirements for education and training, a State or local government shall not discriminate against education and training provided to such personnel by a religious organization, so long as such education and training includes basic content substantially equivalent to the content provided by nonreligious organizations that the State or local government would credit for purposes of determining whether the relevant requirements have been satisfied.''.

Subtitle F—Other Provisions

SEC. 651. ACCELERATION OF PHASE-IN OF INCREASE IN VOLUME CAP ON PRIVATE ACTIVITY BONDS.

(a) IN GENERAL.—Paragraphs (1) and (2) of section 146(d) (relating to State ceiling) are amended to read as follows:

''(1) IN GENERAL.—The State ceiling applicable to any State for any calendar year shall be the greater of—

''(A) an amount equal to $75 ($62.50 in the case of calendar year 2001) multiplied by the State population, or

''(B) $225,000,000 ($187,500,000 in the case of calendar year 2001).

''(2) COST-OF-LIVING ADJUSTMENT.—In the case of a calendar year after 2002, each of the dollar amounts contained in paragraph (1) shall be increased by an amount equal to—

''(A) such dollar amount, multiplied by

''(B) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting 'calendar year 2001' for 'calendar year 1992' in subparagraph (B) thereof.

If any increase determined under the preceding sentence is not a multiple of $5 ($5,000 in the case of the dollar amount in paragraph (1)(B)), such increase shall be rounded to the nearest multiple thereof.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to calendar years after 2000.

SEC. 652. MODIFICATIONS TO EXPENSING OF ENVIRONMENTAL REMEDIATION COSTS.

(a) EXPENSING NOT LIMITED TO SITES IN TARGETED AREAS.—Subsection (c) of section 198 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(a)(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 (3), 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 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.''.

(b) EXTENSION OF TERMINATION DATE.—Subsection (h) of section 198 is amended by striking ''2001'' and inserting ''2003''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to expenditures paid or incurred after the date of the enactment of this Act.

SEC. 653. EXTENSION OF DC HOMEBUYER TAX CREDIT.

Section 1400C(i) (relating to application of section) is amended by striking ''2002'' and inserting ''2004''.

TITLE VII—ADMINISTRATIVE, MISCELLANEOUS, AND TECHNICAL PROVISIONS

Subtitle A—Administrative Provisions

SEC. 701. EXEMPTION OF CERTAIN REPORTING REQUIREMENTS.

Section 3003(a)(1) of the Federal Reports Elimination and Sunset Act of 1995 (31 U.S.C. 1113 note) shall not apply to any report required to be submitted under any of the following provisions of law:

(1) Section 13031(f) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (19 U.S.C. 58c(f)).

(2) Section 16(c) of the Foreign Trade Zones Act (19 U.S.C. 81p(c)).

(3) The following provisions of the Tariff Act of 1930:

(A) Section 330(c)(1) (19 U.S.C. 1330(c)(1)).

(B) Section 607(c) (19 U.S.C. 1607(c)).

(4) Section 5 of the International Coffee Agreement Act of 1980 (19 U.S.C. 1356n).

(5) Section 351(a)(2) of the Trade Expansion Act of 1962 (19 U.S.C. 1981(a)(2)).

(6) Section 502 of the Automotive Products Trade Act of 1965 (19 U.S.C. 2032).

(7) Section 3131 of the Customs Enforcement Act of 1986 (19 U.S.C. 2081).

(8) The following provisions of the Trade Act of 1974 (19 U.S.C. 2101 et seq.):

(A) Section 102(b)(4)(A)(ii)(I) (19 U.S.C. 2112(b)(4)(A)(ii)(I)).

(B) Section 102(e)(1) (19 U.S.C. 2112(e)(1)).

(C) Section 102(e)(2) (19 U.S.C. 2112(e)(2)).

(D) Section 104(d) (19 U.S.C. 2114(d)).

(E) Section 125(e) (19 U.S.C. 2135(e)).

(F) Section 135(e)(1) (19 U.S.C. 2155(e)(1)).

(G) Section 141(c) (19 U.S.C. 2171(c)).

(H) Section 162 (19 U.S.C. 2212).

(I) Section 163(b) (19 U.S.C. 2213(b)).

(J) Section 163(c) (19 U.S.C. 2213(c)).

(K) Section 203(b) (19 U.S.C. 2253(b)).

(L) Section 302(b)(2)(C) (19 U.S.C. 2412(b)(2)(C)).

(M) Section 303 (19 U.S.C. 2413).

(N) Section 309 (19 U.S.C. 2419).

(O) Section 407(a) (19 U.S.C. 2437(a)).

(P) Section 502(f) (19 U.S.C. 2462(f)).

(Q) Section 504 (19 U.S.C. 2464).

(9) The following provisions of the Trade Agreements Act of 1979 (19 U.S.C. 2501 et seq.):

(A) Section 2(b) (19 U.S.C. 2503(b)).

(B) Section 3(c) (19 U.S.C. 2504(c)).

(C) Section 305(c) (19 U.S.C. 2515(c)).

(10) Section 303(g)(1) of the Convention on Cultural Property Implementation Act (19 U.S.C. 2602(g)(1)).

(11) The following provisions of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2701 et seq.):

(A) Section 212(a)(1)(A) (19 U.S.C. 2702(a)(1)(A)).

(B) Section 212(a)(2) (19 U.S.C. 2702(a)(2)).

(12) The following provisions of the Omnibus Trade and Competitiveness Act of 1988 (19 U.S.C. 2901 et seq.):

(A) Section 1102 (19 U.S.C. 2902).

(B) Section 1103 (19 U.S.C. 2903).

(C) Section 1206(b) (19 U.S.C. 3006(b)).

(13) Section 123(a) of the Customs and Trade Act of 1990 (Public Law 101–382) (19 U.S.C. 2083).

(14) Section 243(b)(2) of the Caribbean Basin Economic Recovery Expansion Act of 1990 (Public Law 101–382).

(15) The following provisions of the Internal Revenue Code of 1986:

(A) Section 6103(p)(5).

(B) Section 7608.

(C) Section 7802(f)(3).

(D) Section 8022(3).

(E) Section 9602(a).

(16) The following provisions relating to the revenue laws of the United States:

(A) Section 1552(c) of the Tax Reform Act of 1986 (100 Stat. 2753).

(B) Section 231 of the Deficit Reduction Act of 1984 (26 U.S.C. 801 note).

(C) Section 208 of the Tax Treatment Extension Act of 1977 (26 U.S.C. 911 note).

(D) Section 7105 of the Technical and Miscellaneous Revenue Act of 1988 (45 U.S.C. 369).

(17) Section 4008 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1308).

(18) Section 426 of the Black Lung Benefits Act (30 U.S.C. 936(b)).

(19) Section 7502(g) of title 31, United States Code.

(20) The following provisions of the Social Security Act:

(A) Section 215(i)(2)(C)(i) (42 U.S.C. 415(i)(2)(C)(i)).

(B) Section 221(i)(2) (42 U.S.C. 421(i)(2)).

(C) Section 221(i)(3) (42 U.S.C. 421(i)(3)).

(D) Section 233(e)(1) (42 U.S.C. 433(e)(1)).

(E) Section 452(a)(10) (42 U.S.C. 652(a)(10)).

(F) Section 452(g)(3)(B) (42 U.S.C. 652(g)(3)(B)).

(G) Section 506(a)(1) (42 U.S.C. 706(a)).

(H) Section 908 (42 U.S.C. 1108).

(I) Section 1114(f) (42 U.S.C. 1314(f)).

(J) Section 1120 (42 U.S.C. 1320).

(K) Section 1161 (42 U.S.C. 1320c–10).

(L) Section 1875(b) (42 U.S.C. 1395ll(b)).

(M) Section 1881 (42 U.S.C. 1395rr).

(N) Section 1882 (42 U.S.C. 1395ss(f)(2)).

(21) Section 104(b) of the Social Security Independence and Program Improvements Act of 1994 (42 USC 904 note).

(22) Section 10 of the Railroad Retirement Act of 1937 (45 U.S.C. 231f).

(23) The following provisions of the Railroad Retirement Act of 1974:

(A) Section 22(a)(1) (45 U.S.C. 231u(a)(1)).

(B) Section 22(b)(1) (45 U.S.C. 231u(b)(1)).

(24) Section 502 of the Railroad Retirement Solvency Act of 1983 (45 U.S.C. 231f-1).

(25) Section 47121(c) of title 49, United States Code.

(26) The following provisions of the Omnibus Budget Reconciliation Act of 1987 (Public Law 100–203; 101 Stat. 1330-182):

(A) Section 4007(c)(4) (42 U.S.C. 1395ww note).

(B) Section 4079 (42 U.S.C. 1395mm note).

(C) Section 4205 (42 U.S.C. 1395i–3 note).

(D) Section 4215 (42 U.S.C. 1396r note).

(27) The following provisions of the Inspector General Act of 1978 (Public Law 95–452):

(A) Section 5(b).

(B) Section 5(d).

(28) The following provisions of the Public Health Service Act:

(A) In section 308(a) (42 U.S.C. 242m(a)), subparagraphs (A), (B), (C), and (D) of paragraph (1).

(B) Section 403 (42 U.S.C. 283).

(29) Section 404 of the Health Services and Centers Amendments of 1978 (42 U.S.C. 242p) (Public Law 95–626).

(30) The following provisions of the Older Americans Act of 1965:

(A) Section 206(d) (42 U.S.C. 3017(d)).

(B) Section 207 (42 U.S.C. 3018).

(31) Section 308 of the Age Discrimination Act of 1975 (42 U.S.C. 6106a(b)).

(32) Section 509(c)(3) of the Americans with Disabilities Act 0f 1990 (42 U.S.C. 12209(c)(3)).

(33) Section 4207(f) of the Omnibus Budget Reconciliation Act of 1990 (42 U.S.C. 1395b–1 note).

SEC. 702. EXTENSION OF DEADLINES FOR IRS COMPLIANCE WITH CERTAIN NOTICE REQUIREMENTS.

(a) ANNUAL INSTALLMENT AGREEMENT NOTICE.—Section 3506 of the Internal Revenue Service Restructuring and Reform Act of 1998 is amended by striking ''July 1, 2000'' and inserting ''September 1, 2001''.

(b) NOTICE REQUIREMENTS RELATING TO COMPUTATION OF PENALTY.—Subsection (c) of section 3306 of the Internal Revenue Service Restructuring and Reform Act of 1998 is amended—

(1) by striking ''December 31, 2000'' and inserting ''June 30, 2001'', and

(2) by adding at the end the following: ''In the case of any notice of penalty issued after June 30, 2001, and before July 1, 2003, the requirements of section 6751(a) of the Internal Revenue Code of 1986 shall be treated as met if such notice contains a telephone number at which the taxpayer can request a copy of the taxpayer's assessment and payment history with respect to such penalty.''.

(c) NOTICE REQUIREMENTS RELATING TO INTEREST IMPOSED.—Subsection (c) of section 3308 of the Internal Revenue Service Restructuring and Reform Act of 1998 is amended—

(1) by striking ''December 31, 2000'' and inserting ''June 30, 2001'', and

(2) by adding at the end the following: ''In the case of any notice issued after June 30, 2001, and before July 1, 2003, to which section 6631 of the Internal Revenue Code of 1986 applies, the requirements of section 6631 of such Code shall be treated as met if such notice contains a telephone number at which the taxpayer can request a copy of the taxpayer's payment history relating to interest amounts included in such notice.''.

SEC. 703. EXTENSION OF AUTHORITY FOR UNDERCOVER OPERATIONS.

Paragraph (6), and the last sentence, of section 7608(c) are each amended by striking ''January 1, 2001'' and inserting ''January 1, 2006''.

SEC. 704. CONFIDENTIALITY OF CERTAIN DOCUMENTS RELATING TO CLOSING AND SIMILAR AGREEMENTS AND TO AGREEMENTS WITH FOREIGN GOVERNMENTS.

(a) CLOSING AND SIMILAR AGREEMENTS TREATED AS RETURN INFORMATION.—Paragraph (2) of section 6103(b) (defining return information) is amended by striking ''and'' at the end of subparagraph (B), by inserting ''and'' at the end of subparagraph (C), and by inserting after subparagraph (C) the following new subparagraph:

''(D) any agreement under section 7121, and any similar agreement, and any background information related to such an agreement or request for such an agreement,''.

(b) AGREEMENTS WITH FOREIGN GOVERNMENTS.—

(1) IN GENERAL.—Subchapter B of chapter 61 (relating to miscellaneous provisions) is amended by inserting after section 6104 the following new section:

''SEC. 6105. CONFIDENTIALITY OF INFORMATION ARISING UNDER TREATY OBLIGATIONS.

''(a) IN GENERAL.—Tax convention information shall not be disclosed.

''(b) EXCEPTIONS.—Subsection (a) shall not apply—

''(1) to the disclosure of tax convention information to persons or authorities (including courts and administrative bodies) which are entitled to such disclosure pursuant to a tax convention,

''(2) to any generally applicable procedural rules regarding applications for relief under a tax convention, or

''(3) in any case not described in paragraphs (1) or (2), to the disclosure of any tax convention information not relating to a particular taxpayer if the Secretary determines, after consultation with each other party to the tax convention, that such disclosure would not impair tax administration.

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

''(1) TAX CONVENTION INFORMATION.—The term 'tax convention information' means any—

''(A) agreement entered into with the competent authority of one or more foreign governments pursuant to a tax convention,

''(B) application for relief under a tax convention,

''(C) any background information related to such agreement or application,

''(D) document implementing such agreement, and

''(E) any other information exchanged pursuant to a tax convention which is treated as confidential or secret under the tax convention.

''(2) TAX CONVENTION.—The term 'tax convention' means—

''(A) any income tax or gift and estate tax convention, or

''(B) any other convention or bilateral agreement (including multilateral conventions and agreements and any agreement with a possession of the United States) providing for the avoidance of double taxation, the prevention of fiscal evasion, nondiscrimination with respect to taxes, the exchange of tax relevant information with the United States, or mutual assistance in tax matters.

''(d) CROSS REFERENCES.—

''For penalties for the unauthorized disclosure of tax convention information which is return or return information, see sections 7213, 7213A, and 7431.''.

(2) CLERICAL AMENDMENT.—The table of sections for subchapter B of chapter 61 is amended by inserting after the item relating to section 6104 the following new item:

''Sec. 6105. Confidentiality of information arising under treaty obligations.''.

(c) EXCEPTION FROM PUBLIC INSPECTION AS WRITTEN DETERMINATION.—

(1) CLOSING AND SIMILAR AGREEMENTS.—Paragraph (1) of section 6110(b) is amended to read as follows:

''(1) WRITTEN DETERMINATION.—

''(A) IN GENERAL.—The term 'written determination' means a ruling, determination letter, technical advice memorandum, or Chief Counsel advice.

''(B) EXCEPTIONS.—Such term shall not include any matter referred to in subparagraph (C) or (D) of section 6103(b)(2).''.

(2) AGREEMENTS WITH FOREIGN GOVERNMENTS.—Paragraph (1) of section 6110(l) is amended by inserting ''or 6105'' after ''6104''.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 705. 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 the enactment under section 6405 of the Internal Revenue Code of 1986.

SEC. 706. TREATMENT OF MISSING CHILDREN WITH RESPECT TO CERTAIN TAX BENEFITS.

(a) IN GENERAL.—Subsection (c) of section 151 (relating to additional exemption for dependents) is amended by adding at the end the following new paragraph:

''(6) TREATMENT OF MISSING CHILDREN.—

''(A) IN GENERAL.—Solely for the purposes referred to in subparagraph (B), a child of the taxpayer—

''(i) who is presumed by law enforcement authorities to have been kidnapped by someone who is not a member of the family of such child or the taxpayer, and

''(ii) who was (without regard to this paragraph) the dependent of the taxpayer for the portion of the taxable year before the date of the kidnapping,

shall be treated as a dependent of the taxpayer for all taxable years ending during the period that the child is kidnapped.

''(B) PURPOSES.—Subparagraph (A) shall apply solely for purposes of determining—

''(i) the deduction under this section,

''(ii) the credit under section 24 (relating to child tax credit), and

''(iii) whether an individual is a surviving spouse or a head of a household (such terms are defined in section 2).

''(C) COMPARABLE TREATMENT FOR EARNED INCOME CREDIT.—For purposes of section 32, an individual—

''(i) who is presumed by law enforcement authorities to have been kidnapped by someone who is not a member of the family of such individual or the taxpayer, and

''(ii) who had, for the taxable year in which the kidnapping occurred, the same principal place of abode as the taxpayer for more than one-half of the portion of such year before the date of the kidnapping,

shall be treated as meeting the requirement of section 32(c)(3)(A)(ii) with respect to a taxpayer for all taxable years ending during the period that the individual is kidnapped.

''(D) TERMINATION OF TREATMENT.—Subparagraphs (A) and (C) shall cease to apply as of the first taxable year of the taxpayer beginning after the calendar year in which there is a determination that the child is dead (or, if earlier, in which the child would have attained age 18).''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years ending after the date of the enactment of this Act.

SEC. 707. AMENDMENTS TO STATUTES REFERENCING YIELD ON 52-WEEK TREASURY BILLS.

(a) AMENDMENT TO THE ACT OF FEBRUARY 26, 1931.—Section 6 of the Act of February 26, 1931 (40 U.S.C. 258e–1) (relating to the interest rate on compensation owed for takings of property) is amended—

(1) in paragraph (1), by striking ''the coupon issue yield equivalent (as determined by the Secretary of the Treasury) of the average accepted auction price for the last auction of 52 week United States Treasury bills settled immediately before'' and inserting ''the weekly average 1-year constant maturity Treasury yield, as published by the Board of Governors of the Federal Reserve System, for the calendar week preceding''; and

(2) in paragraph (2), by striking ''the coupon issue yield equivalent (as determined by the Secretary of the Treasury) of the average accepted auction price for the last auction of 52 week United States Treasury bills settled immediately before'' and inserting ''the weekly average 1-year constant maturity Treasury yield, as published by the Board of Governors of the Federal Reserve System, for the calendar week preceding''.

(b) AMENDMENT TO TITLE 18, UNITED STATES CODE.—Section 3612(f)(2)(B) of title 18, United States Code (relating to the interest rate on unpaid criminal fines and penalties of more than $2,500) is amended by striking ''the coupon issue yield equivalent (as determined by the Secretary of the Treasury) of the average accepted auction price for the last auction of fifty-two week United States Treasury bills settled before'' and inserting 'the weekly average 1-year constant maturity Treasury yield, as published by the Board of Governors of the Federal Reserve System, for the calendar week preceding.''.

(c) AMENDMENT TO THE INTERNAL REVENUE CODE.—Section 995(f)(4) (relating to the interest rate on tax-deferred liability of shareholders of domestic international sales corporations) is amended by striking ''the average investment yield of United States Treasury bills with maturities of 52 weeks which were auctioned during the 1-year period'' and inserting ''the average of the 1-year constant maturity Treasury yields, as published by the Board of Governors of the Federal Reserve System, for the 1-year period''.

(d) AMENDMENTS TO TITLE 28, UNITED STATES CODE.—

(1) AMENDMENT TO SECTION 1961.—Section 1961(a) of title 28, United States Code (relating to the interest rate on money judgments in civil cases recovered in Federal district court) is amended by striking ''the coupon issue yield equivalent (as determined by the Secretary of the Treasury) of the average accepted auction price for the last auction of fifty-two week United States Treasury bills settled immediately prior to'' and inserting ''the weekly average 1-year constant maturity Treasury yield, as published by the Board of Governors of the Federal Reserve System, for the calendar week preceding.''.

(2) AMENDMENT TO SECTION 2516.—Section 2516(b) of title 28, United States Code (relating to the interest rate on a judgment against the United States affirmed by the Supreme Court after review on petition of the United States) is amended by striking ''the coupon issue yield equivalent (as determined by the Secretary of the Treasury) of the average accepted auction price for the last auction of fifty-two week United States Treasury bills settled immediately before'' and inserting ''the weekly average 1-year constant maturity Treasury yield, as published by the Board of Governors of the Federal Reserve System, for the calendar week preceding''.

SEC. 708. ADJUSTMENTS FOR CONSUMER PRICE INDEX ERROR.

(a) DETERMINATIONS BY OMB.—As soon as practicable after the date of the enactment of this Act, the Director of the Office of Management and Budget shall determine with respect to each applicable Federal benefit program whether the CPI computation error for 1999 has or will result in a shortfall in payments to beneficiaries under such program (as compared to payments that would have been made if the error had not occurred). As soon as practicable after the date of the enactment of this Act, but not later than 60 days after such date, the Director shall direct the head of the Federal agency which administers such program to make a payment or payments that, insofar as the Director finds practicable and feasible—

(1) are targeted to the amount of the shortfall experienced by individual beneficiaries, and

(2) compensate for the shortfall.

(b) COORDINATION WITH FEDERAL AGENCIES.—As soon as practicable after the date of the enactment of this Act, each Federal agency that administers an applicable Federal benefit program shall, in accordance with such guidelines as are issued by the Director pursuant to this section, make an initial determination of whether, and the extent to which, the CPI computation error for 1999 has or will result in a shortfall in payments to beneficiaries of an applicable Federal benefit program administered by such agency. Not later than 30 days after such date, the head of such agency shall submit a report to the Director and to each House of the Congress of such determination, together with a complete description of the nature of the shortfall.

(c) IMPLEMENTATION PURSUANT TO AGENCY REPORTS.—Upon receipt of the report submitted by a Federal agency pursuant to subsection (b), the Director shall review the initial determination of the agency, the agency's description of the nature of the shortfall, and the compensation payments proposed by the agency. Prior to directing payment of such payments pursuant to subsection (a), the Director shall make appropriate adjustments (if any) in the compensation payments proposed by the agency that the Director determines are necessary to comply with the requirements of subsection (a) and transmit to the agency a summary report of the review, indicating any adjustments made by the Director. The agency shall make the compensation payments as directed by the Director pursuant to subsection (a) in accordance with the Director's summary report.

(d) INCOME DISREGARD UNDER FEDERAL MEANS-TESTED BENEFIT PROGRAMS.—A payment made under this section to compensate for a shortfall in benefits shall, in accordance with guidelines issued by the Director pursuant to this section, be disregarded in determining income under title VIII of the Social Security Act or any applicable Federal benefit program that is means-tested.

(e) FUNDING.—Funds otherwise available under each applicable Federal benefit program for making benefit payments under such program are hereby made available for making compensation payments under this section in connection with such program.

(f) NO JUDICIAL REVIEW.—No action taken pursuant to this section shall be subject to judicial review.

(g) DIRECTOR'S REPORT.—Not later than April 1, 2001, the Director shall submit to each House of the Congress a report on the activities performed by the Director pursuant to this section.

(h) DEFINITIONS.—For purposes of this section:

(1) APPLICABLE FEDERAL BENEFIT PROGRAM.—The term ''applicable Federal benefit program'' means any program of the Government of the United States providing for regular or periodic payments or cash assistance paid directly to individual beneficiaries, as determined by the Director of the Office of Management and Budget.

(2) FEDERAL AGENCY.—The term ''Federal agency'' means a department, agency, or instrumentality of the Government of the United States.

(3) CPI COMPUTATION ERROR FOR 1999.—The term ''CPI computation error for 1999'' means the error in the computation of the Consumer Price Index announced by the Bureau of Labor Statistics on September 28, 2000.

(i) TAX PROVISIONS.—If any Consumer Price Index (as defined in section 1(f)(5) of the Internal Revenue Code of 1986) reflects the CPI computation error for 1999—

(1) the correct amount of such Index shall (in such manner and to such extent as the Secretary of the Treasury determines to be appropriate) be taken into account for purposes of such Code, and

(2) tables prescribed under section 1(f) of such Code to reflect such correct amount shall apply in lieu of any tables that were prescribed based on the erroneous amount.

SEC. 709. PREVENTION OF DUPLICATION OF LOSS THROUGH ASSUMPTION OF LIABILITIES GIVING RISE TO A DEDUCTION.

(a) IN GENERAL.—Section 358 (relating to basis to distributees) is amended by adding at the end the following new subsection:

''(h) SPECIAL RULES FOR ASSUMPTION OF LIABILITIES TO WHICH SUBSECTION (d) DOES NOT APPLY.—

''(1) IN GENERAL.—If, after application of the other provisions of this section to an exchange

or series of exchanges, the basis of property to which subsection (a)(1) applies exceeds the fair market value of such property, then such basis shall be reduced (but not below such fair market value) by the amount (determined as of the date of the exchange) of any liability—

''(A) which is assumed in exchange for such property, and

''(B) with respect to which subsection (d)(1) does not apply to the assumption.

''(2) EXCEPTIONS.—Except as provided by the Secretary, paragraph (1) shall not apply to any liability if—

''(A) the trade or business with which the liability is associated is transferred to the person assuming the liability as part of the exchange, or

''(B) substantially all of the assets with which the liability is associated are transferred to the person assuming the liability as part of the exchange.

''(3) LIABILITY.—For purposes of this subsection, the term 'liability' shall include any fixed or contingent obligation to make payment, without regard to whether the obligation is otherwise taken into account for purposes of this title.''

(b) DETERMINATION OF AMOUNT OF LIABILITY ASSUMED.—Section 357(d)(1) is amended by inserting ''section 358(h),'' after ''section 358(d),''.

(c) APPLICATION OF COMPARABLE RULES TO PARTNERSHIPS AND S CORPORATIONS.—The Secretary of the Treasury or his delegate—

(1) shall prescribe rules which provide appropriate adjustments under subchapter K of chapter 1 of the Internal Revenue Code of 1986 to prevent the acceleration or duplication of losses through the assumption of (or transfer of assets subject to) liabilities described in section 358(h)(3) of such Code (as added by subsection (a)) in transactions involving partnerships, and

(2) may prescribe rules which provide appropriate adjustments under subchapter S of chapter 1 of such Code in transactions described in paragraph (1) involving S corporations rather than partnerships.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to assumptions of liability after October 18, 1999.

(2) RULES.—The rules prescribed under subsection (c) shall apply to assumptions of liability after October 18, 1999, or such later date as may be prescribed in such rules.

Subtitle B—Miscellaneous Provisions

SEC. 710. REPEAL OF 4.3-CENT MOTOR FUEL EXCISE TAXES ON RAILROADS AND INLAND WATERWAY TRANSPORTATION WHICH REMAIN IN GENERAL FUND.

(a) TAXES ON TRAINS.—

(1) 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''.

(2) CONFORMING AMENDMENTS.—

(A) Subparagraph (C) of section 4041(a)(1) is amended by striking clause (ii) and by redesignating clause (iii) as clause (ii).

(B) Subparagraph (C) of section 4041(b)(1) is amended by striking all that follows ''section 6421(e)(2)'' and inserting a period.

(C) Subsection (d) of section 4041 is amended by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following new paragraph:

''(3) DIESEL FUEL USED IN TRAINS.—There is hereby imposed a tax of 0.1 cent per gallon on any liquid other than gasoline (as defined in section 4083)—

''(A) sold by any person to an owner, lessee, or other operator of a diesel-powered train for use as a fuel in such train, or

''(B) used by any person as a fuel in a diesel-powered train unless there was a taxable sale of such fuel under subparagraph (A).

No tax shall be imposed by this paragraph on the sale or use of any liquid if tax was imposed on such liquid under section 4081.''

(D) Subsection (e) of section 4082 is amended by striking ''section 4041(a)(1)'' and inserting ''subsections (d)(3) and (a)(1) of section 4041, respectively''.

(E) Paragraph (3) of section 4083(a) is amended by striking ''or a diesel-powered train''.

(F) Paragraph (3) of section 6421(f) is amended to read as follows:

''(3) GASOLINE USED IN TRAINS.—In the case of gasoline used as a fuel in a train, this section shall not apply with respect to the Leaking Underground Storage Tank Trust Fund financing rate under section 4081.''

(G) Paragraph (3) of section 6427(l) is amended to read as follows:

''(3) REFUND OF CERTAIN TAXES ON FUEL USED IN DIESEL-POWERED TRAINS.—For purposes of this subsection, the term 'nontaxable use' includes fuel used in a diesel-powered train. The preceding sentence shall not apply to the tax imposed by section 4041(d) and the Leaking Underground Storage Tank Trust Fund financing rate under section 4081 except with respect to fuel sold for exclusive use by a State or any political subdivision thereof.''

(b) FUEL USED ON INLAND WATERWAYS.—

(1) 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).

(2) CONFORMING AMENDMENT.—Paragraph (2) of section 4042(b) is amended by striking subparagraph (C).

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 2001.

SEC. 711. REPEAL OF REDUCTION OF DEDUCTIONS FOR MUTUAL LIFE INSURANCE COMPANIES.

(a) IN GENERAL.—Section 809 (relating to reductions in certain deductions of mutual life insurance companies) is hereby repealed.

(b) CONFORMING AMENDMENTS RELATED TO REPEAL OF SECTION 809.—

(1) Subsections (a)(2)(B) and (b)(1)(B) of section 807 are each amended by striking ''the sum of (i)'' and by striking ''plus (ii) any excess described in section 809(a)(2) for the taxable year,''.

(2)(A) The last sentence of section 807(d)(1) is amended by striking ''(as defined in section 809(b)(4)(B))''.

(B) Subsection (d) of section 807 is amended by adding at the end the following new paragraph:

''(6) STATUTORY RESERVES.—For purposes of this subsection, the term 'statutory reserves' means the aggregate amount set forth in the annual statement with respect to items described in subsection (c). Such term shall not include any reserve attributable to a deferred and uncollected premium if the establishment of such reserve is not permitted under section 811(c).''

(3) Subsection (c) of section 808 is amended to read as follows:

''(c) AMOUNT OF DEDUCTION.—The deduction for policyholder dividends for any taxable year shall be an amount equal to the policyholder dividends paid or accrued during the taxable year.''

(4) Subparagraph (A) of section 812(b)(3) is amended by striking ''sections 808 and 809'' and inserting ''section 808''.

(5) Subsection (c) of section 817 is amended by striking ''(other than section 809)''.

(6) Subsection (c) of section 842 is amended by striking paragraph (3) and by redesignating paragraph (4) as paragraph (3).

(7) The table of sections for subpart C of part I of subchapter L of chapter 1 is amended by striking the item relating to section 809.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 712. REPEAL OF POLICYHOLDERS SURPLUS ACCOUNT PROVISIONS.

(a) REPEAL.—Section 815 (relating to distributions to shareholders from pre-1984 policyholders surplus accounts) is hereby repealed.

(b) CONFORMING AMENDMENTS.—

(1) Section 801 is amended by striking subsection (c).

(2) The table of sections for subpart D of part I of subchapter L of chapter 1 is amended by striking the item relating to section 815.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 713. CREDIT TO HOLDERS OF QUALIFIED AMTRAK BONDS.

(a) IN GENERAL.—Part IV of subchapter A of chapter 1 (relating to credits against tax) is amended by adding at the end the following new subpart:

''Subpart H—Nonrefundable Credit for Holders of Qualified Amtrak Bonds

''Sec. 54. Credit to holders of qualified Amtrak bonds.

''SEC. 54. CREDIT TO HOLDERS OF QUALIFIED AMTRAK BONDS.

''(a) ALLOWANCE OF CREDIT.—In the case of a taxpayer who holds a qualified Amtrak bond on a credit allowance date of such bond which occurs during the taxable year, there shall be allowed as a credit against the tax imposed by this chapter for such taxable year an amount equal to the sum of the credits determined under subsection (b) with respect to credit allowance dates during such year on which the taxpayer holds such bond.

''(b) AMOUNT OF CREDIT.—

''(1) IN GENERAL.—The amount of the credit determined under this subsection with respect to any credit allowance date for a qualified Amtrak bond is 25 percent of the annual credit determined with respect to such bond.

''(2) ANNUAL CREDIT.—The annual credit determined with respect to any qualified Amtrak bond is the product of—

''(A) the applicable credit rate, multiplied by

''(B) the outstanding face amount of the bond.

''(3) APPLICABLE CREDIT RATE.—For purposes of paragraph (2), the applicable credit rate with respect to an issue is the rate equal to an average market yield (as of the day before the date of sale of the issue) on outstanding long-term corporate debt obligations (determined under regulations prescribed by the Secretary).

''(4) SPECIAL RULE FOR ISSUANCE AND REDEMPTION.—In the case of a bond which is issued during the 3-month period ending on a credit allowance date, the amount of the credit determined under this subsection with respect to such credit allowance date shall be a ratable portion of the credit otherwise determined based on the portion of the 3-month period during which the bond is outstanding. A similar rule shall apply when the bond is redeemed.

''(c) LIMITATION BASED ON AMOUNT OF TAX.—

''(1) IN GENERAL.—The credit allowed under subsection (a) for any taxable year shall not exceed the excess of—

''(A) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

''(B) the sum of the credits allowable under this part (other than this subpart and subpart C).

''(2) CARRYOVER OF UNUSED CREDIT.—If the credit allowable under subsection (a) exceeds the limitation imposed by paragraph (1) for such taxable year, such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such taxable year.

''(d) QUALIFIED AMTRAK BOND.—For purposes of this part—

''(1) IN GENERAL.—The term 'qualified Amtrak bond' means any bond issued as part of an issue if—

''(A) 95 percent or more of the proceeds of such issue are to be used for any qualified project,

''(B) the bond is issued by the National Railroad Passenger Corporation,

''(C) the issuer—

''(i) designates such bond for purposes of this section,

''(ii) certifies that it meets the State contribution requirement of paragraph (3) with respect to such project and that it has received the required State contribution payment before the issuance of such bond, and

''(iii) certifies that it has obtained the written approval of the Secretary of Transportation for such project, including a finding by the Inspector General of the Department of Transportation that there is a reasonable likelihood that the proposed program will result in a positive incremental financial contribution to the National Railroad Passenger Corporation and that the investment evaluation process includes a return on investment, leveraging of funds (including State capital and operating contributions), cost effectiveness, safety improvement, mobility improvement, and feasibility,

''(D) the term of each bond which is part of such issue does not exceed 20 years,

''(E) the payment of principal with respect to such bond is the obligation of the National Railroad Passenger Corporation (regardless of the establishment of the trust account under subsection (j)), and

''(F) the issue meets the requirements of subsection (h).

''(2) TREATMENT OF CHANGES IN USE.—For purposes of paragraph (1)(A), the proceeds of an issue shall not be treated as used for a qualified project to the extent that the issuer takes any action within its control which causes such proceeds not to be used for a qualified project. The Secretary shall prescribe regulations specifying remedial actions that may be taken (including conditions to taking such remedial actions) to prevent an action described in the preceding sentence from causing a bond to fail to be a qualified Amtrak bond.

''(3) STATE CONTRIBUTION REQUIREMENT.—

''(A) IN GENERAL.—For purposes of paragraph (1)(C)(ii), the State contribution requirement of this paragraph is met with respect to any qualified project if the National Railroad Passenger Corporation has a written binding commitment from 1 or more States to make matching contributions not later than the date of issuance of the issue of not less than 20 percent of the cost of the qualified project.

''(B) USE OF STATE MATCHING CONTRIBUTIONS.—The matching contributions described in subparagraph (A) with respect to each qualified project shall be used—

''(i) as necessary to redeem bonds which are a part of the issue with respect to such project, and

''(ii) in the case of any remaining amount, at the election of the National Railroad Passenger Corporation and the contributing State—

''(I) to fund a qualified project,

''(II) to redeem other qualified Amtrak bonds, or

''(III) for the purposes of subclauses (I) and (II).

''(C) STATE MATCHING CONTRIBUTIONS MAY NOT INCLUDE FEDERAL FUNDS.—For purposes of this paragraph, State matching contributions shall not be derived, directly or indirectly, from Federal funds, including any transfers from the Highway Trust Fund under section 9503.

''(D) NO STATE CONTRIBUTION REQUIREMENT FOR CERTAIN QUALIFIED PROJECTS.—With respect to any qualified project described in paragraph (2)(B) or (4) of subsection (e), the State contribution requirement of this paragraph is zero.

''(4) QUALIFIED PROJECT.—

''(A) IN GENERAL.—The term 'qualified project' means—

''(i) the acquisition, financing, or refinancing of equipment, rolling stock, and other capital improvements for the northeast rail corridor between Washington, D.C. and Boston, Massachusetts (including the project described in subsection (e)(2)(B)),

''(ii) the acquisition, financing, or refinancing of equipment, rolling stock, and other capital improvements for the improvement of train speeds or safety (or both) on the high-speed rail corridors designated under section 104(d)(2) of title 23, United States Code, and

''(iii) the acquisition, financing, or refinancing of equipment, rolling stock, and other capital improvements for other intercity passenger rail corridors, including station rehabilitation or construction, track or signal improvements, or the elimination of grade crossings.

''(B) REFINANCING RULES.—For purposes of subparagraph (A), a refinancing shall constitute a qualified project only if the indebtedness being refinanced (including any obligation directly or indirectly refinanced by such indebtedness) was originally incurred by the National Railroad Passenger Corporation—

''(i) after the date of the enactment of this section,

''(ii) for a term of not more than 3 years,

''(iii) to finance or acquire capital improvements described in subparagraph (A), and

''(iv) in anticipation of being refinanced with proceeds of a qualified Amtrak bond.

''(e) LIMITATIONS ON AMOUNT OF BONDS DESIGNATED.—

''(1) IN GENERAL.—There is a qualified Amtrak bond limitation for each fiscal year. Such limitation is—

''(A) $1,000,000,000 for each of the fiscal years 2001 through 2010, and

''(B) except as provided in paragraph (5), zero after fiscal year 2010.

''(2) BONDS FOR RAIL CORRIDORS.—

''(A) IN GENERAL.—Not more than $3,000,000,000 of the limitation under paragraph (1) may be designated for any 1 rail corridor described in clause (i) or (ii) of subsection (d)(4)(A).

''(B) SPECIFIC QUALIFIED PROJECT ALLOCATION.—Of the amount described in subparagraph (A), the Secretary of Transportation shall allocate $92,000,000 for the acquisition and installation of platform facilities, performance of railroad force account work necessary to complete improvements below street grade, and any other necessary improvements related to construction at the railroad station at the James A. Farley Post Office Building in New York City, New York.

''(3) BONDS FOR OTHER PROJECTS.—Not more than 10 percent of the limitation under paragraph (1) for any fiscal year may be allocated to qualified projects described in subsection (d)(4)(A)(iii).

''(4) BONDS FOR ALASKA RAILROAD.—The Secretary of Transportation may allocate to the Alaska Railroad a portion of the qualified Amtrak limitation for any fiscal year in order to allow the Alaska Railroad to issue bonds which meet the requirements of this section for use in financing any project described in subsection (d)(4)(A)(iii). For purposes of this section, the Alaska Railroad shall be treated in the same manner as the National Railroad Passenger Corporation.

''(5) CARRYOVER OF UNUSED LIMITATION.—If for any fiscal year—

''(A) the limitation amount under paragraph (1), exceeds

''(B) the amount of bonds issued during such year which are designated under subsection (d)(1)(C)(i),

the limitation amount under paragraph (1) for the following fiscal year (through fiscal year 2014) shall be increased by the amount of such excess.

''(6) PREFERENCE FOR GREATER STATE PARTICIPATION.—In selecting qualified projects for allocation of the qualified Amtrak bond limitation under this subsection, the Secretary of Transportation shall give preference to any project with a State matching contribution rate exceeding 20 percent.

''(f) OTHER DEFINITIONS.—For purposes of this subpart—

''(1) BOND.—The term 'bond' includes any obligation.

''(2) CREDIT ALLOWANCE DATE.—The term 'credit allowance date' means—

''(A) March 15,

''(B) June 15,

''(C) September 15, and

''(D) December 15.

Such term includes the last day on which the bond is outstanding.

''(3) STATE.—The term 'State' means the several States and the District of Columbia, and any subdivision thereof.

''(4) PROGRAM.—The term 'program' means 1 or more projects implemented over 1 or more years to support the development of intercity passenger rail corridors.

''(g) CREDIT INCLUDED IN GROSS INCOME.—Gross income includes the amount of the credit allowed to the taxpayer under this section (determined without regard to subsection (c)) and the amount so included shall be treated as interest income.

''(h) SPECIAL RULES RELATING TO ARBITRAGE.—

''(1) IN GENERAL.—Subject to paragraph (2), an issue shall be treated as meeting the requirements of this subsection if as of the date of issuance, the issuer reasonably expects—

''(A) to spend at least 95 percent of the proceeds of the issue for 1 or more qualified projects within the 3-year period beginning on such date,

''(B) to incur a binding commitment with a third party to spend at least 10 percent of the proceeds of the issue, or to commence construction, with respect to such projects within the 6-month period beginning on such date, and

''(C) to proceed with due diligence to complete such projects and to spend the proceeds of the issue.

''(2) RULES REGARDING CONTINUING COMPLIANCE AFTER 3-YEAR DETERMINATION.—If at least 95 percent of the proceeds of the issue is not expended for 1 or more qualified projects within the 3-year period beginning on the date of issuance, an issue shall be treated as continuing to meet the requirements of this subsection if either—

''(A) the issuer uses all unspent proceeds of the issue to redeem bonds of the issue within 90 days after the end of such 3-year period, or

''(B) the following requirements are met:

''(i) The issuer spends at least 75 percent of the proceeds of the issue for 1 or more qualified projects within the 3-year period beginning on the date of issuance.

''(ii) The issuer has proceeded with due diligence to spend the proceeds of the issue within such 3-year period and continues to proceed with due diligence to spend such proceeds.

''(iii) The issuer pays to the Federal Government any earnings on the proceeds of the issue that accrue after the end of such 3-year period.

''(iv) Either—

''(I) at least 95 percent of the proceeds of the issue is expended for 1 or more qualified projects within the 4-year period beginning on the date of issuance, or

''(II) the issuer uses all unspent proceeds of the issue to redeem bonds of the issue within 90 days after the end of such 4-year period.

''(i) RECAPTURE OF PORTION OF CREDIT WHERE CESSATION OF COMPLIANCE.—

''(1) IN GENERAL.—If any bond which when issued purported to be a qualified Amtrak bond ceases to be a qualified Amtrak bond, the issuer shall pay to the United States (at the time required by the Secretary) an amount equal to the sum of—

''(A) the aggregate of the credits allowable under this section with respect to such bond (determined without regard to subsection (c)) for taxable years ending during the calendar year in which such cessation occurs and the 2 preceding calendar years, and

''(B) interest at the underpayment rate under section 6621 on the amount determined under subparagraph (A) for each calendar year for the period beginning on the first day of such calendar year.

''(2) FAILURE TO PAY.—If the issuer fails to timely pay the amount required by paragraph (1) with respect to such bond, the tax imposed by this chapter on each holder of any such bond which is part of such issue shall be increased (for the taxable year of the holder in which such cessation occurs) by the aggregate decrease in the credits allowed under this section to such holder for taxable years beginning in such 3 calendar years which would have resulted solely from denying any credit under this section with respect to such issue for such taxable years.

''(3) SPECIAL RULES.—

''(A) TAX BENEFIT RULE.—The tax for the taxable year shall be increased under paragraph (2) 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 paragraph (2) shall not be treated as a tax imposed by this chapter for purposes of determining —

''(i) the amount of any credit allowable under this part, or

''(ii) the amount of the tax imposed by section 55.

''(j) USE OF TRUST ACCOUNT.—

''(1) IN GENERAL.—The amount of any matching contribution with respect to a qualified project described in subsection (d)(3)(B)(i) or (d)(3)(B)(ii)(II) and the temporary period investment earnings on proceeds of the issue with respect to such project, and any earnings thereon, shall be held in a trust account by a trustee independent of the National Railroad Passenger Corporation to be used to the extent necessary to redeem bonds which are part of such issue.

''(2) USE OF REMAINING FUNDS IN TRUST ACCOUNT.—Upon the repayment of the principal of all qualified Amtrak bonds issued under this section, any remaining funds in the trust account described in paragraph (1) shall be available—

''(A) to the trustee described in paragraph (1), to meet any remaining obligations under any guaranteed investment contract used to secure earnings sufficient to repay the principal of such bonds, and

''(B) to the issuer, for any qualified project.

''(k) OTHER SPECIAL RULES.—

''(1) PARTNERSHIP; S CORPORATION; AND OTHER PASS-THRU ENTITIES.—Under regulations prescribed by the Secretary, in the case of a partnership, trust, S corporation, or other pass-thru entity, rules similar to the rules of section 41(g) shall apply with respect to the credit allowable under subsection (a).

''(2) BONDS HELD BY REGULATED INVESTMENT COMPANIES.—If any qualified Amtrak bond is held by a regulated investment company, the credit determined under subsection (a) shall be allowed to shareholders of such company under procedures prescribed by the Secretary.

''(3) CREDITS MAY BE STRIPPED.—Under regulations prescribed by the Secretary—

''(A) IN GENERAL.—There may be a separation (including at issuance) of the ownership of a qualified Amtrak bond and the entitlement to the credit under this section with respect to such bond. In case of any such separation, the credit under this section shall be allowed to the person who on the credit allowance date holds the instrument evidencing the entitlement to the credit and not to the holder of the bond.

''(B) CERTAIN RULES TO APPLY.—In the case of a separation described in subparagraph (A), the rules of section 1286 shall apply to the qualified Amtrak bond as if it were a stripped bond and to the credit under this section as if it were a stripped coupon.

''(4) TREATMENT FOR ESTIMATED TAX PURPOSES.—Solely for purposes of sections 6654 and 6655, the credit allowed by this section to a taxpayer by reason of holding a qualified Amtrak bond on a credit allowance date shall be treated as if it were a payment of estimated tax made by the taxpayer on such date.

''(5) CREDIT MAY BE TRANSFERRED.—Nothing in any law or rule of law shall be construed to limit the transferability of the credit allowed by this section through sale and repurchase agreements.

''(6) REPORTING.—Issuers of qualified Amtrak bonds shall submit reports similar to the reports required under section 149(e).''.

(b) REPORTING.—Subsection (d) of section 6049 (relating to returns regarding payments of interest), as amended by section 505(d), is amended by adding at the end the following new paragraph:

''(9) REPORTING OF CREDIT ON QUALIFIED AMTRAK BONDS.—

''(A) IN GENERAL.—For purposes of subsection (a), the term 'interest' includes amounts includible in gross income under section 54(g) and such amounts shall be treated as paid on the credit allowance date (as defined in section 54(f)(2)).

''(B) REPORTING TO CORPORATIONS, ETC.—Except as otherwise provided in regulations, in the case of any interest described in subparagraph (A) of this paragraph, subsection (b)(4) of this section shall be applied without regard to subparagraphs (A), (H), (I), (J), (K), and (L)(i).

''(C) REGULATORY AUTHORITY.—The Secretary may prescribe such regulations as are necessary or appropriate to carry out the purposes of this paragraph, including regulations which require more frequent or more detailed reporting.''.

(c) CLERICAL AMENDMENTS.—

(1) The table of subparts for part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

''Subpart H. Nonrefundable Credit for Holders of Qualified Amtrak Bonds.''.

(2) Section 6401(b)(1) is amended by striking ''and G'' and inserting ''G, and H''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to obligations issued after September 30, 2000.

(e) MULTI-YEAR CAPITAL SPENDING PLAN AND OVERSIGHT.—

(1) AMTRAK CAPITAL SPENDING PLAN.—

(A) IN GENERAL.—The National Railroad Passenger Corporation shall annually submit to the President and Congress a multi-year capital spending plan, as approved by the Board of Directors of the Corporation.

(B) CONTENTS OF PLAN.—Such plan shall identify the capital investment needs of the Corporation over a period of not less than 5 years and the funding sources available to finance such needs and shall prioritize such needs according to corporate goals and strategies.

(C) INITIAL SUBMISSION DATE.—The first plan shall be submitted before the issuance of any qualified Amtrak bonds by the National Railroad Passenger Corporation pursuant to section 54 of the Internal Revenue Code of 1986 (as added by this section).

(2) OVERSIGHT OF AMTRAK TRUST ACCOUNT AND QUALIFIED PROJECTS.—

(A) TRUST ACCOUNT OVERSIGHT.—The Secretary of the Treasury shall annually report to Congress as to whether the amount deposited in the trust account established by the National Railroad Passenger Corporation under section 54(i) of such Code (as so added) is sufficient to fully repay at maturity the principal of any outstanding qualified Amtrak bonds issued pursuant to section 54 of such Code (as so added), together with amounts expected to be deposited into such account, as certified by the National Railroad Passenger Corporation in accordance with procedures prescribed by the Secretary of the Treasury.

(B) PROJECT OVERSIGHT.—The National Railroad Passenger Corporation shall contract for an annual independent assessment of the costs and benefits of the qualified projects financed by such qualified Amtrak bonds, including an assessment of the investment evaluation process of the Corporation. The annual assessment shall be included in the plan submitted under paragraph (1).

(C) OVERSIGHT FUNDING.—Not more than 0.5 percent of the amounts made available through the issuance of qualified Amtrak bonds by the National Railroad Passenger Corporation pursuant to section 54 of such Code (as so added) may be used by the National Railroad Passenger Corporation for assessments described in subparagraph (B).

(f) PROTECTION OF HIGHWAY TRUST FUND.—

(1) CERTIFICATION BY THE SECRETARY OF THE TREASURY.—The issuance of any qualified Amtrak bonds by the National Railroad Passenger Corporation or the Alaska Railroad pursuant to section 54 of the Internal Revenue Code of 1986 (as added by this section) is conditioned on certification by the Secretary of the Treasury, after consultation with the Secretary of Transportation, within 30 days of a request by the issuer, that with respect to funds of the Highway Trust Fund described under paragraph (2), the issuer either—

(A) has not received such funds during fiscal years commencing with fiscal year 2001 and ending before the fiscal year the bonds are issued, or

(B) has repaid to the Highway Trust Fund any such funds which were received during such fiscal years.

(2) APPLICABILITY.—This subsection shall apply to funds received directly, or indirectly from a State or local transit authority, from the Highway Trust Fund established under section 9503 of the Internal Revenue Code of 1986, except for funds authorized to be expended under section 9503(c) of such Code, as in effect on the date of the enactment of this Act.

(3) NO RETROACTIVE EFFECT.—Nothing in this subsection shall adversely affect the entitlement of the holders of qualified Amtrak bonds to the tax credit allowed pursuant to section 54 of the Internal Revenue Code of 1986 (as so added) or to repayment of principal upon maturity.

SEC. 714. 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 new section:

''SEC. 468C. FARM, FISHING, 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) CONTRIBUTIONS.—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.—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 BUSINESSES.—For purposes of this section—

''(1) ELIGIBLE FARMING BUSINESS.—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.—The term 'commercial fishing' has the meaning given such term by section (3) of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1802) but only if such fishing is not a passive activity (within the meaning of section 469(c)) of the taxpayer.

''(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 (B) or (C) 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) is amended by striking ''or'' at the end of paragraph (3), by redesignating paragraph (4) as paragraph (5), and by inserting after paragraph (3) the following new paragraph:

''(4) a FFARRM Account (within the meaning of section 468C(d)), or''.

(2) Section 4973 is amended by adding at the end the following new subsection:

''(g) 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 new item:

''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 new paragraph:

''(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 new subparagraph:

''(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) is amended by redesignating subparagraphs (C) and (D) as subparagraphs (D) and (E), respectively, and by inserting after subparagraph (B) the following new subparagraph:

''(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 new item:

''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. 715. EXTENSION OF ENHANCED DEDUCTION FOR CORPORATE DONATIONS OF COMPUTER TECHNOLOGY.

(a) EXPANSION OF COMPUTER TECHNOLOGY DONATIONS TO PUBLIC LIBRARIES.—

(1) IN GENERAL.—Paragraph (6) of section 170(e) (relating to special rule for contributions of computer technology and equipment for elementary or secondary school purposes) is amended by striking ''qualified elementary or secondary educational contribution'' each place it occurs in the headings and text and inserting ''qualified computer contribution''.

(2) EXPANSION OF ELIGIBLE DONEES.—Clause (i) of section 170(e)(6)(B) (relating to qualified elementary or secondary educational contribution) is amended by striking ''or'' at the end of subclause (I), by adding ''or'' at the end of subclause (II), and by inserting after subclause (II) the following new subclause:

''(III) a public library (within the meaning of section 213(2)(A) of the Library Services and Technology Act (20 U.S.C. 9122(2)(A)), as in effect on the date of the enactment of the Community Renewal and New Markets Act of 2000, established and maintained by an entity described in subsection (c)(1),''.

(3) EXTENSION OF DONATION PERIOD.—Clause (ii) of section 170(e)(6)(B) is amended by striking ''2 years'' and inserting ''3 years''.

(b) CONFORMING AMENDMENTS.—

(1) Section 170(e)(6)(B)(iv) is amended by striking ''in any grades of the K–12''.

(2) The heading of paragraph (6) of section 170(e) is amended by striking ''ELEMENTARY OR SECONDARY SCHOOL PURPOSES'' and inserting ''EDUCATIONAL PURPOSES''.

(c) EXTENSION OF DEDUCTION.—Section 170(e)(6)(F) (relating to termination) is amended by striking ''December 31, 2000'' and inserting ''December 31, 2003''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions made after December 31, 2000.

SEC. 716. RELIEF FROM FEDERAL TAX LIABILITY ARISING WITH RESPECT TO CERTAIN CLAIMS AGAINST THE DEPARTMENT OF AGRICULTURE FOR DISCRIMINATION IN FARM CREDIT AND BENEFIT PROGRAMS.

Notwithstanding any provision of the Internal Revenue Code of 1986, in the case of a person who is certified to be a member of the plaintiff class in the settlement of the consolidated actions entitled ''Pigford, et al. v. Glickman'', No. 97–1978 (D.D.C.) (PLF), and ''Brewington et al. v. Glickman'', No. 98–1693 (D.D.C.) (PLF), gross income for purposes of subtitle A of such Code shall not include—

(1) any cash payment received before, on, or after the date of the enactment of this Act by, or made on behalf of, a person under such settlement, and

(2) any amount which (but for this section) would be includible in gross income by reason of the discharge of indebtedness pursuant to such settlement.

SEC. 717. EXPANSION OF CREDIT FOR ADOPTION EXPENSES.

(a) INCREASE IN EXPENSES ALLOWABLE FOR ADOPTION.—Paragraph (1) of section 23(b) (relating to dollar limitation) is amended to read as follows:

''(1) DOLLAR LIMITATION.—

''(A) IN GENERAL.—The aggregate amount of qualified adoption expenses which may be taken into account under subsection (a) for all taxable years with respect to the adoption of a child by the taxpayer shall not exceed the applicable amount.

''(B) APPLICABLE AMOUNT.—For purposes of subparagraph (A)—

''(i) CHILD WITH SPECIAL NEEDS.—In the case of a child with special needs, the applicable amount for a taxable year shall be the amount determined in accordance with the following table:

"For taxable years beginning in:	The applicable amount is:
2001	$8,000
2002	$10,000
2003 and thereafter	$12,000.

''(ii) OTHER CHILDREN.—In the case of a child who is not a child with special needs, the applicable amount for a taxable year shall be the amount determined in accordance with the following table:

"For taxable years beginning in:	The applicable amount is:
2001	$6,000
2002	$7,000
2003	$8,000
2004	$9,000
2005 and thereafter	$10,000.''.

(b) INCREASE IN INCOME LIMITATION.—Clause (i) of section 23(b)(2)(A) (relating to income limitation) is amended by striking ''$75,000'' and inserting ''$150,000''.

(c) EXTENSION OF SUNSET.—Subparagraph (B) of section 23(d)(2) (relating to eligible child) is amended by striking ''2001'' and inserting ''2005''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 718. STUDY CONCERNING UNITED STATES INSURANCE COMPANIES WITH CERTAIN OFFSHORE REINSURANCE AFFILIATES.

(a) STUDY.—The Secretary of the Treasury shall conduct a study on the extent to which United States tax on investment income of United States insurance companies is being avoided through the use of affiliated corporations in Bermuda or other offshore locations. In conducting such study, the Secretary shall—

(1) address issues concerning the application of current United States tax law in preventing such avoidance,

(2) examine changes to United States tax law which may be needed to prevent such avoidance, and

(3) make such recommendations as the Secretary considers appropriate.

(b) SUBMISSION OF STUDY TO CONGRESS.—Not later than December 31, 2001, the Secretary shall submit the study conducted under subsection (a), together with recommendations thereon, to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate.

SEC. 719. TREATMENT OF INDIAN TRIBAL GOVERNMENTS UNDER FEDERAL UNEMPLOYMENT TAX ACT.

(a) IN GENERAL.—Section 3306(c)(7) (defining employment) is amended—

(1) by inserting ''or in the employ of an Indian tribe,'' after ''service performed in the employ of a State, or any political subdivision thereof,''; and

(2) by inserting ''or Indian tribes'' after ''wholly owned by one or more States or political subdivisions''.

(b) PAYMENTS IN LIEU OF CONTRIBUTIONS.—Section 3309 (relating to State law coverage of services performed for nonprofit organizations or governmental entities) is amended—

(1) in subsection (a)(2) by inserting '', including an Indian tribe,'' after ''the State law shall provide that a governmental entity'';

(2) in subsection (b)(3)(B) by inserting '', or of an Indian tribe'' after ''of a State or political subdivision thereof'';

(3) in subsection (b)(3)(E) by inserting ''or tribal'' after ''the State''; and

(4) in subsection (b)(5) by inserting ''or of an Indian tribe'' after ''an agency of a State or political subdivision thereof''.

(c) STATE LAW COVERAGE.—Section 3309 (relating to State law coverage of services performed for nonprofit organizations or governmental entities) is amended by adding at the end the following new subsection:

''(d) ELECTION BY INDIAN TRIBE.—The State law shall provide that an Indian tribe may make contributions for employment as if the employment is within the meaning of section 3306 or make payments in lieu of contributions under this section, and shall provide that an Indian tribe may make separate elections for itself and each subdivision, subsidiary, or business enterprise wholly owned by such Indian tribe. State law may require a tribe to post a payment bond or take other reasonable measures to assure the making of payments in lieu of contributions under this section. Notwithstanding the requirements of section 3306(a)(6), if, within 90 days of having received a notice of delinquency, a tribe fails to make contributions, payments in lieu of contributions, or payment of penalties or interest (at amounts or rates comparable to those applied to all other employers covered under the State law) assessed with respect to such failure, or if the tribe fails to post a required payment bond, then service for the tribe shall not be excepted from employment under section 3306(c)(7) until any such failure is corrected. This subsection shall apply to an Indian tribe within the meaning of section 4(e) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b(e)).''.

(d) DEFINITIONS.—Section 3306 (relating to definitions) is amended by adding at the end the following new subsection:

''(u) INDIAN TRIBE.—For purposes of this chapter, the term 'Indian tribe' has the meaning given to such term by section 4(e) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b(e)), and includes any subdivision, subsidiary, or business enterprise wholly owned by such an Indian tribe.''.

(e) EFFECTIVE DATE; TRANSITION RULE.—

(1) EFFECTIVE DATE.—The amendments made by this section shall apply to service performed on or after the date of the enactment of this Act.

(2) TRANSITION RULE.—For purposes of the Federal Unemployment Tax Act, service performed in the employ of an Indian tribe (as defined in section 3306(u) of the Internal Revenue Code of 1986 (as added by this section)) shall not be treated as employment (within the meaning of section 3306 of such Code) if—

(A) it is service which is performed before the date of the enactment of this Act and with respect to which the tax imposed under the Federal Unemployment Tax Act has not been paid, and

(B) such Indian tribe reimburses a State unemployment fund for unemployment benefits paid for service attributable to such tribe for such period.

Subtitle C—Technical Corrections

SEC. 721. AMENDMENTS RELATED TO TICKET TO WORK AND WORK INCENTIVES IMPROVEMENT ACT OF 1999.

(a) AMENDMENTS RELATED TO SECTION 502 OF THE ACT.—

(1) Section 280C(c)(1) is amended by striking ''or credit'' after ''deduction'' each place it appears.

(2) Section 30A is amended by redesignating subsections (f) and (g) as subsections (g) and (h), respectively, and by inserting after subsection (e) the following new subsection:

''(f) DENIAL OF DOUBLE BENEFIT.—Any wages or other expenses taken into account in determining the credit under this section may not be taken into account in determining the credit under section 41.''

(b) AMENDMENT RELATED TO SECTION 545 OF THE ACT.—Clause (ii) of section 857(b)(7)(B) is amended to read as follows:

''(ii) EXCEPTION FOR CERTAIN AMOUNTS.—Clause (i) shall not apply to amounts received directly or indirectly by a real estate investment trust—

''(I) for services furnished or rendered by a taxable REIT subsidiary that are described in paragraph (1)(B) of section 856(d), or

''(II) from a taxable REIT subsidiary that are described in paragraph (7)(C)(ii) of such section.''

(c) CLARIFICATION RELATED TO SECTION 538 OF THE ACT.—The reference to section 332(b)(1) of the Internal Revenue Code of 1986 in Treasury Regulation section 1.1502-34 shall be deemed to include a reference to section 732(f) of such Code.

(d) EFFECTIVE DATE.—Subsection (c) and the amendments made by this section shall take effect as if included in the provisions of the Ticket to Work and Work Incentives Improvement Act of 1999 to which they relate.

SEC. 722. 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. 723. AMENDMENTS RELATED TO INTERNAL REVENUE SERVICE RESTRUCTURING AND REFORM ACT OF 1998.

(a) AMENDMENTS RELATED TO INNOCENT SPOUSE RELIEF.—

(1) ELECTION MAY BE MADE ANY TIME AFTER DEFICIENCY ASSERTED.—Subparagraph (B) of section 6015(c)(3) is amended by striking ''shall be made'' and inserting ''may be made at any time after a deficiency for such year is asserted but''.

(2) CLARIFICATION REGARDING DISALLOWANCE OF REFUNDS AND CREDITS UNDER SECTION 6015(c).—

(A) IN GENERAL.—Section 6015 is amended by redesignating subsection (g) as subsection (h) and by inserting after subsection (f) the following new subsection:

''(g) CREDITS AND REFUNDS.—

''(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), notwithstanding any other law or rule of law (other than section 6511, 6512(b), 7121, or 7122), credit or refund shall be allowed or made to the extent attributable to the application of this section.

''(2) RES JUDICATA.—In the case of any election under subsection (b) or (c), if a decision of a court in any prior proceeding for the same taxable year has become final, such decision shall be conclusive except with respect to the qualification of the individual for relief which was not an issue in such proceeding. The exception contained in the preceding sentence shall not apply if the court determines that the individual participated meaningfully in such prior proceeding.

''(3) CREDIT AND REFUND NOT ALLOWED UNDER SUBSECTION (c).—No credit or refund shall be allowed as a result of an election under subsection (c).''.

(B) CONFORMING AMENDMENT.—Paragraph (3) of section 6015(e) is amended to read as follows:

''(3) LIMITATION ON TAX COURT JURISDICTION.—If a suit for refund is begun by either individual filing the joint return pursuant to section 6532—

''(A) the Tax Court shall lose jurisdiction of the individual's action under this section to whatever extent jurisdiction is acquired by the district court or the United States Court of Federal Claims over the taxable years that are the subject of the suit for refund, and

''(B) the court acquiring jurisdiction shall have jurisdiction over the petition filed under this subsection.''.

(3) CLARIFICATIONS REGARDING REVIEW BY TAX COURT.—

(A) Paragraph (1) of section 6015(e) is amended in the matter preceding subparagraph (A) by inserting after ''individual'' the following: ''against whom a deficiency has been asserted and''.

(B) Subparagraph (A) of section 6015(e)(1) is amended to read as follows:

''(A) IN GENERAL.—In addition to any other remedy provided by law, the individual may petition the Tax Court (and the Tax Court shall have jurisdiction) to determine the appropriate relief available to the individual under this section if such petition is filed—

''(i) at any time after the earlier of—

''(I) the date the Secretary mails, by certified or registered mail to the taxpayer's last known address, notice of the Secretary's final determination of relief available to the individual, or

''(II) the date which is 6 months after the date such election is filed with the Secretary, and

''(ii) not later than the close of the 90th day after the date described in clause (i)(I).''.

(C) Subparagraph (B)(i) of section 6015(e)(1) is amended—

(i) by striking ''until the expiration of the 90-day period described in subparagraph (A)'' and inserting ''until the close of the 90th day referred to in subparagraph (A)(ii)'', and

(ii) by inserting ''under subparagraph (A)'' after ''filed with the Tax Court''.

(D)(i) Subsection (e) of section 6015 is amended by adding at the end the following new paragraph:

''(5) WAIVER.—An individual who elects the application of subsection (b) or (c) (and who agrees with the Secretary's determination of relief) may waive in writing at any time the restrictions in paragraph (1)(B) with respect to collection of the outstanding assessment (whether or not a notice of the Secretary's final determination of relief has been mailed).''.

(ii) Paragraph (2) of section 6015(e) is amended to read as follows:

''(2) SUSPENSION OF RUNNING OF PERIOD OF LIMITATIONS.—The running of the period of limitations in section 6502 on the collection of the assessment to which the petition under paragraph (1)(A) relates shall be suspended—

''(A) for the period during which the Secretary is prohibited by paragraph (1)(B) from collecting by levy or a proceeding in court and for 60 days thereafter, and

''(B) if a waiver under paragraph (5) is made, from the date the claim for relief was filed until 60 days after the waiver is filed with the Secretary.''.

(b) AMENDMENTS RELATED TO PROCEDURE AND ADMINISTRATION.—

(1) DISPUTES INVOLVING $50,000 OR LESS.—Section 7463 is amended by adding at the end the following new subsection:

''(f) ADDITIONAL CASES IN WHICH PROCEEDINGS MAY BE CONDUCTED UNDER THIS SECTION.—At the option of the taxpayer concurred in by the Tax Court or a division thereof before the hearing of the case, proceedings may be conducted under this section (in the same manner as a case described in subsection (a)) in the case of—

''(1) a petition to the Tax Court under section 6015(e) in which the amount of relief sought does not exceed $50,000, and

''(2) an appeal under section 6330(d)(1)(A) to the Tax Court of a determination in which the unpaid tax does not exceed $50,000.''.

(2) AUTHORITY TO ENJOIN COLLECTION ACTIONS.—

(A) Section 6330(e)(1) is amended by adding at the end the following: ''Notwithstanding the provisions of section 7421(a), the beginning of a levy or proceeding during the time the suspension under this paragraph is in force may be enjoined by a proceeding in the proper court, including the Tax Court. The Tax Court shall have no jurisdiction under this paragraph to enjoin any action or proceeding unless a timely appeal has been filed under subsection (d)(1) and then only in respect of the unpaid tax or proposed levy to which the determination being appealed relates.''.

(B) Section 7421(a) is amended by inserting ''6330(e)(1),'' after ''6246(b),''.

(3) CLARIFICATION.—Paragraph (3) of section 6331(k) is amended by striking ''(3), (4), and (5)'' and inserting ''(3) and (4)''.

(c) AMENDMENT RELATED TO SECTION 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''.

(d) AMENDMENT RELATED TO SECTION 3401 OF THE ACT.—Section 6330(d)(1)(A) is amended by striking ''to hear'' and inserting ''with respect to''.

(e) 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''.

(f) EFFECTIVE DATES.—The amendments made by subsections (a) and (b) shall take effect on the date of the enactment of this Act. The amendments made by subsections (c), (d), and (e) 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. 724. AMENDMENTS RELATED TO TAXPAYER RELIEF ACT OF 1997.

(a) AMENDMENT RELATED TO SECTION 101 OF THE ACT.—Paragraph (4) of section 6211(b) is amended by striking ''sections 32 and 34'' and inserting ''sections 24(d), 32, and 34''.

(b) 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''.

(c) AMENDMENT TO SECTION 311 OF THE ACT.—Paragraph (3) of section 311(e) of the Taxpayer Relief Act of 1997 (relating to election to recognize gain on assets held on January 1, 2001) is amended by adding at the end the following new sentence: ''Such an election shall not apply to any asset which is disposed of (in a transaction in which gain or loss is recognized in whole or in part) before the close of the 1-year period beginning on the date that the asset would have been treated as sold under such election.''

(d) AMENDMENT RELATED TO SECTION 402 OF THE ACT.—The flush sentence at the end of clause (ii) of section 56(a)(1)(A) is amended by

inserting before ''or to any other property'' the following: ''(and the straight line method shall be used for such 1250 property)''.

(e) 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)''.

(f) 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''.

(g) 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. 725. AMENDMENTS RELATED TO BALANCED BUDGET ACT OF 1997.

(a) AMENDMENTS RELATED TO SECTION 9302 OF THE ACT.—

(1) Paragraph (1) of section 9302(j) of the Balanced Budget Act of 1997 is amended by striking ''tobacco products and cigarette papers and tubes'' and inserting ''cigarettes''.

(2)(A) Subsection (h) of section 5702 is amended to read as follows:

''(h) MANUFACTURER OF CIGARETTE PAPERS AND TUBES.—'Manufacturer of cigarette papers and tubes' means any person who manufactures cigarette paper, or makes up cigarette paper into tubes, except for his own personal use or consumption.''

(B) Section 5702, as amended by subparagraph (A), is amended by striking subsection (f) and by redesignating subsections (g) through (p) as subsections (f) through (o), respectively.

(3) Subsection (c) of section 5761 is amended by adding at the end the following: ''This subsection and section 5754 shall not apply to any person who relands or receives tobacco products in the quantity allowed entry free of tax and duty under chapter 98 of the Harmonized Tariff Schedule of the United States, and such person may voluntarily relinquish to the Secretary at the time of entry any excess of such quantity without incurring the penalty under this subsection. No quantity of tobacco products other than the quantity referred to in the preceding sentence may be relanded or received as a personal use quantity.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in section 9302 of the Balanced Budget Act of 1997.

SEC. 726. AMENDMENTS RELATED TO SMALL BUSINESS JOB PROTECTION ACT OF 1996.

(a) AMENDMENT RELATED TO SECTION 1201 OF THE ACT.—Subparagraph (B) of section 51(d)(2) is amended—

(1) by striking ''plan approved'' and inserting ''program funded'', and

(2) by striking ''(relating to assistance for needy families with minor children)''.

(b) AMENDMENT RELATED TO SECTION 1302 OF THE ACT.—Clause (i) of section 1361(e)(1)(A) is amended by striking ''or'' before ''(III)'' and by adding at the end the following: ''or (IV) an organization described in section 170(c)(1) which holds a contingent interest in such trust and is not a potential current beneficiary,''.

(c) AMENDMENT RELATED TO SECTION 1401 OF THE ACT.—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).''.

(d) AMENDMENT RELATED TO SECTION 1427 OF THE ACT.—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''.

(e) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the provisions of the Small Business Job Protection Act of 1996 to which they relate.

SEC. 727. AMENDMENT RELATED TO REVENUE RECONCILIATION ACT OF 1990.

(a) AMENDMENT RELATED TO SECTION 11511 OF THE ACT.—Subparagraph (C) of section 43(c)(1) is amended—

(1) by inserting ''(as defined in section 193(b))'' after ''expenses'', and

(2) by striking ''under section 193''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in section 11511 of the Revenue Reconciliation Act of 1990.

SEC. 728. OTHER TECHNICAL CORRECTIONS.

(a) 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.

(b) 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.

(c) CERTAIN ANNUITIES ISSUED BY TAX-EXEMPT ORGANIZATIONS NOT TREATED AS DEBT INSTRUMENTS UNDER ORIGINAL ISSUE DISCOUNT RULES.—

(1) Clause (ii) of section 1275(a)(1)(B) is amended by striking ''subchapter L'' and inserting ''subchapter L (or by an entity described in section 501(c) and exempt from tax under section 501(a) which would be subject to tax under subchapter L were it not so exempt)''.

(2) The amendment made by this subsection shall take effect as if included in the amendments made by section 41 of the Tax Reform Act of 1984.

(d) 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.

(e) CORRECTION OF CALCULATION OF AMOUNTS TO BE DEPOSITED IN HIGHWAY TRUST FUND.—

(1) Subsection (b) of section 9503 is amended by striking paragraph (5) and redesignating paragraph (6) as paragraph (5).

(2) The amendment made by paragraph (1) shall apply with respect to taxes received in the Treasury after the date of the enactment of this Act.

(f) EXPENDITURES FROM VACCINE INJURY COMPENSATION TRUST FUND.—Section 9510(c)(1)(A) is amended by striking ''December 31, 1999'' and inserting ''October 18, 2000''.

SEC. 729. CLERICAL CHANGES.

(1) Clause (i) of section 45(d)(7)(A) is amended by striking ''paragraph (3)(A)'' and inserting ''subsection (c)(3)(A)''.

(2) Subsection (f) of section 67 is amended by striking ''the last sentence'' and inserting ''the second sentence''.

(3) 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.—''.

(4) Paragraph (3) of section 475(g) is amended by striking ''267(b) of'' and inserting ''267(b) or''.

(5) The heading for subparagraph (B) of section 529(e)(3) is amended by striking ''UNDER GUARANTEED PLANS''.

(6) Clause (iii) of section 530(d)(4)(B) is amended by striking ''; or'' at the end and inserting '', or''.

(7) Paragraphs (1)(C) and (2)(C) of section 664(d) are each amended by striking the period after ''subsection (g))''.

(8)(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''.

(9) Paragraph (7) of section 856(c) is amended by striking ''paragraph (4)(B)(ii)(III)'' and inserting ''paragraph (4)(B)(iii)(III)''

(10) Subparagraph (A) of section 856(l)(4) is amended by striking ''paragraph (9)(D)(ii)'' and inserting ''subsection (d)(9)(D)(ii)''.

(11) Subparagraph (B) of section 871(f)(2) is amended by striking ''19 U.S.C.'' and inserting ''(19 U.S.C.''.

(12) 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)''.

(13) Section 1391(g)(3)(C) is amended by striking ''paragraph (1)(B)'' and inserting ''paragraph (1)''.

(14)(A) Paragraph (2) of section 2035(c) is amended by striking ''paragraph (1)'' and inserting ''subsection (a)''.

(B) Subsection (d) of section 2035 is amended by inserting ''and paragraph (1) of subsection (c)'' after ''Subsection (a)''.

(15) Paragraph (5) of section 3121(a) is amended by striking the semicolon at the end of subparagraph (G) and inserting a comma.

(16) 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''.

(17) Subsection (p) of section 6103 is amended—

(A) in paragraph (4), in the matter preceding subparagraph (A)—

(i) by striking the second comma after ''(13)'', and

(ii) by striking ''(7)'' and all that follows through ''shall, as a condition'' and inserting ''(7), (8), (9), (12), (15), or (16) or any other person described in subsection (l)(16) shall, as a condition'', and

(B) in paragraph (4)(F)(ii), by striking the second comma after ''(14)''.

(18) Paragraph (5) of section 6166(k) is amended by striking ''2035(d)(4)'' and inserting ''2035(c)(2)''.

(19) Subsection (a) of section 6512 is amended by striking ''; and'' at the end of paragraphs (1), (2), and (5) and inserting '', and''.

(20) Paragraph (1) of section 6611(g) is amended by striking the comma after ''(b)(3)''.

(21) Subparagraphs (A) and (B) of section 6655(e)(5) are amended by striking ''subsections (d)(5) and (l)(3)(B)'' and inserting ''subsection (d)(5)''.

(22) The subchapter heading for subchapter D of chapter 67 is amended by capitalizing the first letter of the second word.

(23)(A) Section 6724(d)(1)(B) is amended by striking clauses (xiv) through (xvii) and inserting the following:

''(xiv) subparagraph (A) or (C) of subsection (c)(4) of section 4093 (relating to information reporting with respect to tax on diesel and aviation fuels),

''(xv) section 4101(d) (relating to information reporting with respect to fuels taxes),

''(xvi) subparagraph (C) of section 338(h)(10) (relating to information required to be furnished to the Secretary in case of elective recognition of gain or loss), or

''(xvii) section 264(f)(5)(A)(iv) (relating to reporting with respect to certain life insurance and annuity contracts), and''.

(B) Section 6010(o)(4)(C) of the Internal Revenue Service Restructuring and Reform Act of 1998 is amended by striking ''inserting 'or', and by adding at the end'' and inserting ''inserting ', or', and by adding after subparagraph (Z)''.

(24) Subsection (a) of section 7421 is amended by striking ''6672(b)'' and inserting ''6672(c)''.

(25) Paragraph (3) of section 7430(c) is amended—

(A) in the paragraph heading, by striking ''ATTORNEYS'' and inserting ''ATTORNEYS'', and

(B) in subparagraph (B), by striking ''attorneys fees'' each place it appears and inserting ''attorneys' fees''.

(26) Paragraph (2) of section 7603(b) is amended by striking the semicolon at the end of subparagraphs (A), (B), (C), (D), (E), (F), and (G) and inserting a comma.

(27) Clause (ii) of section 7802(b)(2)(B) is amended by striking ''; and'' at the end and inserting '', and''.

(28) Paragraph (3) of section 7811(a) is amended by striking ''taxpayer assistance order'' and inserting ''Taxpayer Assistance Order''.

(29) Paragraph (1) of section 7811(d) is amended by striking ''Ombudsman's'' and inserting ''National Taxpayer Advocate's''.

(30) Paragraph (3) of section 7872(f) is amended by striking ''foregoing'' and inserting ''forgoing''.

Subtitle D—Pay-Go Adjustment

SEC. 731. AVOIDANCE OF A PAY-GO SEQUESTRATION FOR FISCAL YEAR 2001.

(a) PAY-GO ADJUSTMENTS.—(1) In preparing the final sequestration report required by section 254(f)(3) of the Balanced Budget and Emergency Deficit Control Act of 1985 for fiscal year 2001, in addition to the information required by that section, the Director of the Office of Management and Budget shall change any balance of direct spending and receipts legislation for fiscal year 2001 under section 252 of that Act to zero.

(2) Notwithstanding Rule 3 of the Budget Scorekeeping Guidelines set forth in the joint explanatory statement of the committee of conference accompanying the conference report on the bill H.R. 2015 of the 105th Congress (House Report No. 105–217, filed July 30, 1997), the legislation enacted in sections 504 and 505 of the Department of Transportation and Related Agencies Appropriations Act, 2001, section 312 of the Legislative Branch Appropriations Act, 2001, and section 1003 of division B of H.R. 4516 (106th Congress), as enacted, that would have been estimated by the Office of Management and Budget as changing direct spending or receipts under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 were it included in an Act other than an appropriations Act shall be treated as direct spending or receipts legislation, as appropriate, under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985.

(b) EXEMPTION OF CERTAIN BUDGETARY REPORTS FROM TERMINATION.—Section 3003(a)(1) of the Federal Reports Elimination and Sunset Act of 1995 (31 U.S.C. 1113 note) does not apply to any report required to be submitted under any of the following provisions of law:

(1) Sections 1105(a), 1106(a) and (b), and 1109(a) of title 31, United States Code, and any other law relating to the budget of the United States Government.

(2) The Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 900 et seq.).

(3) Sections 202(e)(1) and (3) of the Congressional Budget Act of 1974 (2 U.S.C. 602(e)(1) and (3)).

(4) Section 1014(e) of the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 685(e)).

Following is explanatory language for H.R. 5542 as introduced on October 25, 2000. References in the following to the ''conference agreement'' refer to the text of that bill.

TITLE I. FSC REPEAL AND EXTRATERRITORIAL INCOME EXCLUSION

REPEAL OF FSC PROVISIONS AND EXCLUSION FOR EXTRATERRITORIAL INCOME (SECS. 101–104 OF THE BILL AND SECS. 114, 921–927, AND 941–943 OF THE CODE)

PRESENT LAW

Summary of U.S. income taxation of foreign persons

Income earned by a foreign corporation from its foreign operations generally is subject to U.S. tax only when such income is distributed to a U.S. person that holds stock in such corporation. Accordingly, a U.S. person that conducts foreign operations through a foreign corporation generally is subject to U.S. tax on the income from those operations when the income is repatriated to the United States through a dividend distribution to the U.S. person.[1] The income is reported on the U.S. person's tax return for the year the distribution is received, and the United States imposes tax on such income at that time. An indirect foreign tax credit may reduce the U.S. tax imposed on such income.

Foreign sales corporations

The income of an eligible foreign sales corporation (''FSC'') is partially subject to U.S. income tax and partially exempt from U.S. income tax. In addition, a U.S. corporation generally is not subject to U.S. income tax on dividends distributed from the FSC out of certain earnings.

A FSC must be located and managed outside the United States, and must perform certain economic processes outside the United States. A FSC is often owned by a U.S. corporation that produces goods in the United States. The U.S. corporation either supplies goods to the FSC for resale abroad or pays the FSC a commission in connection with such sales. The income of the FSC, a portion of which is exempt from U.S. income tax under the FSC rules, equals the FSC's gross markup or gross commission income less the expenses incurred by the FSC. The gross markup or the gross commission is determined according to specified pricing rules.

A FSC generally is not subject to U.S. income tax on its exempt foreign trade income. The exempt foreign trade income of a FSC is treated as foreign-source income that is not effectively connected with the conduct of a trade or business within the United States.

Foreign trade income, other than exempt foreign trade income, generally is treated as U.S.-source income effectively connected with the conduct of a trade or business conducted through a permanent establishment within the United States. Thus, a FSC's income, other than exempt foreign trade income, generally is subject to U.S. tax currently and is treated as U.S.-source income for purposes of the foreign tax credit limitation.

Foreign trade income of a FSC is defined as the FSC's gross income attributable to foreign trading gross receipts. Foreign trading gross receipts generally are the gross receipts attributable to the following types of transactions: the sale of export property; the lease or rental of export property; services related and subsidiary to such a sale or lease of export property; engineering and architectural services for projects outside the United States; and export management services. Investment income and carrying charges are excluded from the definition of foreign trading gross receipts.

The term ''export property'' generally means property (1) which is manufactured, produced, grown or extracted in the United States by a person other than a FSC; (2) which is held primarily for sale, lease, or rental in the ordinary course of a trade or business for direct use or consumption outside the United States; and (3) not more than 50 percent of the fair market value of which is attributable to articles imported into the United States. The term ''export property'' does not include property leased or rented by a FSC for use by any member of a controlled group of which the FSC is a member; patents, copyrights (other than films, tapes, records, similar reproductions, and other than computer software, whether or not patented), and other intangibles; oil or gas (or any primary product thereof); unprocessed softwood timber; or products the export of which is prohibited or curtailed. Export property also excludes property designated by the President as being in short supply.

If export property is sold to a FSC by a related person (or a commission is paid by a related person to a FSC with respect to export property), the income with respect to the export transaction must be allocated between the FSC and the related person. The taxable income of the FSC and the taxable income of the related person are computed based upon a transfer price determined under section 482 or under one of two formulas specified in the FSC provisions.

The portion of a FSC's foreign trade income that is treated as exempt foreign trade

[1] A variety of anti-deferral regimes impose current U.S. tax on income earned by a U.S. person through a foreign corporation. The Internal Revenue Code of 1986, as amended, (the ''Code'') sets forth the following anti-deferral regimes: the controlled foreign corporation rules of subpart F (secs. 951–954), the passive foreign investment company rules (secs. 1291–1298), the foreign personal holding company rules (secs. 551–558), the personal holding company rules (secs. 541–547), the accumulated earnings tax rules (secs. 531–537), and the foreign investment company rules (sec. 1246). Detailed rules for coordination among the anti-deferral regimes are provided to prevent a U.S. person from being subject to U.S. tax on the same item of income under multiple regimes.

income depends on the pricing rule used to determine the income of the FSC. If the amount of income earned by the FSC is based on section 482 pricing, the exempt foreign trade income generally is 30 percent of the foreign trade income the FSC derives from a transaction. If the income earned by the FSC is determined under one of the two formulas specified in the FSC provisions, the exempt foreign trade income generally is 15/23 of the foreign trade income the FSC derives from the transaction.

A FSC is not required or deemed to make distributions to its shareholders. Actual distributions are treated as being made first out of earnings and profits attributable to foreign trade income, and then out of any other earnings and profits. A U.S. corporation generally is allowed a 100 percent dividends-received deduction for amounts distributed from a FSC out of earnings and profits attributable to foreign trade income. The 100 percent dividends-received deduction is not allowed for nonexempt foreign trade income determined under section 482 pricing. Any distribution made by a FSC out of earnings and profits attributable to foreign trade income to a foreign shareholder is treated as U.S.-source income that is effectively connected with a business conducted through a permanent establishment of the shareholder within the United States. Thus, the foreign shareholder is subject to U.S. tax on such a distribution.

HOUSE BILL

No provision. However, H.R. 4986, as passed by the House, repeals the present-law FSC rules and replaces them with an exclusion for extraterritorial income.

SENATE AMENDMENT

No provision. However, the Senate Finance Committee reported favorably an amended version of H.R. 4986 to the Senate (the ''Senate Finance Committee amendment''). The Senate has taken no action with respect to the Senate Finance Committee amendment. The Senate Finance Committee amendment generally follows H.R. 4986, as passed by the House, with one amendment to strike a provision providing for a dividends-received deduction for certain dividends allocable to qualifying foreign trade income. Like H.R. 4986, the Senate Finance Committee amendment repeals the present-law FSC rules and replaces them with an exclusion for extraterritorial income.

CONFERENCE AGREEMENT

The conference agreement generally follows H.R. 4986, as passed by the House, and the Senate Finance Committee amendment, with some modifications. The conference agreement, like the Senate Finance Committee amendment, does not include the provision in the House bill that provides a dividends-received deduction for certain dividends allocable to qualifying foreign trade income.

Repeal of the FSC rules

The conference agreement repeals the present-law FSC rules found in sections 921 through 927 of the Code.

Exclusion of extraterritorial income

The conference agreement provides that gross income for U.S. tax purposes does not include extraterritorial income. Because the exclusion of such extraterritorial income is a means of avoiding double taxation, no foreign tax credit is allowed for income taxes paid with respect to such excluded income. Extraterritorial income is eligible for the exclusion to the extent that it is ''qualifying foreign trade income.'' Because U.S. income tax principles generally deny deductions for expenses related to exempt income, otherwise deductible expenses that are allocated to qualifying foreign trade income generally are disallowed.

The conference agreement applies in the same manner with respect to both individuals and corporations who are U.S. taxpayers. In addition, the exclusion from gross income applies for individual and corporate alternative minimum tax purposes.

Qualifying foreign trade income

Under the conference agreement, qualifying foreign trade income is the amount of gross income that, if excluded, would result in a reduction of taxable income by the greatest of (1) 1.2 percent of the ''foreign trading gross receipts'' derived by the taxpayer from the transaction,[2] (2) 15 percent of the ''foreign trade income'' derived by the taxpayer from the transaction, or (3) 30 percent of the ''foreign sale and leasing income'' derived by the taxpayer from the transaction. The amount of qualifying foreign trade income determined using 1.2 percent of the foreign trading gross receipts is limited to 200 percent of the qualifying foreign trade income that would result using 15 percent of the foreign trade income. Notwithstanding the general rule that qualifying foreign trade income is based on one of the three calculations that results in the greatest reduction in taxable income, a taxpayer may choose instead to use one of the other two calculations that does not result in the greatest reduction in taxable income. Although these calculations are determined by reference to a reduction of taxable income (a net income concept), qualifying foreign trade income is an exclusion from gross income. Hence, once a taxpayer determines the appropriate reduction of taxable income, that amount must be ''grossed up'' for related expenses in order to determine the amount of gross income excluded.[3]

If a taxpayer uses 1.2 percent of foreign trading gross receipts to determine the amount of qualifying foreign trade income with respect to a transaction, the taxpayer or any other related persons will be treated as having no qualifying foreign trade income with respect to any other transaction involving the same property.[4] For example, assume that a manufacturer and a distributor of the same product are related persons. The manufacturer sells the product to the distributor at an arm's-length price of $80 (generating $30 of profit) and the distributor sells the product to an unrelated customer outside of the United States for $100 (generating $20 of profit). If the distributor chooses to calculate its qualifying foreign trade income on the basis of 1.2 percent of foreign trading gross receipts, then the manufacturer will be considered to have no qualifying foreign trade income and, thus, would have no excluded income. The distributor's qualifying foreign trade income would be 1.2 percent of $100, and the manufacturer's qualifying foreign trade income would be zero. This limitation is intended to prevent a duplication of exclusions from gross income because the distributor's $100 of gross receipts includes the $80 of gross receipts of the manufacturer. Absent this limitation, $80 of gross receipts would have been double counted for purposes of the exclusion. If both persons were permitted to use 1.2 percent of their foreign trading gross receipts in this example, then the related-person group would have an exclusion based on $180 of foreign trading gross receipts notwithstanding that the related-person group really only generated $100 of gross receipts from the transaction. However, if the distributor chooses to calculate its qualifying foreign trade income on the basis of 15 percent of foreign trade income (15 percent of $20 of profit), then the manufacturer would also be eligible to calculate its qualifying foreign trade income in the same manner (15 percent of $30 of profit).[5] Thus, in the second case, each related person may exclude an amount of income based on their respective profits. The total foreign trade income of the related-person group is $50. Accordingly, allowing each person to calculate the exclusion based on their respective foreign trade income does not result in duplication of exclusions.

Under the conference agreement, a taxpayer may determine the amount of qualifying foreign trade income either on a transaction-by-transaction basis or on an aggregate basis for groups of transactions, so long as the groups are based on product lines or recognized industry or trade usage. Under the grouping method, the conferees intend that taxpayers be given reasonable flexibility to identify product lines or groups on the basis of recognized industry or trade usage. In general, provided that the taxpayer's grouping is not unreasonable, it will not be rejected merely because the grouped products fall within more than one of the two-digit Standard Industrial Classification codes.[6] The Secretary of the Treasury is granted authority to prescribe rules for grouping transactions in determining qualifying foreign trade income.

Qualifying foreign trade income must be reduced by illegal bribes, kickbacks and similar payments, and by a factor for operations in or related to a country associated in carrying out an international boycott, or participating or cooperating with an international boycott.

In addition, the conference agreement directs the Secretary of the Treasury to prescribe rules for marginal costing in those cases in which a taxpayer is seeking to establish or maintain a market for qualifying foreign trade property.

Foreign trading gross receipts

Under the conference agreement, ''foreign trading gross receipts'' are gross receipts derived from certain activities in connection with ''qualifying foreign trade property'' with respect to which certain ''economic processes'' take place outside of the United States. Specifically, the gross receipts must be (1) from the sale, exchange, or other disposition of qualifying foreign trade property; (2) from the lease or rental of qualifying foreign trade property for use by the lessee outside of the United States; (3) for services which are related and subsidiary to the sale, exchange, disposition, lease, or rental of qualifying foreign trade property (as described above); (4) for engineering or architectural services for construction projects

[2] The term ''transaction'' means (1) any sale, exchange, or other disposition; (2) any lease or rental; and (3) any furnishing of services.

[3] For an example of these calculations, see the General Example, below.

[4] Persons are considered to be related if they are treated as a single employer under section 52(a) or (b) (determined without taking into account section 1563(b), thus including foreign corporations) or section 414(m) or (o).

[5] The manufacturer also could compute qualifying foreign trade income based on 30 percent of foreign sale and leasing income.

[6] By reference to Standard Industrial Classification codes, the conferees intend to include industries as defined in the North American Industrial Classification System.

located outside of the United States; or (5) for the performance of certain managerial services for unrelated persons. Gross receipts from the lease or rental of qualifying foreign trade property include gross receipts from the license of qualifying foreign trade property. Consistent with the policy adopted in the Taxpayer Relief Act of 1997,[7] this includes the license of computer software for reproduction abroad.

Foreign trading gross receipts do not include gross receipts from a transaction if the qualifying foreign trade property or services are for ultimate use in the United States, or for use by the United States (or an instrumentality thereof) and such use is required by law or regulation. Foreign trading gross receipts also do not include gross receipts from a transaction that is accomplished by a subsidy granted by the government (or any instrumentality thereof) of the country or possession in which the property is manufactured.

A taxpayer may elect to treat gross receipts from a transaction as not foreign trading gross receipts. As a consequence of such an election, the taxpayer could utilize any related foreign tax credits in lieu of the exclusion as a means of avoiding double taxation. It is intended that this election be accomplished by the taxpayer's treatment of such items on its tax return for the taxable year. Provided that the taxpayer's taxable year is still open under the statute of limitations for making claims for refund under section 6511, a taxpayer can make redeterminations as to whether the gross receipts from a transaction constitute foreign trading gross receipts.

Foreign economic processes

Under the conference agreement, gross receipts from a transaction are foreign trading gross receipts only if certain economic processes take place outside of the United States. The foreign economic processes requirement is satisfied if the taxpayer (or any person acting under a contract with the taxpayer) participates outside of the United States in the solicitation (other than advertising), negotiation, or making of the contract relating to such transaction and incurs a specified amount of foreign direct costs attributable to the transaction.[8] For this purpose, foreign direct costs include only those costs incurred in the following categories of activities: (1) advertising and sales promotion; (2) the processing of customer orders and the arranging for delivery; (3) transportation outside of the United States in connection with delivery to the customer; (4) the determination and transmittal of a final invoice or statement of account or the receipt of payment; and (5) the assumption of credit risk. An exception from the foreign economic processes requirement is provided for taxpayers with foreign trading gross receipts for the year of $5 million or less.[9]

The foreign economic processes requirement must be satisfied with respect to each transaction and, if so, any gross receipts from such transaction could be considered as foreign trading gross receipts. For example, all of the lease payments received with respect to a multi- year lease contract, which contract met the foreign economic processes requirement at the time it was entered into, would be considered as foreign trading gross receipts. On the other hand, a sale of property that was formerly a leased asset, which was not sold pursuant to the original lease agreement, generally would be considered a new transaction that must independently satisfy the foreign economic processes requirement.

A taxpayer's foreign economic processes requirement is treated as satisfied with respect to a sales transaction (solely for the purpose of determining whether gross receipts are foreign trading gross receipts) if any related person has satisfied the foreign economic processes requirement in connection with another sales transaction involving the same qualifying foreign trade property.

Qualifying foreign trade property

Under the conference agreement, the threshold for determining if gross receipts will be treated as foreign trading gross receipts is whether the gross receipts are derived from a transaction involving ''qualifying foreign trade property.'' Qualifying foreign trade property is property manufactured, produced, grown, or extracted (''manufactured'') within or outside of the United States that is held primarily for sale, lease, or rental,[10] in the ordinary course of a trade or business, for direct use, consumption, or disposition outside of the United States.[11] In addition, not more than 50 percent of the fair market value of such property can be attributable to the sum of (1) the fair market value of articles manufactured outside of the United States plus (2) the direct costs of labor performed outside of the United States.[12]

The conferees understand that under current industry practice, the purchaser of an aircraft contracts separately for the aircraft engine and the airframe, albeit contracting with the airframe manufacturer to attach the separately purchased engine. The conferees intend that an aircraft engine be qualifying foreign trade property (assuming that all other requirements are satisfied) if (1) it is specifically designed to be separated from the airframe to which it is attached without significant damage to either the engine or the airframe, (2) it is reasonably expected to be separated from the airframe in the ordinary course of business (other than by reason of temporary separation for servicing, maintenance, or repair) before the end of the useful life of either the engine or the airframe, whichever is shorter, and (3) the terms under which the aircraft engine was sold were directly and separately negotiated between the manufacturer of the aircraft engine and the person to whom the aircraft will be ultimately delivered. By articulating this application of the foreign destination test in the case of certain separable aircraft engines, the conferees intend no inference with respect to the application of any destination test under present law or with respect to any other rule of law outside the conference agreement.[13]

The conference agreement excludes certain property from the definition of qualifying foreign trade property. The excluded property is (1) property leased or rented by the taxpayer for use by a related person, (2) certain intangibles,[14] (3) oil and gas (or any primary product thereof), (4) unprocessed softwood timber, (5) certain products the transfer of which are prohibited or curtailed to effectuate the policy set forth in Public Law 96–72, and (6) property designated by Executive order as in short supply. In addition, it is the intention of the conferees that property that is leased or licensed to a related person who is the lessor, licensor, or seller of the same property in a sublease, sublicense, sale, or rental to an unrelated person for the ultimate and predominate use by the unrelated person outside of the United States is not excluded property by reason of such lease or license to a related person.

With respect to property that is manufactured outside of the United States, rules are provided to ensure consistent U.S. tax treatment with respect to manufacturers. The conference agreement requires that property manufactured outside of the United States be manufactured by (1) a domestic corporation, (2) an individual who is a citizen or resident of the United States, (3) a foreign corporation that elects to be subject to U.S. taxation in the same manner as a U.S. corporation, or (4) a partnership or other pass-through entity all of the partners or owners of which are described in (1), (2), or (3) above.[15]

Foreign trade income

Under the conference agreement, ''foreign trade income'' is the taxable income of the taxpayer (determined without regard to the exclusion of qualifying foreign trade income) attributable to foreign trading gross receipts. Certain dividends-paid deductions of cooperatives are disregarded in determining foreign trade income for this purpose.

Foreign sale and leasing income

Under the conference agreement, ''foreign sale and leasing income'' is the amount of the taxpayer's foreign trade income (with respect to a transaction) that is properly allocable to activities that constitute foreign economic processes (as described above). For example, a distribution company's profit from the sale of qualifying foreign trade property that is associated with sales activities, such as solicitation or negotiation of the sale, advertising, processing customer orders and arranging for delivery, transportation outside of the United States, and

[7] The Taxpayer Relief Act of 1997, Public Law 105–34.

[8] The foreign direct costs attributable to the transaction generally must exceed 50 percent of the total direct costs attributable to the transaction, but the requirement also will be satisfied if, with respect to at least two categories of direct costs, the foreign direct costs equal or exceed 85 percent of the total direct costs attributable to each category.

[9] For this purpose, the receipts of related persons are aggregated and, in the case of pass- through entities, the determination of whether the foreign trading gross receipts exceed $5 million is made both at the entity and at the partner/shareholder level.

[10] In addition, consistent with the policy adopted in the Taxpayer Relief Act of 1997, computer software licensed for reproduction is considered as property held primarily for sale, lease, or rental.

[11] ''United States'' includes Puerto Rico for these purposes because Puerto Rico is included in the customs territory of the United States.

[12] For this purpose, the fair market value of any article imported into the United States is its appraised value as determined under the Tariff Act of 1930. In addition, direct labor costs are determined under the principles of section 263A and do not include costs that would be treated as direct labor costs attributable to ''articles,'' again applying principles of section 263A.

[13] See, e.g., sections 927(a)(1)(B) and 993(c)(1)(B).

[14] The intangibles that are treated as excluded property under the bill are: patents, inventions, models, designs, formulas, or processes whether or not patented, copyrights (other than films, tapes, records, or similar reproductions, and other than computer software (whether or not patented), for commercial or home use), goodwill, trademarks, trade brands, franchises, or other like property. Computer software that is licensed for reproduction outside of the United States is not excluded from the definition of qualifying foreign trade property.

[15] Except as provided by the Secretary of the Treasury, tiered partnerships or pass-through entities will be considered as partnerships or pass-through entities for purposes of this rule if each of the partnerships or entities is directly or indirectly wholly-owned by persons described in (1), (2), or (3) above.

other enumerated activities, would constitute foreign sale and leasing income.

Foreign sale and leasing income also includes foreign trade income derived by the taxpayer in connection with the lease or rental of qualifying foreign trade property for use by the lessee outside of the United States. Income from the sale, exchange, or other disposition of qualifying foreign trade property that is or was subject to such a lease[16] (i.e., the sale of the residual interest in the leased property) gives rise to foreign sale and leasing income. Except as provided in regulations, a special limitation applies to leased property that (1) is manufactured by the taxpayer or (2) is acquired by the taxpayer from a related person for a price that was other than arm's length. In such cases, foreign sale and leasing income may not exceed the amount of foreign sale and leasing income that would have resulted if the taxpayer had acquired the leased property in a hypothetical arm's-length purchase and then engaged in the actual sale or lease of such property. For example, if a manufacturer leases qualifying foreign trade property that it manufactured, the foreign sale and leasing income derived from that lease may not exceed the amount of foreign sale and leasing income that the manufacturer would have earned with respect to that lease had it purchased the property for an arm's-length price on the day that the manufacturer entered into the lease. For purposes of calculating the limit on foreign sale and leasing income, the manufacturer's basis and, thus, depreciation would be based on this hypothetical arm's-length price. This limitation is intended to prevent foreign sale and leasing income from including profit associated with manufacturing activities.

For purposes of determining foreign sale and leasing income, only directly allocable expenses are taken into account in calculating the amount of foreign trade income. In addition, income properly allocable to certain intangibles is excluded for this purpose.

General example

The following is an example of the calculation of qualifying foreign trade income.

XYZ Corporation, a U.S. corporation, manufactures property that is sold to unrelated customers for use outside of the United States. XYZ Corporation satisfies the foreign economic processes requirement through conducting activities such as solicitation, negotiation, transportation, and other sales-related activities outside of the United States with respect to its transactions. During the year, qualifying foreign trade property was sold for gross proceeds totaling $1,000. The cost of this qualifying foreign trade property was $600. XYZ Corporation incurred $275 of costs that are directly related to the sale and distribution of qualifying foreign trade property. XYZ Corporation paid $40 of income tax to a foreign jurisdiction related to the sale and distribution of the qualifying foreign trade property. XYZ Corporation also generated gross income of $7,600 (gross receipts of $24,000 and cost of goods sold of $16,400) and direct expenses of $4,225 that relate to the manufacture and sale of products other than qualifying foreign trade property. XYZ Corporation also incurred $500 of overhead expenses. XYZ Corporation's financial information for the year is summarized as follows:

	Total	Other property	QFTP[17]
Gross receipts	$25,000.00	$24,000.00	$1,000.00
Cost of goods sold	17,000.00	16,400.00	600.00
Gross income	8,000.00	7,600.00	400.00
Direct expenses	4,500.00	4,225.00	275.00
Overhead expenses	500.00		
Net income	3,000.00		

Illustrated below is the computation of the amount of qualifying foreign trade income that is excluded from XYZ Corporation's gross income and the amount of related expenses that are disallowed. In order to calculate qualifying foreign trade income, the amount of foreign trade income first must be determined. Foreign trade income is the taxable income (determined without regard to the exclusion of qualifying foreign trade income) attributable to foreign trading gross receipts. In this example, XYZ Corporation's foreign trading gross receipts equal $1,000. This amount of gross receipts is reduced by the related cost of goods sold, the related direct expenses, and a portion of the overhead expenses in order to arrive at the related taxable income.[18] Thus, XYZ Corporation's foreign trade income equals $100, calculated as follows:

Foreign trading gross receipts	$1,000.00
Cost of goods sold	600.00
Gross income	400.00
Direct expenses	275.00
Apportioned overhead expenses	25.00
Foreign trade income	100.00

Foreign sale and leasing income is defined as an amount of foreign trade income (calculated taking into account only directly-related expenses) that is properly allocable to certain specified foreign activities. Assume for purposes of this example that of the $125 of foreign trade income ($400 of gross income from the sale of qualifying foreign trade property less only the direct expenses of $275), $35 is properly allocable to such foreign activities (e.g., solicitation, negotiation, advertising, foreign transportation, and other enumerated sales-like activities) and, therefore, is considered to be foreign sale and leasing income.

Qualifying foreign trade income is the amount of gross income that, if excluded, will result in a reduction of taxable income equal to the greatest of (1) 30 percent of foreign sale and leasing income, (2) 1.2 percent of foreign trading gross receipts, or (3) 15 percent of foreign trade income. Thus, in order to calculate the amount that is excluded from gross income, taxable income must be determined and then ''grossed up'' for allocable expenses in order to arrive at the appropriate gross income figure. First, for each method of calculating qualifying foreign trade income, the reduction in taxable income is determined. Then, the $275 of direct and $25 of overhead expenses, totaling $300, attributable to foreign trading gross receipts is apportioned to the reduction in taxable income based on the proportion of the reduction in taxable income to foreign trade income. This apportionment is done for each method of calculating qualifying foreign trade income. The sum of the taxable income reduction and the apportioned expenses equals the respective qualifying foreign trade income (i.e., the amount of gross income excluded) under each method, as follows:

	1.2% FTGR[1]	15% FTI[2]	30% FS&LI[3]
Reduction of taxable income:			
1.2% of FTGR (1.2% * $1,000)	12.00		
15% of FTI (15% * $100)		15.00	
30% of FS&LI (30% * $35)			10.50
Gross-up for disallowed expenses:			
$300 * ($12/$100)	36.00		
$300 * ($15/$100)		45.00	
$275 * ($10.50/$100)[4]			28.88
Qualifying foreign trade income	48.00	60.00	39.38

[1] ''FTGR'' refers to foreign trading gross receipts.
[2] ''FTI'' refers to foreign trade income.
[3] ''FS&LI'' refers to foreign sale and leasing income.
[4] Because foreign sale and leasing income only takes into account direct expenses, it is appropriate to take into account only such expenses for purposes of this calculation.

In the example, the $60 of qualifying foreign trade income is excluded from XYZ Corporation's gross income (determined based on 15 percent of foreign trade income).[19] In connection with excluding $60 of gross income, certain expenses that are allocable to this income are not deductible for U.S. Federal income tax purposes. Thus, $45 ($300 of related expenses multiplied by 15 percent, i.e., $60 of qualifying foreign trade income divided by $400 of gross income from the sale of qualifying foreign trade property) of expenses are disallowed.[20]

	Other property	QFTP	Excluded/disallowed	Total
Gross receipts	$24,000.00	$1,000.00		
Cost of goods sold	16,400.00	600.00		

[16] For this purpose, such a lease includes a lease that gave rise to exempt foreign trade income under the FSC provisions.

[17] ''QFTP'' refers to qualifying foreign trade property.

[18] Overhead expenses must be apportioned in a reasonable manner that does not result in a material distortion of income. In this example, the apportionment of the $500 of overhead expenses on the basis of gross income is assumed not to result in a material distortion of income and is assumed to be a reasonable method of apportionment. Thus, $25 ($500 of total overhead expenses multiplied by 5 percent, i.e., $400 of gross income from the sale of qualifying foreign trade property divided by $8,000 of total gross income) is apportioned to qualifying foreign trading gross receipts. The remaining $475 ($500 of total overhead expenses less the $25 apportioned to qualifying income) is apportioned to XYZ Corporation's other income.

[19] Note that XYZ Corporation could choose to use one of the other two methods notwithstanding that they would result in a smaller exclusion.

[20] The $300 of allocable expenses includes both the $275 of direct expenses and the $25 of overhead expenses. Thus, the $45 of disallowed expenses represents the sum of $41.25 of direct expenses plus $3.75 of overhead expenses. If qualifying foreign trade income were determined using 30 percent of foreign sale and leasing income, the disallowed expenses would include only the appropriate portion of the direct expenses.

	Other property	QFTP	Excluded/disallowed	Total
Gross income	7,600.00	400.00	(60.00)	7,940.00
Direct expenses	4,225.00	275.00	(41.25)	4,458.75
Overhead expenses	475.00	25.00	(3.75)	496.25
Taxable income				2,985.00

XYZ Corporation paid $40 of income tax to a foreign jurisdiction related to the sale and distribution of the qualifying foreign trade property. A portion of this $40 of foreign income tax is treated as paid with respect to the qualifying foreign trade income and, therefore, is not creditable for U.S. foreign tax credit purposes. In this case, $6 of such taxes paid ($40 of foreign taxes multiplied by 15 percent, i.e., $60 of qualifying foreign trade income divided by $400 of gross income from the sale of qualifying foreign trade property) is treated as paid with respect to the qualifying foreign trade income and, thus, is not creditable.

The results in this example are the same regardless of whether XYZ Corporation manufactures the property within the United States or outside of the United States through a foreign branch. If XYZ Corporation were an S corporation or limited liability company, the results also would be the same, and the exclusion would pass through to the S corporation owners or limited liability company owners as the case may be.

Other rules

Foreign-source income limitation

The conference agreement provides a limitation with respect to the sourcing of taxable income applicable to certain sale transactions giving rise to foreign trading gross receipts. This limitation only applies with respect to sale transactions involving property that is manufactured within the United States. The special source limitation does not apply when qualifying foreign trade income is determined using 30 percent of the foreign sale and leasing income from the transaction.

This foreign-source income limitation is determined in one of two ways depending on whether the qualifying foreign trade income is calculated based on 1.2 percent of foreign trading gross receipts or on 15 percent of foreign trade income. If the qualifying foreign trade income is calculated based on 1.2 percent of foreign trading gross receipts, the related amount of foreign- source income may not exceed the amount of foreign trade income that (without taking into account this special foreign-source income limitation) would be treated as foreign-source income if such foreign trade income were reduced by 4 percent of the related foreign trading gross receipts.

For example, assume that foreign trading gross receipts are $2,000 and foreign trade income is $100. Assume also that the taxpayer chooses to determine qualifying foreign trade income based on 1.2 percent of foreign trading gross receipts. Taxable income after taking into account the exclusion of the qualifying foreign trade income and the disallowance of related deductions is $76. Assume that the taxpayer manufactured its qualifying foreign trade property in the United States and that title to such property passed outside of the United States. Absent a special sourcing rule, under section 863(b) (and the regulations thereunder) the $76 of taxable income would be sourced as $38 U.S. source and $38 foreign source. Under the special sourcing rule, the amount of foreign-source income may not exceed the amount of the foreign trade income that otherwise would be treated as foreign source if the foreign trade income were reduced by 4 percent of the related foreign trading gross receipts. Reducing foreign trade income by 4 percent of the foreign trading gross receipts (4 percent of $2,000, or $80) would result in $20 ($100 foreign trade income less $80). Applying section 863(b) to the $20 of reduced foreign trade income would result in $10 of foreign-source income and $10 of U.S.-source income. Accordingly, the limitation equals $10. Thus, although under the general sourcing rule $38 of the $76 taxable income would be treated as foreign source, the special sourcing rule limits foreign-source income in this example to $10 (with the remaining $66 being treated as U.S.- source income).

If the qualifying foreign trade income is calculated based on 15 percent of foreign trade income, the amount of related foreign-source income may not exceed 50 percent of the foreign trade income that (without taking into account this special foreign-source income limitation) would be treated as foreign-source income.

For example, assume that foreign trade income is $100 and the taxpayer chooses to determine its qualifying foreign trade income based on 15 percent of foreign trade income. Taxable income after taking into account the exclusion of the qualifying foreign trade income and the disallowance of related deductions is $85. Assume that the taxpayer manufactured its qualifying foreign trade property in the United States and that title to such property passed outside of the United States. Absent a special sourcing rule, under section 863(b) the $85 of taxable income would be sourced as $42.50 U.S. source and $42.50 foreign source. Under the special sourcing rule, the amount of foreign-source income may not exceed 50 percent of the foreign trade income that otherwise would be treated as foreign source. Applying section 863(b) to the $100 of foreign trade income would result in $50 of foreign-source income and $50 of U.S.-source income. Accordingly, the limitation equals $25, which is 50 percent of the $50 foreign-source income. Thus, although under the general sourcing rule $42.50 of the $85 taxable income would be treated as foreign source, the special sourcing rule limits foreign-source income in this example to $25 (with the remaining $60 being treated as U.S.-source income).[21]

Treatment of withholding taxes

The conference agreement generally provides that no foreign tax credit is allowed for foreign taxes paid or accrued with respect to qualifying foreign trade income (i.e., excluded extraterritorial income). In determining whether foreign taxes are paid or accrued with respect to qualifying foreign trade income, foreign withholding taxes generally are treated as not paid or accrued with respect to qualifying foreign trade income.[22] Accordingly, the conference agreement's denial of foreign tax credits would not apply to suchtaxes. For this purpose, the term ''withholding tax'' refers to any foreign tax that is imposed on a basis other than residence and that is otherwise a creditable foreign tax under sections 901 or 903.[23] It is intended that such taxes would be similar in nature to the gross-basis taxes described in sections 871 and 881.

If, however, qualifying foreign trade income is determined based on 30 percent of foreign sale and leasing income, the special rule for withholding taxes is not applicable. Thus, in such cases foreign withholding taxes may be treated as paid or accrued with respect to qualifying foreign trade income and, accordingly, are not creditable under the conference agreement.

Election to be treated as a U.S. corporation

The conference agreement provides that certain foreign corporations may elect, on an original return, to be treated as domestic corporations. The election applies to the taxable year when made and all subsequent taxable years unless revoked by the taxpayer or terminated for failure to qualify for the election. Such election is available for a foreign corporation (1) that manufactures property in the ordinary course of such corporation's trade or business, or (2) if substantially all of the gross receipts of such corporation are foreign trading gross receipts. For this purpose, ''substantially all'' is based on the relevant facts and circumstances.

In order to be eligible to make this election, the foreign corporation must waive all benefits granted to such corporation by the United States pursuant to a treaty.[24] Absent such a waiver, it would be unclear, for example, whether the permanent establishment article of a relevant tax treaty would override the electing corporation's treatment as a domestic corporation under this provision. A foreign corporation that elects to be treated as a domestic corporation is not permitted to make an S corporation election. The Secretary is granted authority to prescribe rules to ensure that the electing foreign corporation pays its U.S. income tax liabilities and to designate one or more classes of corporations that may not make such an election.[25] If such an election is made, for purposes of section 367 the foreign corporation is treated as transferring (as of the first day of the first taxable year to which the election applies) all of its assets to a domestic corporation in connection with an exchange to which section 354 applies.

If a corporation fails to meet the applicable requirements, described above, for making the election to be treated as a domestic corporation for any taxable year beginning after the year of the election, the election will terminate. In addition, a taxpayer, at its

[21] The foreign-source income limitation provisions also apply when source is determined solely in accordance with section 862 (e.g., a distributor of qualifying foreign trade property that is manufactured in the United States by an unrelated person and sold for use outside of the United States).

[22] With respect to the withholding taxes that are paid or accrued (a prerequisite to the taxes being otherwise creditable), the provision in the bill treats such taxes as not being paid or accrued *with respect* to qualifying foreign trade income.

[23] This also would apply to any withholding tax that is creditable for U.S. foreign tax credit purposes under an applicable treaty.

[24] The waiver of treaty benefits applies to the corporation itself and not, for example, to employees of or independent contractors associated with the corporation.

[25] For example, the Secretary of the Treasury may prescribe rules to prevent ''per se'' corporations under the entity-classification rules from making such an election.

option and at any time, may revoke the election to be treated as a domestic corporation. In the case of either a termination or a revocation, the electing foreign corporation will not be considered as a domestic corporation effective beginning on the first day of the taxable year following the year of such termination or revocation. For purposes of section 367, if the election to be treated as a domestic corporation is terminated or revoked, such corporation is treated as a domestic corporation transferring (as of the first day of the first taxable year to which the election ceases to apply) all of its property to a foreign corporation in connection with an exchange to which section 354 applies. Moreover, once a termination occurs or a revocation is made, the former electing corporation may not again elect to be taxed as a domestic corporation under the provisions of the conference agreement for a period of five tax years beginning with the first taxable year that begins after the termination or revocation.

For example, assume a U.S. corporation owns 100 percent of a foreign corporation. The foreign corporation manufactures outside of the United States and sells what would be qualifying foreign trade property were it manufactured by a person subject to U.S. taxation. Such foreign corporation could make the election under this provision to be treated as a domestic corporation. As a result, its earnings no longer would be deferred from U.S. taxation. However, by electing to be subject to U.S. taxation, a portion of its income would be qualifying foreign trade income.[26] The requirement that the foreign corporation be treated as a domestic corporation (and, therefore, subject to U.S. taxation) is intended to provide parity between U.S. corporations that manufacture abroad in branch form and U.S. corporations that manufacture abroad through foreign subsidiaries. The election, however, is not limited to U.S.-owned foreign corporations. A foreign-owned foreign corporation that wishes to qualify for the treatment provided under the conference agreement could avail itself of such election (unless otherwise precluded from doing so by Treasury regulations).

Shared partnerships

The conference agreement provides rules relating to allocations of qualifying foreign trade income by certain shared partnerships. To the extent that such a partnership (1) maintains a separate account for transactions involving foreign trading gross receipts with each partner, (2) makes distributions to each partner based on the amounts in the separate account, and (3) meets such other requirements as the Treasury Secretary may prescribe by regulations, such partnership then would allocate to each partner items of income, gain, loss, and deduction (including qualifying foreign trade income) from such transactions on the basis of the separate accounts. It is intended that with respect to, and only with respect to, such allocations and distributions (i.e., allocations and distributions related to transactions between the partner and the shared partnership generating foreign trading gross receipts), these rules would apply in lieu of the otherwise applicable partnership allocation rules such as those in section 704(b). For this purpose, a partnership is a foreign or domestic entity that is considered to be a partnership for U.S. Federal income tax purposes.

Under the conference agreement, any partner's interest in the shared partnership is not taken into account in determining whether such partner is a ''related person'' with respect to any other partner for purposes of the conference agreement's provisions. Also, the election to exclude certain gross receipts from foreign trading gross receipts must be made separately by each partner with respect to any transaction for which the shared partnership maintains a separate account.

Certain assets not taken into account for purposes of interest expense allocation

The conference agreement also provides that qualifying foreign trade property that is held for lease or rental, in the ordinary course of a trade or business, for use by the lessee outside of the United States is not taken into account for interest allocation purposes.

Distributions of qualifying foreign trade income by cooperatives

Agricultural and horticultural producers often market their products through cooperatives, which are member-owned corporations formed under Subchapter T of the Code. At the cooperative level, the conference agreement provides the same treatment of foreign trading gross receipts derived from products marketed through cooperatives as it provides for foreign trading gross receipts of other taxpayers. That is, the qualifying foreign trade income attributable to those foreign trading gross receipts is excluded from the gross income of the cooperative. Absent a special rule, however, patronage dividends or per-unit retain allocations attributable to qualifying foreign trade income paid to members of cooperatives would be taxable in the hands of those members. The conferees believe that this would disadvantage agricultural and horticultural producers who choose to market their products through cooperatives relative to those individuals who market their products directly or through pass-through entities such as partnerships, limited liability companies, or S corporations. Accordingly, the conference agreement provides that the amount of any patronage dividends or per-unit retain allocations paid to a member of an agricultural or horticultural cooperative (to which Part I of Subchapter T applies), which is allocable to qualifying foreign trade income of the cooperative, is treated as qualifying foreign trade income of the member (and, thus, excludable from such member's gross income). In order to qualify, such amount must be designated by the organization as allocable to qualifying foreign trade income in a written notice mailed to its patrons not later than the payment period described in section 1382(d). The cooperative cannot reduce its income (e.g., cannot claim a ''dividends-paid deduction'') under section 1382 for such amounts.

Gap period before administrative guidance is issued

The conferees recognize that there may be a gap in time between the enactment of the bill and the issuance of detailed administrative guidance. It is intended that during this gap period before administrative guidance is issued, taxpayers and the Internal Revenue Service may apply the principles of present-law regulations and other administrative guidance under sections 921 through 927 to analogous concepts under the conference agreement. Some examples of the application of the principles of present-law regulations to the conference agreement are described below. These limited examples are intended to be merely illustrative and are not intended to imply any limitation regarding the application of the principles of other analogous rules or concepts under present law.

Marginal costing and grouping

Under the conference agreement, the Secretary of the Treasury is provided authority to prescribe rules for using marginal costing and for grouping transactions in determining qualifying foreign trade income. It is intended that similar principles under present-law regulations apply for these purposes.[27]

Excluded property

The conference agreement provides that qualifying foreign trade property does not include property leased or rented by the taxpayer for use by a related person. It is intended that similar principles under present-law regulations apply for this purpose. Thus, excluded property does not apply, for example, to property leased by the taxpayer to a related person if the property is held for sublease, or is subleased, by the related person to an unrelated person and the property is ultimately used by such unrelated person predominantly outside of the United States.[28] In addition, consistent with the policy adopted in the Taxpayer Relief Act of 1997, computer software that is licensed for reproduction outside of the United States is not excluded property. Accordingly, the license of computer software to a related person for reproduction outside of the United States for sale, sublicense, lease, or rental to an unrelated person for use outside of the United States is not treated as excluded property by reason of the license to the related person.

Foreign trading gross receipts

Under the conference agreement, foreign trading gross receipts are gross receipts from, among other things, the sale, exchange, or other disposition of qualifying foreign trade property, and from the lease of qualifying foreign trade property for use by the lessee outside of the United States. It is intended that the principles of present-law regulations that define foreign trading gross receipts apply for this purpose. For example, a sale includes an exchange or other disposition and a lease includes a rental or sublease and a license or a sublicense.[29]

Foreign use requirement

Under the conference agreement, property constitutes qualifying foreign trade property if, among other things, the property is held primarily for lease, sale, or rental, in the ordinary course of business, for direct use, consumption, or disposition outside of the United States.[30] It is intended that the principles of the present-law regulations apply for purposes of this foreign use requirement. For example, for purposes of determining

[26] The sourcing limitation described above would not apply to this example because the property is manufactured outside of the United States.

[27] See, e.g., Treas. Reg. sec. 1.924(d)–1(c)(5) and (e); Temp. Treas. Reg. sec. 1.925(a)–1T(c)(8); Temp. Treas. Reg. sec. 1.925(b)–1T.

[28] See Temp. Treas. Reg. sec. 1.927(a)–1T(f)(2)(i). The bill also provides that oil or gas or primary products from oil or gas are excluded from the definition of qualifying foreign trade property. It is intended that similar principles under present-law regulations apply for these purposes. Thus, for this purpose, petrochemicals, medicinal products, insecticides, and alcohols are not considered primary products from oil or gas and, thus, are not treated as excluded property. See Temp. Treas. Reg. sec. 1.927(a)–1T(g)(2)(iv).

[29] See Temp. Treas. Reg. sec. 1.924(a)–1T(a)(2).

[30] Foreign trading gross receipts eligible for exclusion from the tax base do not include gross receipts from a transaction if the qualifying foreign trade property is for ultimate use in the United States.

whether property is sold for use outside of the United States, property that is sold to an unrelated person as a component to be incorporated into a second product which is produced, manufactured, or assembled outside of the United States will not be considered to be used in the United States (even if the second product ultimately is used in the United States), provided that the fair market value of such seller's components at the time of delivery to the purchaser constitutes less than 20 percent of the fair market value of the second product into which the components are incorporated (determined at the time of completion of the production, manufacture, or assembly of the second product).[31]

In addition, for purposes of the foreign use requirement, property is considered to be used by a purchaser or lessee outside of the United States during a taxable year if it is used predominantly outside of the United States.[32] For this purpose, property is considered to be used predominantly outside of the United States for any period if, during that period, the property is located outside of the United States more than 50 percent of the time.[33] An aircraft or other property used for transportation purposes (e.g., railroad rolling stock, a vessel, a motor vehicle, or a container) is considered to be used outside of the United States for any period if, for the period, either the property is located outside of the United States more than 50 percent of the time or more than 50 percent of the miles traveled in the use of the property are traveled outside of the United States.[34] An orbiting satellite is considered to be located outside of the United States for these purposes.[35]

Foreign economic processes

Under the conference agreement, gross receipts from a transaction are foreign trading gross receipts eligible for exclusion from the tax base only if certain economic processes take place outside of the United States. The foreign economic processes requirement compares foreign direct costs to total direct costs. It is intended that the principles of the present-law regulations apply during the gap period for purposes of the foreign economic processes requirement including the measurement of direct costs. The conferees recognize that the measurement of foreign direct costs under the present-law regulations often depend on activities conducted by the FSC, which is a separate entity. The conferees are aware that some of these concepts will have to be modified when new guidance is promulgated as a result of the conference agreement's elimination of the requirement for a separate entity.

Effective date

In general

The conference agreement is effective for transactions entered into after September 30, 2000. In addition, no corporation may elect to be a FSC after September 30, 2000.

The conference agreement also provides a rule requiring the termination of a dormant FSC when the FSC has been inactive for a specified period of time. Under this rule, a FSC that generates no foreign trade income for any five consecutive years beginning after December 31, 2001, will cease to be treated as a FSC.

Transition rules

Winding down existing FSCs and binding contract relief

The conference agreement provides a transition period for existing FSCs and for binding contractual agreements. The new rules do not apply to transactions in the ordinary course of business[36] involving a FSC before January 1, 2002. Furthermore, the new rules do not apply to transactions in the ordinary course of business after December 31, 2001, if such transactions are pursuant to a binding contract between a FSC (or a person related to the FSC on September 30, 2000) and any other person (that is not a related person) and such contract is in effect on September 30, 2000, and all times thereafter. For this purpose, binding contracts include purchase options, renewal options, and replacement options that are enforceable against a lessor or seller (provided that the options are a part of a contract that is binding and in effect on September 30, 2000).

Old earnings and profits of corporations electing to be treated as domestic corporations

A transition rule also is provided for certain corporations electing to be treated as a domestic corporation under the bill. In the case of a corporation to which this transition rule applies, the corporation's earnings and profits accumulated in taxable years ending before October 1, 2000 are not included in the gross income of the shareholder by reason of the deemed asset transfer for section 367 purposes that the bill provides. Thus, although the electing corporation may be treated as transferring all of its assets to a domestic corporation in a reorganization described in section 368(a)(1)(F), the earnings and profits amount that would otherwise be treated as a deemed dividend to the U.S. shareholder under the regulations under section 367(b) will not include the earnings and profits accumulated in taxable years ending before October 1, 2000. This treatment is similar to the treatment of earnings and profits of a foreign insurance company that makes the election to be treated as a domestic corporation under section 953(d), which election was a model for the election to be treated as a domestic corporation under the bill. Under section 953(d), earnings and profits accumulated in taxable years beginning before January 1, 1988 were not included in the earnings and profits amount that would be a deemed dividend for section 367(b) purposes.

Like the pre-1988 earnings and profits of a domesticating foreign insurance company under section 953(d), the earnings and profits to which this transition rule applies would continue to be treated as earnings and profits of a foreign corporation even after the corporation elects to be treated as a domestic corporation. Thus, a distribution out of earnings and profits of an electing corporation accumulated in taxable years ending before October 1, 2000 would be treated as a distribution made by a foreign corporation.[37] Rules similar to those applicable to corporations making the section 953(d) election that prevent the repatriation of pre-election period earnings and profits without current U.S. taxation apply for this purpose. Thus, for example, the earnings and profits accumulated in taxable years beginning before October 1, 2000 would continue to be taken into account for section 1248 purposes.[38]

The earnings and profits to which the transition rule applies are the earnings and profits accumulated by the electing corporation in taxable years ending before October 1, 2000. The transition rule will not apply to earnings and profits accumulated before that date that are succeeded to after that date by the electing corporation in a transaction to which section 381 applies unless, like the electing corporation, the distributor or transferor (from whom the electing corporation acquired the earnings and profits) could have itself made the election under the bill to be treated as a domestic corporation and would have been eligible for the transition relief.

The transition rule for old earnings and profits applies to two classes of taxpayers. The first class is FSCs in existence on September 30, 2000 that make an election to be treated as a domestic corporation because they satisfy the requirement that substantially all of their gross receipts are foreign trading gross receipts. To be eligible for the transition relief, the election must be made not later than for the FSC's first taxable year beginning after December 31, 2001.

The second class of corporations to which this transition relief applies is certain controlled foreign corporations (as defined in section 957). Notwithstanding other requirements for making the election to be treated as a domestic corporation provided under the bill's general provisions, such controlled foreign corporations are eligible under the transition rule to make the election to be treated as a domestic corporation and will not have the resulting deemed asset transfer cause a deemed inclusion of earnings and profits for earnings and profits accumulated in taxable years ending before October 1, 2000. To be eligible for the transition relief, such a controlled foreign corporation must be in existence on September 30, 2000. The controlled foreign corporation must be wholly owned, directly or indirectly, by a domestic corporation.[39] The controlled foreign corporation must never have made an election to be treated as a FSC and must make the election to be treated as a domestic corporation not later than for its first taxable year beginning after December 31, 2001. In addition, the controlled foreign corporation must satisfy certain tests with respect to its income and activities. For administrative convenience, these tests are limited to the three taxable years preceding the first taxable year for which the election to be treated as a domestic corporation applies. First, during that three-year period, all of the controlled foreign corporation's gross income must be subpart F income. Thus, the income was subject to full inclusion to the U.S. shareholder and, accordingly, subject to current U.S. taxation. Second, during that three-year period, the controlled foreign corporation must have, in the ordinary course of its trade or business, entered into transactions in which

[31] See Temp. Treas. Reg. sec. 1.927(a)–1T(d)(4)(ii).

[32] See Temp. Treas. Reg. sec. 1.927(a)–1T(d)(4)(iii), (iv), and (v).

[33] See Temp. Treas. Reg. sec. 1.927(a)–1T(d)(4)(vi).

[34] Id.

[35] Id.

[36] The mere entering into of a single transaction, such as a lease, would not, in and of itself, prevent the transaction from being in the ordinary course of business.

[37] It is anticipated that ordering rules similar to those that have been applied in guidance under section 953(d) would apply to distributions from the electing corporation. See Notice 89–79, 1989–2 C.B. 392.

[38] See the rules of section 953(d)(4)(ii), (iii) and (iv).

[39] The ultimate owner must be an actual domestic corporation, not a corporation that elects to be treated as a domestic corporation under the bill. In addition, although the controlled foreign corporation must be wholly owned for this purpose, it is intended that the mere nominal ownership of an insignificant number of shares of insignificant value (which may, for example, be required by foreign law) by someone unrelated to the domestic parent would not cause the controlled foreign corporation to fail to be wholly owned for these purposes.

it regularly sold or paid commissions to a related FSC (which also was in existence on September 30, 2000).[40] If an electing corporation in this second class ceases to be (directly or indirectly) wholly owned by the domestic corporation that owns it on September 30, 2000, the election to be treated as a domestic corporation is terminated.

Limitation on use of the gross receipts method

Similar to the limitation on use of the gross receipts method under the conference agreement's operative provisions, the conference agreement provides a rule that limits the use of the gross receipts method for transactions after the effective date of the conference agreement if that same property generated foreign trade income to a FSC using the gross receipts method. Under the rule, if any person used the gross receipts method under the FSC regime, neither that person nor any related person will have qualifying foreign trade income with respect to any other transaction involving the same item of property.

Coordination of new regime with prior law

Notwithstanding the transition period, FSCs (or related persons) may elect to have the rules of the conference agreement apply in lieu of the rules applicable to FSCs. Thus, for transactions to which the transition rules apply (i.e., transactions after September 30, 2000 that occur (1) before January 1, 2002 or (2) after December 31, 2001 pursuant to a binding contract which is in effect on September 30, 2000), taxpayers may choose to apply either the FSC rules or the amendments made by this bill, but not both. In addition, a taxpayer would not be able to avail itself of the rules of the conference agreement in addition to the rules applicable to domestic international sales corporations because the conference agreement provides that the exclusion of extraterritorial income will not apply if a taxpayer is a member of any controlled group of which a domestic international sales corporation is a member.

TITLE II. SMALL BUSINESS TAX RELIEF PROVISIONS

A. EXTENSION OF THE WORK OPPORTUNITY TAX CREDIT (SEC. 201 OF THE BILL AND SEC. 51 OF THE CODE)

PRESENT LAW

The work opportunity tax credit (''WOTC'') is available on an elective basis for employers hiring individuals from one or more of eight targeted groups. The credit generally is equal to 25 percent of qualified first-year wages for employment of at least 120 hours but less than 400 hours and 40 percent of qualified first-year wages for employment of 400 hours or more. Qualified first-year wages consist of wages attributable to service rendered by a member of a targeted group during the one-year period beginning with the day the individual begins work for the employer.

No more than $6,000 of wages during the first year of employment is permitted to be taken into account with respect to any individual. Thus, the maximum credit per individual is $2,400. With respect to qualified summer youth employees, the maximum credit is 40 percent of up to $3,000 of qualified first-year wages, for a maximum credit of $1,200. The credit is only effective for wages paid to, or incurred with respect to, qualified individuals who begin work for the employer before January 1, 2002.

The employer's deduction for wages is reduced by the amount of the credit.

HOUSE BILL

No provision.

SENATE AMENDMENT

No provision. However, H.R. 833, as passed by the Senate, permanently extends the WOTC.

Effective date.—The provision is effective for wages paid to, or incurred with respect to, qualified individuals who begin work for the employer on or after July 1, 1999. Subsequent to Senate passage of H.R. 833, Public Law 106–170 extended the WOTC for 30 months (through December 31, 2001) and clarified the definition of the first year of employment for purposes of the WOTC.

CONFERENCE AGREEMENT

The conference agreement extends the WOTC for 30 months (through June 30, 2004). It is effective for wages paid to, or incurred with respect to, qualified individuals who begin work for the employer on or after January 1, 2002, and before July 1, 2004.

B. INCREASE THE MAXIMUM DOLLAR AMOUNT OF REFORESTATION EXPENDITURES ELIGIBLE FOR AMORTIZATION AND CREDIT (SEC. 202 OF THE BILL AND SECS. 48(B) AND 194 OF THE CODE)

PRESENT LAW

Amortization of reforestation costs (sec. 194)

A taxpayer may elect to amortize up to $10,000 ($5,000 in the case of a separate return by a married individual) of qualifying reforestation expenditures incurred during the taxable year with respect to qualifying timber property. Amortization is taken over 84 months (seven years) and is subject to a mandatory half-year convention.[41] In the case of an individual, the amortization deduction is allowed in determining adjusted gross income (i.e., an ''above-the-line deduction'') rather than as an itemized deduction. The amount eligible for amortization has not been increased since the election was added to the Code in 1980.[42]

Qualifying reforestation expenditures are the direct costs a taxpayer incurs in connection with the forestation or reforestation of a site by planting or seeding, and include costs for the preparation of the site, the cost of the seed or seedlings, and the cost of the labor and tools (including depreciation of long lived assets such as tractors and other machines) used in the reforestation activity. Qualifying reforestation expenditures do not include expenditures that would otherwise be deductible and do not include costs for which the taxpayer has been reimbursed under a governmental cost sharing program, unless the amount of the reimbursement is also included in the taxpayer's gross income.

Qualifying timber property includes any woodlot or other site that is located in the United States that will contain trees in significant commercial quantities and that is held by the taxpayer for the planting, cultivating, caring for, and cutting of trees for sale or use in the commercial production of timber products. The regulations require that the site consist of at least one acre that is devoted to such activities.[43] A taxpayer may hold qualifying timber property in fee or by lease. Where the property is held by one person for life with the remainder to another person, the life tenant is considered the owner of the property for this purpose.

Reforestation amortization is subject to recapture as ordinary income on sale of qualifying timber property within 10 years of the year in which the qualifying reforestation expenditures were incurred.[44]

Reforestation tax credit (sec. 48(b))

A tax credit is allowed equal to 10 percent of the reforestation expenditures incurred during the year that are properly elected to be amortized. An amount allowed as a credit is subject to recapture if the qualifying timber property to which the expenditure relates is disposed of within five years.

House Bill

No provision, but H.R. 3081 as passed by the House increases the amount of reforestation expenditures eligible for seven-year amortization and the reforestation credit from $10,000 to $25,000 per taxable year (from $5,000 to $12,500 in the case of a separate return by a married individual).

For taxable years beginning in 2001 through 2003, H.R. 3081 removes the limitation on the amount of expenditures eligible for seven-year amortization.

Effective date.—The provision is effective for expenditures paid or incurred in taxable years beginning after December 31, 2000. For taxable years beginning in 2001, 2002, and 2003, the amount of reforestation expenditures eligible for the credit is limited to $25,000 and no limit applies to the amount of expenditures eligible for seven-year amortization. For taxable years beginning after 2003, the amount of reforestation expenditures eligible for seven-year amortization and for the credit is limited to $25,000.

SENATE AMENDMENT

No provision.

CONFERENCE AGREEMENT

The conference agreement includes the provision in H.R. 3081.

C. CAPITAL GAINS TREATMENT UNDER SECTION 631(B) TO APPLY TO OUTRIGHT SALES OF TIMBER (SEC. 202(C) OF THE BILL AND SEC. 631(B) OF THE CODE)

PRESENT LAW

Gain on the cutting and sale of timber generally is eligible for capital gains treatment, provided the growing timber has been held for more than one year. If the taxpayer sells the timber at the time it is cut, the capital gain is measured as the difference between the sales price of the timber less cost of sales and any unrecovered costs of growing the timber.

If the taxpayer sells the timber prior to its being cut, a special rule allows the taxpayer to treat the sale as a capital gain, provided the taxpayer retains an economic interest in the timber and holds the timber for more than one year prior to the date of disposal. The date of disposal is deemed to be the date the timber is cut, unless the taxpayer receives payment for the timber prior to the date it is cut and elects to treat the date of payment as the date of disposal.

HOUSE BILL

No provision.

[40] It is intended that, if the controlled foreign corporation's and related FSC's taxable years are still open under the statute of limitations for claims for refund under section 6511, redeterminations with respect to sales or commissions paid to the FSC are permitted for this purpose. See Temp. Treas. Reg. sec. 1.925(a)–1T(d)(4).

[41] Under the half-year convention, all reforestation expenditures are considered to be incurred on the first day of the first month of the second half of the taxable year. Thus, an amortization deduction equal to 6/84 of the expenditures for the year is allowed in the first and eighth years and an amortization deduction equal to 1/7 (12/84) of such expenditures is allowed in the second through seventh years.

[42] Sec. 301(a) of the Multiemployer Pension Plan Amendments Act of 1980.

[43] Treas. Reg. sec. 1.194–3(a).

[44] Sec. 1245(b)(7); Treas. Reg. sec. 1.194–1(c).

SENATE AMENDMENT

No provision.

CONFERENCE AGREEMENT

In the case of a sale of timber by the owner of the land from which the timber is cut, the requirement that a taxpayer retain an economic interest in the timber in order to treat gains on sales prior to the time the timber is cut as capital gains does not apply. Outright sales of timber by the landowner will qualify for capital gains treatment in the same manner as sales with a retained economic interest qualify under present law, except that the date-of-disposal rule will not apply.

Effective date.—The provision is effective for sales of timber after the date of enactment.

D. INCREASE SECTION 179 EXPENSING (SEC. 1203 OF THE BILL AND SEC. 179 OF THE CODE)

PRESENT LAW

Present law provides that, in lieu of depreciation, a taxpayer with a sufficiently small amount of annual investment may elect to deduct up to $20,000 (for taxable years beginning in 2000) of the cost of qualifying property placed in service for the taxable year (sec. 179). In general, qualifying property is defined as depreciable tangible personal property that is purchased for use in the active conduct of a trade or business. The $20,000 amount is reduced (but not below zero) by the amount by which the cost of qualifying property placed in service during the taxable year exceeds $200,000. In addition, the amount eligible to be expensed for a taxable year may not exceed the taxable income for a taxable year that is derived from the active conduct of a trade or business (determined without regard to this provision). Any amount that is not allowed as a deduction because of the taxable income limitation may be carried forward to succeeding taxable years (subject to similar limitations).

The $20,000 amount is increased to $25,000 for taxable years beginning in 2003 and thereafter. The increase is phased in as follows: for taxable years beginning in 2001 or 2002, the amount is $24,000; and for taxable years beginning in 2003 and thereafter, the amount is $25,000.

HOUSE BILL

No provision. However, H.R. 3081, as passed by the House, provides that the maximum dollar amount that may be deducted under section 179 is increased to $30,000 for taxable years beginning in 2001 and thereafter.

Effective date.—The provision is effective for taxable years beginning after December 31, 2000.

SENATE AMENDMENT

No provision. However, H.R. 833, as passed by the Senate, includes a provision identical to the provision of H.R. 3081, as passed by the House.

CONFERENCE AGREEMENT

The conference agreement includes the provision in H.R. 3081 and H.R. 833, with a modification. Under the conference agreement, the maximum dollar amount that may be deducted under section 179 is increased to $35,000 for taxable years beginning in 2001 and thereafter.

E. INCREASE DEDUCTION FOR BUSINESS MEALS (SEC. 204 OF THE BILL AND SEC. 274(N) OF THE CODE)

PRESENT LAW

Ordinary and necessary business expenses, as well as expenses incurred for the production of income, are generally deductible, subject to a number of restrictions and limitations (secs. 162 and 212). No deduction generally is allowed for personal, living, or family expenses (sec. 262).

Meal and entertainment expenses incurred for business reasons or for the production of income are deductible if certain legal and substantiation requirements are met. Generally, the amount allowable as a deduction for business meal and entertainment expenses is limited to 50 percent of the otherwise deductible amount (sec. 274(n)). Exceptions to this 50-percent rule are provided for food and beverages provided to crew members of certain vessels and off-shore oil or gas platforms or drilling rigs, as well as to individuals subject to the hours of service limitations of the Department of Transportation. No deduction is allowed for meal or beverage expenses unless they are not lavish or extravagant under the circumstances (sec. 274(k)(1)(A)). In addition, no deduction is allowed for amounts paid or incurred for membership in any club organized for business, pleasure, recreation, or other social purpose (sec. 274(a)(3)).

An expense for food or beverages is not deductible unless the taxpayer establishes that the item was directly related to the ''active conduct'' of the taxpayer's trade or business or, in the case of an item directly preceding or following a substantial and bona fide business discussion, that the item was ''associated with'' the active conduct of the taxpayer's trade or business (sec. 274(a)(1)(A)). Accordingly, a business meal expense generally is not deductible unless there is a substantial and bona fide business discussion during, directly preceding, or directly following the meal. Also, the taxpayer or an employee of the taxpayer must be present at the meal (sec. 274(k)(1)(B)).

Separate requirements apply to deductions with respect to individuals who are traveling away from home in pursuit of a trade or business. The absence of a business discussion is irrelevant for purposes of the ''active conduct'' and ''associated with'' tests described above if the individual either has the meal alone or has the meal with other persons provided that no deduction is claimed with respect to those other persons.

No deduction is allowed with respect to business meal and entertainment expenses unless the taxpayer substantiates by adequate records or by sufficient evidence corroborating the taxpayer's own statement (1) the amount of the expense, (2) the time and place of the expense, (3) the business purpose of the expense, and (4) the business relationship of the taxpayer to the persons entertained (sec. 274(d)). The Code authorizes the IRS to provide simpler rules for amounts below a threshold specified by the IRS. Accordingly, the IRS provides standard meal allowances (generally $30 per day, but higher in specified high-cost areas and for employees ''in the transportation industry'') that taxpayers who are traveling away from home on business may utilize as an alternative to the substantiation procedures specified above (Treas. Reg. sec. 1.274(d)–1T).

HOUSE BILL

No provision. However, H.R. 3081, as passed by the House, increases the business meals deduction from the present-law 50 percent to 55 percent for taxable years beginning in 2001 and to 60 percent for taxable years beginning in 2002 and thereafter. The bill does not alter the 50-percent limitation with respect to the business entertainment deduction.

Effective date.—The provision is effective for taxable years beginning after December 31, 2000.

SENATE AMENDMENT

No provision. However, H.R. 833, as passed by the Senate, phases in an increase from 50 percent to 80 percent in the deductible percentage of business meal expense for small businesses. The present-law 50 percent limitation continues to apply to entertainment expenses. The increase in the deductible percentage is phased in according to the following schedule:

Taxable years beginning in:	*Deductible percentage:*
2001	55
2002	60
2003	65
2004	70
2005	75
2006 and thereafter	80

Effective date.—The provision is effective for taxable years beginning after 2000.

CONFERENCE AGREEMENT

The conference agreement increases the business meals deduction from the present-law 50 percent to 70 percent for taxable years beginning after December 31, 2000.

Effective date.—The provision is effective for taxable years beginning after December 31, 2000.

F. INCREASED DEDUCTION FOR BUSINESS MEALS WHILE OPERATING UNDER DEPARTMENT OF TRANSPORTATION HOURS OF SERVICE LIMITATIONS (SEC. 205 OF THE BILL AND SEC. 274(n) OF THE CODE)

PRESENT LAW

Ordinary and necessary business expenses, as well as expenses incurred for the production of income, are generally deductible, subject to a number of restrictions and limitations. Generally, the amount allowable as a deduction for food and beverage is limited to 50 percent of the otherwise deductible amount. Exceptions to this 50 percent rule are provided for food and beverages provided to crew members of certain vessels and off-shore oil or gas platforms or drilling rigs.

The 1997 Act increased to 80 percent the deductible percentage of the cost of food and beverages consumed while away from home by an individual during, or incident to, a period of duty subject to the hours of service limitations of the Department of Transportation.

Individuals subject to the hours of service limitations of the Department of Transportation include:

(1) certain air transportation employees such as pilots, crew, dispatchers, mechanics, and control tower operators pursuant to Federal Aviation Administration regulations,

(2) interstate truck operators and interstate bus drivers pursuant to Department of Transportation regulations,

(3) certain railroad employees such as engineers, conductors, train crews, dispatchers and control operations personnel pursuant to Federal Railroad Administration regulations, and

(4) certain merchant mariners pursuant to Coast Guard regulations.

The increase in the deductible percentage is phased in according to the following schedule:

Taxable years beginning in:	*Deductible percentage:*
1998, 1999	55
2000, 2001	60
2002, 2003	65
2004, 2005	70
2006, 2007	75
2008 and thereafter	80

HOUSE BILL

No provision. However, H.R. 3081, as passed by the House, accelerates the increase in the deduction for business meals while operating under Department of Transportation hours of service limitations so that it becomes 80 percent in 2001 and thereafter.

Effective date.—The provision is effective for taxable years beginning after 2000.

SENATE AMENDMENT

No provision.

CONFERENCE AGREEMENT

The conference agreement includes the provision in H.R. 3081.

G. REPEAL OF MODIFICATION OF INSTALLMENT METHOD (SEC. 206 OF THE BILL AND SECS. 453 AND 453A OF THE CODE)

PRESENT LAW

The installment method of accounting allows a taxpayer to defer the recognition of income from the disposition of certain property until payment is received. Sales to customers in the ordinary course of business are not eligible for the installment method, except for sales of property that is used or produced in the trade or business of farming and sales of timeshares and residential lots if an election to pay interest under section 453(l)(2)(B) is made. Section 536(a) of the Ticket to Work and Work Incentives Improvement Act of 1999 prohibited the use of the installment method for a transaction that would otherwise be required to be reported using the accrual method of accounting, effective for dispositions occurring on or after December 17, 1999.

A pledge rule provides that if an installment obligation is pledged as security for any indebtedness, the net proceeds[45] of such indebtedness are treated as a payment on the obligation, triggering the recognition of income. Actual payments received on the installment obligation subsequent to the receipt of the loan proceeds are not taken into account until such subsequent payments exceed the loan proceeds that were treated as payments. The pledge rule does not apply to sales of property used or produced in the trade or business of farming, to sales of timeshares and residential lots where the taxpayer elects to pay interest under section 453(l)(2)(B), or to dispositions where the sales price does not exceed $150,000. The Ticket to Work and Work Incentives Improvement Act of 1999 provided that the right to satisfy a loan with an installment obligation will be treated as a pledge of the installment obligation, effective for dispositions occurring on or after December 17, 1999.

HOUSE BILL

No provision. However, H.R. 3081, as passed by the House, repeals the prohibition on the use of the installment method of accounting for dispositions of property that would otherwise be reported for Federal income tax purposes using the accrual method of accounting. Accordingly, any disposition of property that otherwise qualifies to be reported using the installment method of accounting may be reported using that method without regard to whether the disposition would otherwise be reported using the accrual method of accounting.

The provision leaves unchanged the rule added by section 536(b) of the Ticket to Work and Work Incentives Improvement Act of 1999 that modified the installment method pledge rule.

Effective date.—The provision is effective for sales or other dispositions on or after December 17, 1999.

[45] The net proceeds equal the gross loan proceeds less the direct expenses of obtaining the loan.

SENATE AMENDMENT

No provision. However, H.R. 833, as passed by the Senate, contains the provisions enacted in the Ticket to Work and Work Incentives Improvement Act of 1999 prohibiting the use of the installment method for a transaction that would otherwise be required to be reported using the accrual method of accounting and expanding the pledge rule.

CONFERENCE AGREEMENT

The conference agreement includes the provision in H.R. 3081.

H. COORDINATE FARMERS AND FISHERMAN INCOME AVERAGING AND THE ALTERNATIVE MINIMUM TAX (SEC. 207 OF THE BILL AND SECS. 55 AND 1301 OF THE CODE)

PRESENT LAW

An individual taxpayer engaged in a farming business as defined by section 263A(e)(4) may elect to compute his or her current year tax liability by averaging, over the prior three-year period, all or portion of his or her taxable income from the trade or business of farming. The averaging election is not coordinated with the alternative minimum tax. Thus, some farmers may become subject to the alternative minimum tax solely as a result of the averaging election.

HOUSE BILL

No provision. However, H.R. 3081, as passed by the House, extends to individuals engaged in the trade or business of fishing the same election to income average that is available to farmers. For this purpose, the trade or business of fishing is the conduct of commercial fishing as defined in section 3 of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1802) and includes the trade or business of catching, taking, or harvesting fish that are intended to enter commerce through sale, barter or trade.

The bill also coordinates farmers and fishermen income averaging with the alternative minimum tax. Under the bill, a farmer or fisherman will owe alternative minimum tax only to the extent he or she will owe alternative minimum tax had averaging not been elected. This result is achieved by excluding the impact of the election to average farm and fishing income from the calculation of both regular tax and tentative minimum tax, solely for the purpose of determining alternative minimum tax.

Effective date.—The provision is effective for taxable years beginning after December 31, 2000.

SENATE AMENDMENT

No provision. However, the provision of H.R. 3081 is included in S. 3152.

CONFERENCE AGREEMENT

The conference agreement follows H.R. 3081 and S. 3152.

I. REPEAL SPECIAL OCCUPATIONAL TAXES ON PRODUCERS AND MARKETERS OF ALCOHOLIC BEVERAGES (SEC. 208 OF THE BILL AND SECS. 5081, 5091, 5111, 5121, 5131, AND 5276 OF THE CODE)

PRESENT LAW

Under present law, special occupational taxes are imposed on producers and others engaged in the marketing of distilled spirits, wine, and beer. These excise taxes are imposed as part of a broader Federal tax and regulatory engine governing the production and marketing of alcoholic beverages. The special occupational taxes are payable annually, on July 1 of each year. The present tax rates are as follows:

Producers: Distilled spirits and wines (sec. 5081)—$1,000 per year, per premise, Brewers (sec. 5091)—$1,000 per year, per premise.

Wholesale dealers (sec. 5111): Liquors, wines, or beer—$500 per year.

Retail dealers (sec. 5121): Liquors, wines, or beer—$250 per year.

Nonbeverage use of distilled spirits (sec. 5131)—$500 per year.

Industrial use of distilled spirits (sec. 5276)—$250 per year.

HOUSE BILL

No provision, but H.R., 3081, as passed by the House repeals the special occupational taxes on producers and marketers of alcoholic beverages. The provision is effective on July 1, 2001. The provision does not affect liability for taxes imposed with respect to periods before July 1, 2001.

SENATE AMENDMENT

No provision.

CONFERENCE AGREEMENT

The conference agreement includes the provision of H.R. 3081, as passed by the House.

J. EXCLUSION FROM GROSS INCOME FOR CERTAIN FORGIVEN MORTGAGE OBLIGATIONS (SEC. 209 OF THE BILL AND SEC. 108 OF THE CODE)

PRESENT LAW

Gross income includes all income from whatever source derived, including income from the discharge of indebtedness. However, gross income does not include discharge of indebtedness income if: (1) the discharge occurs in a Title 11 case; (2) the discharge occurs when the taxpayer is insolvent; (3) the indebtedness discharged is qualified farm indebtedness; or (4) except in the case of a C corporation, the indebtedness discharged is qualified real property business indebtedness. No exclusion is provided under present law for qualified residential indebtedness.

HOUSE BILL

No provision. However, H.R. 3081, as passed by the House, permits eligible individuals to elect an exclusion from discharge of indebtedness income to the extent such income is attributable to the sale of real property securing qualified residential indebtedness. Qualified residential indebtedness is defined as indebtedness incurred or assumed by the taxpayer for the acquisition, construction, reconstruction, or substantial improvement of the taxpayer's principal residence (within the meaning of section 121) and which is secured by such residence. For this purpose, refinanced indebtedness qualifies for the exclusion only to the extent that the principal amount of the refinanced indebtedness does not exceed the principal amount of the indebtedness before the refinancing. The exclusion does not apply to qualified farm indebtedness or qualified real property business indebtedness.

Effective date.—The provision is effective for discharges of indebtedness after December 31, 2000.

SENATE AMENDMENT

No provision. However, the provision of H.R. 3081 is included in S. 3152.

CONFERENCE AGREEMENT

The conference agreement follows H.R. 3081 and S. 3152.

K. CLARIFICATION OF CASH ACCOUNTING RULES FOR SMALL BUSINESSES (SEC. 210 OF THE BILL AND SEC. 446 OF THE CODE)

PRESENT LAW

Section 446(c) of the Code generally allows a taxpayer to select the method of accounting it will use to compute its taxable income if such method clearly reflects the income of the taxpayer. A taxpayer is entitled to adopt

any one of the permissible methods for each separate trade or business, subject to certain restrictions. The regulations under section 446 require that a taxpayer use an accrual method of accounting with regard to purchases and sales of merchandise whenever section 471 requires the taxpayer to account for such items as inventory.[46] In general, section 471 provides that whenever, in the opinion of the Secretary of the Treasury, the use of inventories is necessary to clearly determine the income of the taxpayer, inventories must be taken by the taxpayer. Treas. Reg. sec. 1.471–1 requires a taxpayer to account for inventories when the production, purchase, or sale of merchandise is an income-producing factor in the taxpayer's business. Treas. Reg. sec. 1.162–3 requires taxpayers carrying materials and supplies (other than incidental materials and supplies) on hand to deduct the cost of materials and supplies only in the amount that they are actually consumed and used in operations during the tax year.

HOUSE BILL

No provision.

SENATE AMENDMENT

No provision.

CONFERENCE AGREEMENT

The conference agreement provides that, notwithstanding any other provision of the Code, a taxpayer is not required to use an accrual method of accounting if the average annual gross receipts of the taxpayer (or any predecessor) do not exceed $2.5 million for all prior taxable years beginning after October 31, 1999 (including the prior taxable years of any predecessor). Thus, even if the production, purchase, or sale of merchandise is an income-producing factor in the taxpayer's business, the taxpayer is not required to use an accrual method of accounting with regard to such purchases and sales if the average annual gross receipts of the taxpayer do not exceed $2.5 million.

The provision also provides that a taxpayer meeting the average annual gross receipts test is not required to account for inventories under section 471. If a taxpayer elects not to account for inventory under section 471, the taxpayer is required to treat such inventory in the same manner as a material or supply that is not incidental. It is the intention of the conferees that a taxpayer that elects to treat inventory as a material or supply is to include in expense the charges for materials and supplies only in the amount that they are actually consumed and used in operation during the taxable year for which the return is made, provided that the costs of such materials and supplies have not been deducted in determining the net income or loss or taxable income for any previous year.[47]

Average annual gross receipts are determined by averaging the gross receipts of the three taxable year period ending with such prior taxable year.

For example, assume a calendar year entity had gross receipts of $1.5 million in 1998, $2.5 million in 1999, $3.5 million in 2000, and $4.5 million in 2001. In addition, the sale of inventory is an income-producing factor in the taxpayer's business. Average annual gross receipts are $2.5 million in 2000 and $3.5 million in 2001. In calendar year 2001, the entity may use the cash method of accounting notwithstanding that the production, purchase, or sale of merchandise is an income-producing factor in the taxpayer's trade or business, because it had average annual gross receipts of $2.5 million or less for all prior taxable years. In calendar year 2002, the entity may not use the cash method of accounting with regard to purchases and sales of merchandise, because average annual gross receipts for a prior taxable year (2001) exceed $2.5 million.

In addition, the rules of paragraph (2) and (3) section 448(c) (regarding the aggregation of related taxpayers, taxpayers not in existence for the entire three year period, short taxable years, definition of gross receipts, and treatment of predecessors) shall apply for purposes of determining the average annual gross receipts test.

Effective date.—The provision is effective for taxable years beginning after date of enactment. Any change in the taxpayer's method of accounting permitted as a result of the provision is treated as a voluntary change initiated by the taxpayer with the consent of the Secretary of the Treasury. Any required section 481(a) adjustment is to be taken into account over a period not to exceed four years under principles consistent with those in Rev. Proc. 99–49.[48]

L. AUTHORIZE PAYMENT OF INTEREST ON BUSINESS CHECKING ACCOUNTS (sec. 211 of the bill)

The bill would eliminate the Federal prohibition on depository institutions paying interest on demand deposits. Thus, under the bill, depository institutions would be permitted to pay interest on business checking accounts.

Effective date.—The repeal of the prohibition on the payment of interest would be effective two years after the date of enactment. During the two year period beginning on the date of enactment, the bill would permit depository institutions to offer business customers checking accounts that allow the funds in the account to be swept into an interest-bearing account on a daily basis.

TITLE III. HEALTH INSURANCE AND LONG-TERM CARE INSURANCE PROVISIONS

A. ACCELERATE 100–PERCENT SELF-EMPLOYED HEALTH INSURANCE DEDUCTION (SEC. 301 OF THE BILL AND SEC. 162(L) OF THE CODE)

PRESENT LAW

Under present law, the individual income tax treatment of health insurance expenses depends on the individual's circumstances. Self-employed individuals may deduct a portion of health insurance expenses for the individual and his or her spouse and dependents. The deductible percentage of health insurance expenses of a self-employed individual is 60 percent in 2000 through 2001, 70 percent in 2002, and 100 percent in 2003 and thereafter. The deduction for health insurance expenses of self-employed individuals is not available for any month in which the taxpayer is eligible to participate in a subsidized health plan maintained by the employer of the taxpayer or the taxpayer's spouse.

Employees can exclude from income 100 percent of employer-provided health insurance.

Individuals who itemize deductions may deduct their health insurance expenses only to the extent that the total medical expenses of the individual exceed 7.5 percent of adjusted gross income (sec. 213). Subject to certain dollar limitations, premiums for qualified long-term care insurance are treated as medical expenses for purposes of the itemized deduction for medical expenses (sec. 213). The amount of qualified long-term care insurance premiums that may be taken into account for 2000 is as follows: $220 in the case of an individual 40 years old or less; $410 in the case of an individual who is over 40 but not more than 50; $820 in the case of an individual who is more than 50 but not more than 60; $2,220 in the case of an individual who is more than 60 but not more than 70; and $2,750 in the case of an individual who is more than 70. These dollar limits are indexed for inflation.

The self-employed health deduction also applies to qualified long-term care insurance premiums treated as medical care for purposes of the itemized deduction for medical expenses.

HOUSE BILL

No provision. However, H.R. 3081, as passed by the House, increases the deduction for health insurance expenses (and qualified long-term care insurance expenses) of self-employed individuals to 100 percent beginning in 2001. H.R. 3081 also provides that the deduction is not available in any month in which the taxpayer participates in an employer-subsidized health plan.

Effective date.—The provision is effective for taxable years beginning after December 31, 2000.

SENATE AMENDMENT

No provision. However, H.R. 833, as passed by the Senate, increases the deduction for health insurance expenses (and qualified long-term care insurance expenses) of self-employed individuals to 100 percent beginning in 2001.

Effective date.—The provision is effective for taxable years beginning after December 31, 2000.

CONFERENCE AGREEMENT

The conference agreement includes the provision in H.R. 3081.

B. ABOVE-THE-LINE DEDUCTION FOR HEALTH INSURANCE EXPENSES (SEC. 302 OF THE BILL AND NEW SEC. 222 OF THE CODE)

PRESENT LAW

Under present law, the individual income tax treatment of health insurance expenses depends on the individual's circumstances. Self-employed individuals may deduct a portion of health insurance expenses for the individual and his or her spouse and dependents. The deductible percentage of health insurance expenses of a self-employed individual is 60 percent in 2000 and 2001; 70 percent in 2002; and 100 percent in 2003 and thereafter. The deduction for health insurance expenses of self-employed individuals is not available for any month in which the taxpayer is eligible to participate in a subsidized health plan maintained by the employer of the taxpayer or the taxpayer's spouse. The deduction applies to qualified long-term care insurance premiums treated as medical expenses under the itemized deduction for medical expenses, described below.

Employees can exclude from income 100 percent of employer-provided health insurance or qualified long-term care insurance.

Individuals who itemize deductions may deduct their health insurance expenses only to the extent that the total medical expenses of the individual exceed 7.5 percent of adjusted gross income (sec. 213). Subject to certain dollar limitations, premiums for qualified long-term care insurance are treated as medical expenses for purposes of the itemized deduction for medical expenses (sec. 213). The amount of qualified long-term care insurance premiums that may be taken into

[46] Treas. Reg. sec. 1.446–1(c)(2)

[47] See Treas. Reg. sec. 1.162–3.

[48] 1999–52 I.R.B. 725.

account for 2000 is as follows: $220 in the case of an individual 40 years old or less; $410 in the case of an individual who is more than 40 but not more than 50; $820 in the case of an individual who is more than 50 but not more than 60; $2,200 in the case of an individual who is more than 60 but not more than 70; and $2,750 in the case of an individual who is more than 70. These dollar limits are indexed for inflation.

HOUSE BILL

No provision.

SENATE AMENDMENT

No provision. However, H.R. 833, as passed by the Senate, provides an above-the-line deduction for a percentage of the amount paid during the year for insurance which constitutes medical care (as defined under sec. 213, other than long-term care insurance treated as medical care under sec. 213) for the taxpayer and his or her spouse and dependents.[49] The deductible percentage is: 25 percent in 2002, 2003, and 2004; 35 percent in 2005; 65 percent in 2006; and 100 percent in 2007 and thereafter.

The deduction is not available to an individual for any month in which the individual is covered under an employer-sponsored health plan if at least 50 percent of the cost of the coverage is paid or incurred by the employer.[50] Thus, the individual must pay for more than 50 percent of the cost of the coverage in order to be eligible for the deduction. For purposes of this rule, any amount excludable from the gross income of the employee under the exclusion for employer-provided health coverage is treated as paid or incurred by the employer; thus, for example, health insurance purchased by an employee through a cafeteria plan with salary reduction amounts is considered to be paid for by the employer.[51] In determining whether the 50-percent threshold is met, all health plans of the employer in which the employee participates are treated as a single plan. If the employer pays for less than 50 percent of the cost of all health plans in which the individual participates, the deduction is available only with respect to each plan with respect to which the employer subsidy is less than 50 percent. Cost is determined as under the health care continuation rules.

The deduction is not available with respect to insurance providing coverage for accidents, disability, dental care, vision care, or a specific disease or making payments of a fixed amount per day (or other period) on account of hospitalization. Such insurance and employer payments for such insurance are not taken into account in determining whether the employee pays for more than 50 percent of the cost of health insurance.

The deduction is not available to individuals enrolled in Medicare, Medicaid, the Federal Employees Health Benefit Program (''FEHBP''),[52] Champus, VA, Indian Health Service, or Children's Health Insurance programs. Thus, for example, the deduction is not available with respect to Medigap coverage, because such coverage is provided to individuals enrolled in Medicare.

The provision authorizes the Secretary to prescribe rules necessary to carry out the provision, including appropriate reporting requirements for employers.

Effective date.—The provision is effective for taxable years beginning after December 31, 2001.

CONFERENCE AGREEMENT

The conference agreement includes the provision in H.R. 833, except that the deductible percentage is 25 percent in 2001 through 2003, 35 percent in 2004, 65 percent in 2005, and 100 percent in 2006 and thereafter.

The following examples illustrate the application of the rule denying the deduction if the employer pays 50 percent or more of the cost of the coverage.

Example 1: Employee A participates in an employer-sponsored health plan. The annual cost for single coverage is $3,000, and the annual additional cost for coverage for A's spouse and dependents is $1,000. The employer pays 100 percent of the cost of individual coverage, but does not pay any additional amount for family coverage. A chooses family coverage. The total amount the employer pays for the insurance is $3,000, which is 75 percent of the total cost of the coverage ($4,000). A also purchases qualified long-term care insurance under an employer-sponsored plan, and pays for 100 percent of the cost of this coverage on an after-tax basis. The deduction is not available with respect to A's expenses for health insurance.[53]

Example 2: Employee B participates in two employer-sponsored health plans. One plan provides major medical coverage. The cost of this plan is $2,000 per year. The employer pays one-half of the cost of this plan. The second plan provides only dental insurance. The cost of the dental plan is $300 per year, which is paid by the employee. In determining whether B is entitled to the deduction, the dental plan is disregarded. Thus, the total cost of the health plans in which B participates is $2,000. The employer pays for 50 percent of this total cost. B may not deduct her share of the premium for the major medical plan, nor the cost of the dental insurance.

Example 3: Employee C participates in an employer-sponsored health plan. The cost of the plan is $4,000. The employer pays $1,000 of the cost of the plan directly, and Employee C pays the remainder of the $3,000 cost of the plan by salary reduction through a cafeteria plan. The $1,000 employer contribution and the $3,000 salary reduction contributions are all employer payments. Thus, the employer pays for the entire cost of the plan, and the deduction is not available.

Effective date.—The provision is effective for taxable years beginning after December 31, 2000.

C. ABOVE-THE-LINE DEDUCTION FOR LONG-TERM CARE INSURANCE EXPENSES (SECS. 1302 AND 1304 OF THE BILL AND NEW SEC. 222 OF THE CODE)

PRESENT LAW

Under present law, the individual income tax treatment of health insurance expenses depends on the individual's circumstances. Self-employed individuals may deduct a portion of health insurance expenses for the individual and his or her spouse and dependents. The deductible percentage of health insurance expenses of a self-employed individual is 60 percent in 2000 and 2001; 70 percent in 2002; and 100 percent in 2003 and thereafter. The deduction for health insurance expenses of self-employed individuals is not available for any month in which the taxpayer is eligible to participate in a subsidized health plan maintained by the employer of the taxpayer or the taxpayer's spouse. The deduction applies to qualified long-term care insurance premiums treated as medical expenses under the itemized deduction for medical expenses, described below.

Employees can exclude from income 100 percent of employer-provided health insurance or qualified long-term care insurance.

Individuals who itemize deductions may deduct their health insurance expenses only to the extent that the total medical expenses of the individual exceed 7.5 percent of adjusted gross income (sec. 213). Subject to certain dollar limitations, premiums for qualified long-term care insurance are treated as medical expenses for purposes of the itemized deduction for medical expenses (sec. 213). The amount of qualified long-term care insurance premiums that may be taken into account for 2000 is as follows: $220 in the case of an individual 40 years old or less; $410 in the case of an individual who is more than 40 but not more than 50; $820 in the case of an individual who is more than 50 but not more than 60; $2,200 in the case of an individual who is more than 60 but not more than 70; and $2,750 in the case of an individual who is more than 70. These dollar limits are indexed for inflation.

In order for a long-term care contract to be qualified for purposes of the Code, the contract must satisfy certain consumer protection provisions of the long-term care insurance model act and regulations promulgated by the National Association of Insurance Commissioners (''NAIC'') adopted as of January 1993. In addition, issuers of qualified long-term care contracts are required to satisfy certain disclosure requirements. An excise tax is imposed with respect to the failure to meet the applicable disclosure requirements.[54]

HOUSE BILL

No provision.

SENATE AMENDMENT

No provision. However, H.R. 833, as passed by the Senate, provides an above-the-line deduction for a percentage of the amount paid during the year for qualified long-term care insurance for the taxpayer and his or her spouse and dependents, subject to the present-law premium limitations.[55] The deductible percentage is: 25 percent in 2002, 2003, and 2004; 35 percent in 2005; 65 percent in 2006; and 100 percent in 2007 and thereafter.

The deduction is not available to an individual for any month in which the individual is covered under an employer-sponsored

[49] The deduction only applies to health insurance that constitutes medical care; it does not apply to medical expenses. The deduction applies to self-insured arrangements (provided such arrangements constitute insurance, e.g., there is appropriate risk-shifting) and coverage under employer plans treated as insurance under section 104. Another provision of the bill provides a similar deduction for qualified long-term care insurance expenses.

[50] This rule is applied separately with respect to qualified long-term care insurance.

[51] Excludable employer contributions to a health flexible spending arrangement or medical savings account (including salary reduction contributions) are also considered amounts paid by the employer for health insurance that constitutes medical care. Salary reduction contributions are not considered to be amounts paid by the employee.

[52] This rule does not prevent individuals covered by the FEHBP from deducting premiums for health care continuation coverage, provided the requirements for the deduction are otherwise met.

[53] Under another provision of the bill, a deduction is available with respect to A's qualified long-term care insurance premiums.

[54] These provisions apply for all provisions of the Code relating to qualified long-term care contracts, not only the above-the-line deduction.

[55] The deduction only applies to insurance that constitutes medical care; it does not apply to long-term care expenses. The deduction applies to self-insured arrangements (provided such arrangements constitute insurance, e.g., there is appropriate risk-shifting) and coverage under employer plans treated as insurance under section 104. Another provision of the bill provides a similar deduction for health insurance expenses.

long-term care plan if at least 50 percent of the cost of the coverage is paid or incurred by the employer.[56] For purposes of this rule, any amounts excludable from the gross income of the employee with respect to qualified long-term care insurance are treated as paid or incurred by the employer. In determining whether the 50-percent threshold is met, all plans of the employer providing long-term care insurance in which the employee participates are treated as a single plan. If the employer pays less than 50 percent of the cost of all long-term care plans in which the individual participates, the deduction is available only with respect to each plan with respect to which the employer pays for less than 50 percent of the cost. Cost is determined as under the health care continuation rules.

The provision authorizes the Secretary to prescribe rules necessary to carry out the provision, including appropriate reporting requirements for employers.

Effective date.—The provision is effective for taxable years beginning after December 31, 2001.

CONFERENCE AGREEMENT

The conference agreement includes the provision in H.R. 833, except that the deductible percentage is 25 percent in 2001 through 2003, 35 percent in 2004, 65 percent in 2005, and 100 percent in 2006 and thereafter.[57]

The conference agreement adds additional consumer protection provisions for qualified long-term care contracts. In order to be a qualified contract for purposes of the Code, a long-term care insurance contract must satisfy the NAIC model act and regulations relating to contingent nonforfeiture benefits, if the policyholder declines the offer of a nonforfeiture provision. In addition, the conference agreement modifies the disclosure requirements applicable to issuers of long-term care contracts by adding the NAIC requirements regarding suitability and disclosure of rating practices. The conference agreement also updates present-law references to the NAIC model act and regulations to reflect current provisions.

Effective date.—The above-the-line deduction is effective for taxable years beginning after December 31, 2000. The consumer protection provisions are effective with respect to policies issued more than 1 year after the date of enactment.

D. MEDICAL SAVINGS ACCOUNTS (''MSAS'') (SEC. 303 OF THE BILL AND SEC. 220 OF THE CODE)

PRESENT LAW

Within limits, contributions to a medical savings account (''MSA'')[58] are deductible in determining adjusted gross income (''AGI'') if made by an eligible individual and are excludable from gross income and wages for employment tax purposes if made by the employer of an eligible individual. Earnings on amounts in an MSA are not currently taxable. Distributions from an MSA for medical expenses are not taxable. Distributions not used for medical expenses are taxable. In addition, distributions not used for medical expenses are subject to an additional 15-percent tax unless the distribution is made after age 65, death, or disability.

MSAs are available to self-employed individuals[59] and to employees covered under an employer-sponsored high deductible plan of a small employer. An employer is a small employer if it employed, on average, no more than 50 employees on business days during either the preceding or the second preceding year.

In order for an employee of a small employer to be eligible to make MSA contributions (or to have employer contributions made on his or her behalf), the employee must be covered under an employer-sponsored high deductible health plan (see the definition below) and must not be covered under any other health plan (other than a plan that provides certain permitted coverage).

Similarly, in order to be eligible to make contributions to an MSA, a self-employed individual must be covered under a high deductible health plan and no other health plan (other than a plan that provides certain permitted coverage, described below). A self-employed individual is not an eligible individual (by reason of being self-employed) if the high deductible plan under which the individual is covered is established or maintained by an employer of the individual (or the individual's spouse).

The maximum annual contribution that can be made to an MSA for a year is 65 percent of the deductible under the high deductible plan in the case of individual coverage and 75 percent of the deductible in the case of family coverage.

A high deductible plan is a health plan with an annual deductible of at least $1,550 and no more than $2,350 in the case of individual coverage and at least $3,100 and no more than $4,650 in the case of family coverage. In addition, the maximum out-of-pocket expenses with respect to allowed costs (including the deductible) must be no more than $3,100 in the case of individual coverage and no more than $5,700 in the case of family coverage.[60] A plan does not fail to qualify as a high deductible plan merely because it does not have a deductible for preventive care as required by State law. A plan does not qualify as a high deductible health plan if substantially all of the coverage under the plan is for permitted coverage (as described above). In the case of a self-insured plan, the plan must in fact be insurance (e.g., there must be appropriate risk shifting) and not merely a reimbursement arrangement.

The number of taxpayers benefiting annually from an MSA contribution is limited to a threshold level (generally 750,000 taxpayers). If it is determined in a year that the threshold level has been exceeded (called a ''cut-off'' year) then, in general, for succeeding years during the 4–year pilot period 1997–2000, only those individuals who (1) made an MSA contribution or had an employer MSA contribution for the year or a preceding year (i.e., are active MSA participants) or (2) are employed by a participating employer, is eligible for an MSA contribution. In determining whether the threshold for any year has been exceeded, MSAs of individuals who were not covered under a health insurance plan for the six month period ending on the date on which coverage under a high deductible plan commences would not be taken into account.[61] However, if the threshold level is exceeded in a year, previously uninsured individuals are subject to the same restriction on contributions in succeeding years as other individuals. That is, they would not be eligible for an MSA contribution for a year following a cut-off year unless they are an active MSA participant (i.e., had an MSA contribution for the year or a preceding year) or are employed by a participating employer.

The number of MSAs established has not exceeded the threshold level.

After December 31, 2000, no new contributions may be made to MSAs except by or on behalf of individuals who previously had MSA contributions and employees who are employed by a participating employer. An employer is a participating employer if (1) the employer made any MSA contributions for any year to an MSA on behalf of employees or (2) at least 20 percent of the employees covered under a high deductible plan made MSA contributions of at least $100 in the year 2000.

Self-employed individuals who made contributions to an MSA during the period 1997–2000 also may continue to make contributions after 2000.

HOUSE BILL

No provision.

SENATE AMENDMENT

No provision.

CONFERENCE AGREEMENT

The conference agreement extends the MSA program through 2002. The same rules that apply to the limit on MSAs for 1999 apply to 2000 and 2001. Thus, for example, the threshold level in those years is 750,000 taxpayers.

Effective date.—The provision is effective on the date of enactment.

E. DEDUCTION FOR PROVIDING LONG-TERM CARE TO HOUSEHOLD MEMBERS (SEC. 305 OF THE BILL AND NEW SEC. 223 OF THE CODE)

PRESENT LAW

Under present law, the individual income tax treatment of health insurance expenses depends on the individual's circumstances. Self-employed individuals may deduct a portion of health insurance expenses for the individual and his or her spouse and dependents. The deductible percentage of health insurance expenses of a self-employed individual is 60 percent in 2000 and 2001; 70 percent in 2002; and 100 percent in 2003 and thereafter. The deduction for health insurance expenses of self-employed individuals is not available for any month in which the taxpayer is eligible to participate in a subsidized health plan maintained by the employer of the taxpayer or the taxpayer's spouse. The deduction applies to qualified long-term care insurance premiums treated as medical expenses under the itemized deduction for medical expenses, described below.

Employees can exclude from income 100 percent of employer-provided health insurance or qualified long-term care insurance.

Individuals who itemize deductions may deduct their health insurance expenses only

[56] This rule is applied separately with respect to health insurance.

[57] See the description of the above-the-line deduction for health insurance expenses for examples of the operation of the rule denying the deduction if the employer pays for 50 percent or more of the cost of the coverage.

[58] In general, an MSA is a trust or custodial account created exclusively for the benefit of the account holder and is subject to rules similar to those applicable to individual retirement arrangements. The trustee of an MSA can be a bank, insurance company, or other person who demonstrates to the satisfaction of the Secretary that the manner in which such person will administer the trust will be consistent with applicable requirements.

[59] Self-employed individuals include more than 2-percent shareholders of S corporations who are treated as partners for purposes of fringe benefit rules pursuant to section 1372. Self-employed individuals are eligible for an MSA regardless of the size of the entity for which the individual performs services.

[60] These dollar amounts are for 2000. These amounts are indexed for inflation in $50 increments.

[61] Permitted coverage, as described above, does not constitute coverage under a health insurance plan for this purpose.

to the extent that the total medical expenses of the individual exceed 7.5 percent of adjusted gross income (sec. 213). Subject to certain dollar limitations, premiums for qualified long-term care insurance are treated as medical expenses for purposes of the itemized deduction for medical expenses (sec. 213). The amount of qualified long-term care insurance premiums that may be taken into account for 2000 is as follows: $220 in the case of an individual 40 years old or less; $410 in the case of an individual who is more than 40 but not more than 50; $820 in the case of an individual who is more than 50 but not more than 60; $2,200 in the case of an individual who is more than 60 but not more than 70; and $2,750 in the case of an individual who is more than 70. These dollar limits are indexed for inflation.

To qualify as a dependent under present law, an individual must: (1) be a specified relative or member of the taxpayer's household; (2) be a citizen or resident of the U.S. or resident of Canada or Mexico; (3) not be required to file a joint tax return with his or her spouse; (4) have gross income below the dependent exemption amount ($2,800 in 2000) if not the taxpayer's child; and (5) receive over half of his or her support from the taxpayer. If no one person contributes over half the support of an individual, the taxpayer is treated as meeting the support requirement if: (1) over half the support is received from persons each of whom, but for the fact that he or she did not provide over half such support, could claim the individual as a dependent; (2) the taxpayer contributes over 10 percent of such support; and (3) other caregivers who provide over 10 percent of the support file written declarations stating that they will not claim the individual as a dependent.

HOUSE BILL

No provision.

SENATE AMENDMENT

No provision.

CONFERENCE AGREEMENT

The conference agreement provides taxpayers who maintain a household including one or more qualifying individuals a deduction with respect to each qualifying individual with long- term care needs, regardless of the expenses incurred in the care of the qualifying dependent. The deduction does not reduce adjusted gross income (i.e., is not ''above-the-line''); however, the deduction is available whether or not the taxpayer itemizes deductions. The deductible amount is reduced by amounts received under a long-term care contract (whether or not qualified and including contracts that pay on a per diem or similar basis) covering the qualifying dependent. The deduction is phased out for higher income taxpayers in the same manner as the personal exemption amount.[62] The deduction is taken into account in determining alternative minimum taxable income.

The deductible amount is $3,000 in 2001 and increases by $1,000 each year thereafter until the limit is $10,000 in 2010 and thereafter.

An individual is a qualifying individual with respect to a taxpayer if the individual (1) is the spouse of the taxpayer or a relative of the taxpayer determined under the rules relating to the dependency exemption, and (2) lives in a household maintained by the taxpayer for the entire taxable year. In addition, if the individual is not the taxpayer's spouse or a child of the taxpayer (as determined under the dependency rules), the individual's gross income for the year must be less than the sum of the personal exemption amount, the standard deduction for a single taxpayer and, if applicable, the additional deduction for the elderly and blind.

A qualifying individual must be certified before the due date for the return for the taxable year (without regard to extensions) as having long-term care needs (as described below based on the age of the individual) for at least 180 consecutive days. Some portion of the 180–day period must fall within the taxable year. The deduction is not available unless the certification was made no more than 39–1/2 months before the due date for the return (or such other time as specified by the Secretary).

In general, an individual who is at least six years of age is considered to have long-term care needs if the individual is unable to perform at least three activities of daily living (''ADLs'') without substantial assistance due to a loss of functional capacity including individuals born with a condition that is comparable to a loss of functional capacity. As under the present-law rules relating to long-term care, ADLs are eating, toileting, transferring, bathing, dressing and continence. Substantial assistance includes both hands-on assistance (that is, the physical assistance of another person without which the individual would be unable to perform the ADL) and stand-by assistance (that is, the presence of another person within arm's reach of the individual that is necessary to prevent, by physical intervention, injury to the individual when performing the ADL).

As an alternative to the two-ADL test, an individual is considered to have long-term care needs if the individual (1) requires substantial supervision to protect the individual from threats to health and safety due to severe cognitive impairment and (2) is unable to perform, without reminding or cuing assistance, at least one ADL or to the extent provided in regulations,[63] is unable to engage in age appropriate activities.

A child between the ages of two and six is considered to have long-term care needs if the child requires substantial assistance with two of the following ADLs: eating, transferring, and mobility.

A child under the age of two is considered to have long-term care needs if the child requires specific durable medical equipment (e.g., a respirator) by reason of a severe health condition or requires a skilled practitioner to address the child's condition when the parents are absent.

For purposes of the provision, a taxpayer would be considered to be maintaining a household for any period only if over one-half the cost of maintaining the household for the period is provided by the taxpayer (or, if married, the taxpayer and his or her spouse). If the taxpayer is married at the end of the taxable year, the deduction is available only if the taxpayer and his or her spouse file a joint return. An individual legally separated is not considered married. An individual is not considered married if the individual (1) files a separate return for the year, (2) maintains a household which constitutes the principal place of abode for a qualifying individual for more than one-half of the year, and (3) during the last six months of the year the individual's spouse is not a member of the individual's household.

The deduction is not available unless the taxpayer identification number of the qualifying individual is included on the taxpayer's return for the year. In addition, the deduction is not available unless the taxpayer includes on the return a physician identification number (e.g., the Unique Physician Identification Number currently required for Medicare billing). The IRS is authorized to use mathematical error procedures to deny claims for the deduction during return processing if the taxpayer does not provide valid taxpayer identification numbers and physician identification numbers.

Effective date.—The provision is effective for taxable years beginning after December 31, 2000.

TITLE IV. PENSION AND INDIVIDUAL RETIREMENT ARRANGEMENT PROVISIONS[1]

Subtitle A. Individual Retirement Arrangements (''IRAs'') (sec. 401–404 of the bill) (sec. 101 of the House bill, secs. 101–104 of the Senate amendment, and secs. 219, 408, and 408A of the Code)

PRESENT LAW

In general

There are two general types of individual retirement arrangements (''IRAs'') under present law: traditional IRAs, to which both deductible and nondeductible contributions may be made, and Roth IRAs. The Federal income tax rules regarding each type of IRA (and IRA contribution) differ.

Traditional IRAs

Under present law, an individual may make deductible contributions to an IRA up to the lesser of $2,000 or the individual's compensation if neither the individual nor the individual's spouse is an active participant in an employer-sponsored retirement plan. In the case of a married couple, deductible IRA contributions of up to $2,000 can be made for each spouse (including, for example, a homemaker who does not work outside the home), if the combined compensation of both spouses is at least equal to the contributed amount. If the individual (or the individual's spouse) is an active participant in an employer-sponsored retirement plan, the $2,000 deduction limit is phased out for taxpayers with modified adjusted gross income (''AGI'') over certain levels for the taxable year.

The AGI phase-out limits for taxpayers who are active participants in employer-sponsored plans are as follows:

Single Taxpayers

Taxable years beginning in:	*AGI Phase-out range*
2000	$32,000–42,000
2001	33,000–43,000
2002	34,000–44,000
2003	40,000–50,000
2004	45,000–55,000
2005 and thereafter	50,000–60,000

[62] The deduction is added to the taxpayer's personal exemptions for purposes of the personal exemption phaseout. For 2000, the personal exemption amount phases out over the following ranges of adjusted gross income: $193,400–$315,9000 for married taxpayers filing a joint return; $161,150–$283,650 for taxpayers filing as heads of households; and $128,950–$251,450 for unmarried taxpayers.

[63] The regulations are to be prescribed by the Secretary, in consultation with the Secretary of Health and Human Services.

[1] The provisions of the bill as passed by the House and the Senate did not contain provisions relating to pensions and individual retirement arrangements. Provisions described under the House bill refer to the provisions of H.R. 1102, the ''Comprehensive Retirement Security and Pension Reform Act of 2000,'' as passed by the House. For legislative history, see H.R. Rep. No. 106–753. Provisions described under the Senate amendment refer to the provisions of H.R. 1102, the ''Retirement Security and Savings Act of 2000,'' as reported by the Senate Committee on Finance on September 13, 2000. For legislative history, see S.Rep. No. 106–411.

Taxpayers Filing Joint Returns

Taxable years beginning in:	*Phase-out range*
2000	$52,000–62,000
2001	53,000–63,000
2002	54,000–64,000
2003	60,000–70,000
2004	65,000–75,000
2005	70,000–80,000
2006	75,000–85,000
2007 and thereafter	80,000–100,000

The AGI phase-out range for married taxpayers filing a separate return is $0 to $10,000.

If the individual is not an active participant in an employer-sponsored retirement plan, but the individual's spouse is, the $2,000 deduction limit is phased out for taxpayers with AGI between $150,000 and $160,000.

To the extent an individual cannot or does not make deductible contributions to an IRA or contributions to a Roth IRA, the individual may make nondeductible contributions to a traditional IRA.

Amounts held in a traditional IRA are includible in income when withdrawn (except to the extent the withdrawal is a return of nondeductible contributions). Includible amounts withdrawn prior to attainment of age 59–1/2 are subject to an additional 10–percent early withdrawal tax, unless the withdrawal is due to death or disability, is made in the form of certain periodic payments, is used to pay medical expenses in excess of 7.5 percent of AGI, is used to purchase health insurance for an unemployed individual, is used for education expenses, or is used for first-time homebuyer expenses of up to $10,000.

Roth IRAs

Individuals with AGI below certain levels may make nondeductible contributions to a Roth IRA. The maximum annual contribution that may be made to a Roth IRA is the lesser of $2,000 or the individual's compensation for the year. The contribution limit is reduced to the extent an individual makes contributions to any other IRA for the same taxable year. As under the rules relating to IRAs generally, a contribution of up to $2,000 for each spouse may be made to a Roth IRA provided the combined compensation of the spouses is at least equal to the contributed amount. The maximum annual contribution that can be made to a Roth IRA is phased out for single taxpayers with AGI between $95,000 and $110,000 and for taxpayers filing a joint return with AGI between $150,000 and $160,000. For married taxpayers filing a separate return, the phase-out range is $0 to $10,000.

Taxpayers with modified AGI of $100,000 or less generally may convert a traditional IRA into a Roth IRA. The amount converted is includible in income as if a withdrawal had been made, except that the 10-percent early withdrawal tax does not apply and, if the conversion occurred in 1998, the income inclusion may be spread ratably over 4 years. Married taxpayers who file separate returns cannot convert a traditional IRA into a Roth IRA.

Amounts held in a Roth IRA that are withdrawn as a qualified distribution are neither includible in income, nor subject to the additional 10–percent tax on early withdrawals. A qualified distribution is a distribution that (1) is made after the 5-taxable year period beginning with the first taxable year for which the individual made a contribution to a Roth IRA, and (2) which is made after attainment of age 59½, on account of death or disability, or is made for first-time homebuyer expenses of up to $10,000.

To the extent attributable to earnings, distributions from a Roth IRA that are not qualified distributions are includible in income and subject to the 10-percent early withdrawal tax (unless an exception applies).[2] The same exceptions to the early withdrawal tax that apply to IRAs apply to Roth IRAs.

Taxation of charitable contributions

Generally, a taxpayer who itemizes deductions may deduct cash contributions to charity, as well as the fair market value of contributions of property. The amount of the deduction otherwise allowable for the taxable year with respect to a charitable contribution may be reduced, depending on the type of property contributed, the type of charitable organization to which the property is contributed, and the income of the taxpayer.

For donations of cash by individuals, total deductible contributions to public charities may not exceed 50 percent of a taxpayer's AGI for a taxable year. To the extent a taxpayer has not exceeded the 50-percent limitation, contributions of cash to private foundations and certain other nonprofit organizations and contributions of capital gain property to public charities generally may be deducted up to 30 percent of the taxpayer's AGI. If a taxpayer makes a contribution in one year which exceeds the applicable 50–percent or 30-percent limitation, the excess amount of the contribution may be carried over and deducted during the next five taxable years.

In addition to the percentage limitations imposed specifically on charitable contributions, present law imposes a reduction on most itemized deductions, including charitable contribution deductions, for taxpayers with AGI in excess of a threshold amount, which is indexed annually for inflation. The threshold amount for 2000 is $128,950 ($64,475 for married individuals filing separate returns). For those deductions that are subject to the reduction, the total amount of itemized deductions is reduced by 3 percent of AGI over the threshold amount, but not by more than 80 percent of itemized deductions subject to the reduction. The effect of this reduction may be to limit a taxpayer's ability to deduct charitable contributions.

HOUSE BILL

Increase in annual contribution limits

The House bill increases the maximum annual dollar contribution limit for IRA contributions from $2,000 to $3,000 in 2001, $4,000 in 2002, and $5,000 in 2003. The limit is indexed for inflation in $500 increments in 2004 and thereafter.

Additional catch-up contributions

In the case of individuals who have attained age 50 before the end of the taxable year, the IRA contribution limit is $5,000, beginning in 2001.

Increase in AGI limits for deductible IRA contributions

No provision.

Roth IRAs

No provision.

Deemed IRAs under employer plans

No provision.

Tax-free IRA withdrawals for charitable purposes

No provision.

Effective date

The provision is effective for taxable years beginning after December 31, 2000.

SENATE AMENDMENT

Increase in annual contribution limits

The Senate amendment is the same as the House bill.

Additional catch-up contributions

The bill provides that individuals who have attained age 50 may make additional catch-up IRA contributions. The otherwise maximum contribution limit (before application of the AGI phase-out limits) for an individual who has attained age 50 before the end of the taxable year is increased by 50 percent.

Increase in AGI limits for deductible IRA contributions

Under the bill, the increases in the AGI phase-out limits for active participants in an employer-sponsored plan are evened out. In addition, the phase-out range for married taxpayers filing separately is conformed to the phase-out range for single taxpayers. The AGI phase-out limits under the bill are as follows.

Taxpayers Filing Returns Other Than Joint Returns

Taxable years beginning in:	*AGI Phase-out range*
2001	$36,000–46,000
2002	40,000–50,000
2003	44,000–54,000
2004	48,000–58,000
2005 and thereafter	50,000–60,000

Taxpayers Filing Joint Returns

Taxable years beginning in:	*AGI Phase-out range*
2001	$56,000–66,000
2002	60,000–70,000
2003	64,000–74,000
2004	68,000–78,000
2005	72,000–82,000
2006	76,000–86,000
2007 and thereafter	80,000–100,000

The present-law income phase-out range for an individual who is not an active participant in an employer-sponsored plan, but whose spouse is, remains at $150,000 to $160,000.

Roth IRAs

The bill increases the income phase-out range for Roth IRA contributions to $190,000 to $220,000 for married couples filing a joint return. In addition, the bill applies to married taxpayers filing a separate return the same phase-out range that applies to single taxpayers.

Under the bill, the income limit for conversions of traditional IRAs to Roth IRAs is $200,000 for married couples filing a joint return. For all other taxpayers (including married taxpayers filing a separate return), the limit is $100,000.

Deemed IRAs under employer plans

The bill provides that, if an eligible retirement plan permits employees to make voluntary employee contributions to a separate account or annuity that (1) is established under the plan, and (2) meets the requirements applicable to either traditional IRAs or Roth IRAs, then the separate account or annuity is deemed to be a traditional IRA or a Roth IRA, as applicable, for all purposes of the Code. For example, the reporting requirements applicable to IRAs apply. The deemed IRA, and contributions thereto, are not subject to the Code rules pertaining to

[2] Early distribution of converted amounts may also accelerate income inclusion of converted amounts that are taxable under the 4–year rule applicable to 1998 conversions.

the eligible retirement plan. In addition, the deemed IRA, and contributions thereto, are not taken into account in applying such rules to any other contributions under the plan. The deemed IRA, and contributions thereto, are subject to the exclusive benefit and fiduciary rules of ERISA to the extent otherwise applicable to the plan, but are not subject to the ERISA reporting and disclosure, participation, vesting, funding, and enforcement requirements that apply to the eligible retirement plan. An eligible retirement plan is a qualified plan (sec. 401(a)), tax- sheltered annuity (sec. 403(b)), or a governmental section 457 plan.

Tax-free IRA withdrawals for charitable purposes

The bill provides an exclusion from gross income for qualified charitable distributions from an IRA: (1) to an organization to which deductible contributions can be made; (2) to a charitable remainder annuity trust or charitable remainder unitrust; (3) to a pooled income fund (as defined in sec. 642(c)(5)); or (4) for the issuance of a charitable gift annuity. The exclusion applies with respect to distributions described in (2), (3), or (4) only if no person holds an income interest in the trust, fund, or annuity attributable to such distributions other than the IRA owner, his or her spouse, or a charitable organization.

In determining the character of distributions from a charitable remainder annuity trust or a charitable remainder unitrust to which a qualified charitable distribution from an IRA is made, the charitable remainder trust is required to treat as ordinary income the portion of the distribution from the IRA to the trust which would have been includible in income but for the provision, and is required to treat any remaining portion of the distribution as corpus. Similarly, in determining the amount includible in gross income by reason of a payment from a charitable gift annuity purchased with a qualified charitable distribution from an IRA, the taxpayer is not permitted to treat the portion of the distribution from the IRA that would have been taxable but for the provision and which is used to purchase the annuity as an investment in the annuity contract.

A qualified charitable distribution is any distribution from an IRA which (1) is made after age 70½ of the account holder, (2) qualifies as a charitable contribution (within the meaning of sec. 170(c)), and (3) is made directly to the organization or to a charitable remainder annuity trust, charitable remainder unitrust, pooled income fund, or charitable gift annuity (as described above).[3] A taxpayer is not permitted to claim a charitable contribution deduction for amounts transferred from his or her IRA to a charity or to a trust, fund, or annuity that, because of the provision, are excluded from the taxpayer's income. Conversely, if the amounts transferred would otherwise be nontaxable, e.g., a qualified distribution from a Roth IRA, the regularly applicable deduction rules would apply.

Effective date

The provisions are generally effective for taxable years beginning after December 31, 2000. The provision relating to deemed IRAs under employer plans is effective for plan years beginning after December 31, 2001.

[3] It is intended that, in the case of transfer to a trust, fund, or annuity, the full amount distributed from an IRA will meet the definition of a qualified charitable distribution if the charitable organization's interest in the distribution would qualify as a charitable contribution under section 170.

CONFERENCE AGREEMENT

Increase in annual contribution limits

The conference agreement follows the House bill and the Senate amendment.

Additional catch-up contributions

The conference agreement follows the Senate amendment, with modifications. Under the conference agreement, the maximum catch-up amount is phased in over the same period as the increase in the IRA contribution limit. The maximum catch-up contribution is $500 in 2001, $1,000 in 2002, and $1,500 in 2003. The $1,500 amount is indexed for inflation beginning after 2003 (when the indexing of the $5,000 basic contribution limit begins).

Increase in AGI limits for deductible IRA contributions

The conference agreement follows the Senate amendment.

Roth IRAs

The conference agreement follows the Senate amendment.

Deemed IRAs under employer plans

The conference agreement follows the Senate amendment. As under the Senate amendment, if an eligible retirement plan permits employees to make voluntary employee contributions to a separate account or annuity that (1) is established under the plan, and (2) meets the requirements applicable to either traditional IRAs or Roth IRAs, then the separate account or annuity is deemed to be a traditional IRA or a Roth IRA, as applicable, for all purposes of the Code. For example, the IRA reporting requirements apply. The deemed IRA, and contributions thereto, are not subject to the Code rules pertaining to the eligible retirement plan. In addition, the deemed IRA, and contributions thereto, are not taken into account in applying such rules to any other contributions under the plan. The deemed IRA, and contributions thereto, are subject to the exclusive benefit and fiduciary rules of ERISA to the extent otherwise applicable to the plan, but are not subject to the ERISA reporting and disclosure, participation, vesting, funding, and enforcement requirements that apply to the eligible retirement plan. Except as otherwise specified, the provision does not affect the treatment of the deemed IRA as part of the qualified plan.

Tax-free IRA withdrawals for charitable purposes

The conference agreement follows the Senate amendment, with the modification that the tax-free treatment is available only for a distribution made to an organization to which charitable contributions (as defined in sec. 170(c)) can be made, and not for distributions to charitable remainder trusts, pooled income funds, or for the issuance of charitable gift annuities. The conferees clarify that the exclusion does not apply unless the distribution meets the requirements generally applicable to deductible contributions (other than the percentage limits on such deductions). Thus, for example, the substantiation rules and the rule limiting the deductible amount of a contribution to the excess, if any, of the value of the contribution over the value of any benefit received by the donor, would apply. It is intended that the Secretary will issue such rules as are necessary to apply to distributions made to organizations pursuant to the provision.

The conference agreement also clarifies that amounts that would have been includible in gross income but for the provision are not deductible in any year. In addition, such amounts are not taken into account in determining the deductible amount for any year. Except as provided in the provision, a distribution under the provision is treated the same as other IRA distributions. Thus, for example, the distribution is taken into account in determining whether the minimum distribution requirements are satisfied.

Effective date

The provisions are generally effective for taxable years beginning after December 31, 2000. The provision relating to deemed IRAs under employer plans is effective for plan years beginning after December 31, 2001.

Subtitle B: Expanding Coverage (secs. 411–418 of the bill)

A. INCREASE IN BENEFIT AND CONTRIBUTION LIMITS (SEC. 201 OF THE HOUSE BILL, SEC. 201 OF THE SENATE AMENDMENT, AND SECS. 401(A)(17), 402(G), 408(P), 415, AND 457 OF THE CODE)

PRESENT LAW

In general

Under present law, limits apply to contributions and benefits under qualified plans (sec. 415), the amount of compensation that may be taken into account under a plan for determining benefits (sec. 401(a)(17)), the maximum amount of elective deferrals that an individual may make to a salary reduction plan or tax sheltered annuity (sec. 402(g)), and deferrals under an eligible deferred compensation plan of a tax-exempt organization or a State or local government (sec. 457).

Limitations on contributions and benefits

Under present law, the limits on contributions and benefits under qualified plans are based on the type of plan. Under a defined contribution plan, the qualification rules limit the annual additions to the plan with respect to each plan participant to the lesser of (1) 25 percent of compensation or (2) $30,000 (for 2000). Annual additions are the sum of employer contributions, employee contributions, and forfeitures with respect to an individual under all defined contribution plans of the same employer. The $30,000 limit is indexed for inflation in $5,000 increments.

Under a defined benefit plan, the maximum annual benefit payable at retirement is generally the lesser of (1) 100 percent of average compensation, or (2) $135,000 (for 2000). The dollar limit is adjusted for inflation in $5,000 increments.

Under present law, in general, the dollar limit on annual benefits is reduced if benefits under the plan begin before the social security retirement age (currently, age 65) and increased if benefits begin after social security retirement age.

Compensation limitation

Under present law, the annual compensation of each participant that may be taken into account for purposes of determining contributions and benefits under a plan, applying the deduction rules, and for nondiscrimination testing purposes is limited to $170,000 (for 2000). The compensation limit is indexed for inflation in $10,000 increments.

Elective deferral limitations

Under present law, under certain salary reduction arrangements, an employee may elect to have the employer make payments as contributions to a plan on behalf of the employee, or to the employee directly in cash. Contributions made at the election of the employee are called elective deferrals.

The maximum annual amount of elective deferrals that an individual may make to a qualified cash or deferred arrangement (a ''section 401(k) plan''), a tax-sheltered annuity (''section 403(b) annuity'') or a salary reduction simplified employee pension plan

(''SEP'') is $10,500 (for 2000). The maximum annual amount of elective deferrals that an individual may make to a SIMPLE plan is $6,000. These limits are indexed for inflation in $500 increments.

Section 457 plans

The maximum annual deferral under a deferred compensation plan of a State or local government or a tax-exempt organization (a ''section 457 plan'') is the lesser of (1) $8,000 (for 2000) or (2) 33½ percent of compensation. The $8,000 dollar limit is indexed for inflation in $500 increments. Under a special catch-up rule, the section 457 plan may provide that, for one or more of the participant's last 3 years before retirement, the otherwise applicable limit is increased to the lesser of (1) $15,000 or (2) the sum of the otherwise applicable limit for the year plus the amount by which the limit applicable in preceding years of participation exceeded the deferrals for that year.

HOUSE BILL

Limits on contributions and benefits

The House bill increases the $30,000 annual addition limit for defined contribution plans to $40,000. This amount is indexed for inflation in $1,000 increments.[4]

The House bill increases the $135,000 annual benefit limit under a defined benefit plan to $160,000. The dollar limit is reduced for benefit commencement before age 62 and increased for benefit commencement after age 65.

Compensation limitation

The House bill increases the limit on compensation that may be taken into account under a plan to $200,000. This amount is indexed for inflation in $5,000 increments.

Elective deferral limitations

The House bill increases the dollar limit on annual elective deferrals under section 401(k) plans, section 403(b) annuities and salary reduction SEPs to $11,000 in 2001, and in $1,000 annual increments thereafter until the limits reach $15,000 in 2005. The $15,000 limit is indexed for inflation in $500 increments beginning in 2006. Beginning in 2001, the House bill increases the maximum annual elective deferrals that may be made to a SIMPLE plan in $1,000 annual increments until the limit reaches $10,000 in 2004. The $10,000 limit is indexed for inflation in $500 increments beginning in 2005.

Section 457 plans

The House bill increases the dollar limit on deferrals under a section 457 plan to conform to the elective deferral limitation. Thus, the limit is $11,000 in 2001, and is increased in $1,000 annual increments thereafter until the limit reaches $15,000 in 2005. The $15,000 limit is indexed for inflation in $500 increments beginning in 2006. The limit is twice the otherwise applicable dollar limit in the three years prior to retirement.[5]

Effective date

The House bill is effective for years beginning after December 31, 2000.

SENATE AMENDMENT

The Senate amendment is the same as the House bill, except with respect to the provision relating to the defined contribution plan dollar limit. The Senate amendment retains the present-law $30,000 limit, and indexes the limit for inflation in $1,000 increments.

Effective date.—Same as the House bill.

CONFERENCE AGREEMENT

The conference agreement follows the House bill. In adopting rules regarding the application of the increase in the defined benefit plan limits under the bill, the conferees intend that the Secretary will apply rules similar to those adopted in Notice 99–44 regarding benefit increases due to the repeal of the combined plan limit under former section 415(e). Thus, for example, a defined benefit plan could provide for benefit increases to reflect the provisions of the bill for a current or former employee who has commenced benefits under the plan prior to the effective date of the bill if the employee or former employee has an accrued benefit under the plan (other than an accrued benefit resulting from a benefit increase solely as a result of the increases in the section 415 limits under the bill). As under the notice, the maximum amount of permitted increase is generally the amount that could have been provided had the provisions of the bill been in effect at the time of the commencement of benefit. In no case can benefits reflect increases that could not be paid prior to the effective date because of the limits in effect under present law. In addition, in no case can plan amendments providing increased benefits under the relevant provision of the bill be effective prior to the effective date of the provision.

B. PLAN LOANS FOR S CORPORATION SHAREHOLDERS, PARTNERS, AND SOLE PROPRIETORS (SEC. 202 OF THE HOUSE BILL, SEC. 202 OF THE SENATE AMENDMENT, AND SEC. 4975 OF THE CODE)

PRESENT LAW

The Internal Revenue Code prohibits certain transactions (''prohibited transactions'') between a qualified plan and a disqualified person in order to prevent persons with a close relationship to the qualified plan from using that relationship to the detriment of plan participants and beneficiaries.[6] Certain types of transactions are exempted from the prohibited transaction rules, including loans from the plan to plan participants, if certain requirements are satisfied. In addition, the Secretary of Labor can grant an administrative exemption from the prohibited transaction rules if she finds the exemption is administratively feasible, in the interest of the plan and plan participants and beneficiaries, and protective of the rights of participants and beneficiaries of the plan. Pursuant to this exemption process, the Secretary of Labor grants exemptions both with respect to specific transactions and classes of transactions.

The statutory exemptions to the prohibited transaction rules do not apply to certain transactions in which the plan makes a loan to an owner-employee.[7] Loans to participants other than owner-employees are permitted if loans are available to all participants on a reasonably equivalent basis, are not made available to highly compensated employees, are made in accordance with specific provisions in the plan, bear a reasonable rate of interest, and are adequately secured. In addition, the Code places limits on the amount of loans and the repayment terms.

For purposes of the prohibited transaction rules, an owner-employee means (1) a sole proprietor, (2) a partner who owns more than 10 percent of either the capital interest or the profits interest in the partnership, (3) an employee or officer of an S corporation who owns more than 5 percent of the outstanding stock of the corporation, and (4) the owner of an individual retirement arrangement (''IRA''). The term owner-employee also includes certain family members of an owner-employee and certain corporations owned by an owner-employee.

Under the Internal Revenue Code, a two-tier excise tax is imposed on disqualified persons who engage in a prohibited transaction. The first level tax is equal to 15 percent of the amount involved in the transaction. The second level tax is imposed if the prohibited transaction is not corrected within a certain period, and is equal to 100 percent of the amount involved.

HOUSE BILL

The House bill generally eliminates the special present-law rules relating to plan loans made to an owner-employee (other than the owner of an IRA). Thus, the general statutory exemption applies to such transactions. Present law continues to apply with respect to IRAs.

Effective date.—The House bill is effective with respect to loans made after December 31, 2000.

SENATE AMENDMENT

The Senate amendment is the same as the House bill.[8]

Effective date.—The Senate amendment is effective for years beginning after December 31, 2000.

CONFERENCE AGREEMENT

The conference agreement follows the House bill and the Senate amendment.

Effective date.—The conference agreement follows the Senate amendment. Thus, as under the Senate amendment, a loan that is a prohibited transaction solely because of the present-law restriction would cease to be a prohibited transaction on January 1, 2000. However, the loan would continue to be a prohibited transaction prior to January 1, 2000.

C. MODIFICATION OF TOP-HEAVY RULES (SEC. 203 OF THE HOUSE BILL, SEC. 203 OF THE SENATE AMENDMENT, AND SEC. 416 OF THE CODE)

PRESENT LAW

In general

Under present law, additional qualification requirements apply to plans that primarily benefit an employer's key employees (''top-heavy plans''). These additional requirements provide (1) more rapid vesting for plan participants who are non-key employees and (2) minimum nonintegrated employer contributions or benefits for plan participants who are non-key employees.

Definition of top-heavy plan

In general, a top-heavy plan is a plan under which more than 60 percent of the contributions or benefits are provided to key employees.

For purposes of determining whether a plan is a top-heavy plan, benefits derived both from employer and employee contributions, including employee elective contributions, are taken into account. In addition, the accrued benefit of a participant in a defined benefit plan and the account balance of a participant in a defined contribution plan includes any amount distributed within the 5-year period ending on the determination date.

[4] The 25 percent of compensation limitation is increased to 100 percent of compensation under another provision of the House bill.

[5] Another provision of the House bill increases the 33⅓ percentage of compensation limit to 100 percent.

[6] Title I of the Employee Retirement Income Security Act of 1974, as amended (''ERISA''), also contains prohibited transaction rules. The Code and ERISA provisions are substantially similar, although not identical.

[7] Certain transactions involving a plan and S corporation shareholders are permitted.

[8] The Senate amendment also amends the corresponding provisions of ERISA.

An individual's accrued benefit or account balance is not taken into account in determining whether a plan is top-heavy if the individual has not performed services for the employer during the 5-year period ending on the determination date.

SIMPLE plans are not subject to the top-heavy rules.

Definition of key employee

A key employee is an employee who, during the plan year containing the determination date for the plan year in question or any of the 4 preceding plan years, is (1) an officer earning over one-half of the defined benefit plan dollar limitation of section 415 ($67,500 for 2000), (2) a 5-percent owner of the employer, (3) a 1-percent owner of the employer earning over $150,000, or (4) one of the 10 employees earning more than the defined contribution plan dollar limit ($30,000 for 2000) with the largest ownership interests in the employer. A family ownership attribution rule applies to the determination of 1-percent owner status, 5-percent owner status, and largest ownership interest. Under this attribution rule, an individual is treated as owning stock owned by the individual's spouse, children, grandchildren, or parents.

Minimum benefit for non-key employees

A minimum benefit generally must be provided to all non-key employees in a top-heavy plan. In general, a top-heavy defined benefit plan must provide a minimum benefit equal to the lesser of (1) 2 percent of compensation multiplied by the employee's years of service, or (2) 20 percent of compensation. A top-heavy defined contribution plan must provide a minimum annual contribution equal to the lesser of (1) 3 percent of compensation, or (2) the percentage of compensation at which contributions were made for key employees (including employee elective contributions made by key employees and employer matching contributions).

For purposes of the minimum benefit rules, only benefits derived from employer contributions (other than amounts employees have elected to defer) to the plan are taken into account, and an employee's social security benefits are disregarded (i.e., the minimum benefit is nonintegrated). Employer matching contributions may be used to satisfy the minimum contribution requirement; however, in such a case the contributions are not treated as matching contributions for purposes of applying the special nondiscrimination requirements applicable to employee elective contributions and matching contributions under sections 401(k) and (m). Thus, such contributions would have to meet the general nondiscrimination test of section 401(a)(4).[9]

Top-heavy vesting

Benefits under a top-heavy plan must vest at least as rapidly as under one of the following schedules: (1) 3-year cliff vesting, which provides for 100 percent vesting after 3 years of service; and (2) 2–6 year graded vesting, which provides for 20 percent vesting after 2 years of service, and 20 percent more each year thereafter so that a participant is fully vested after 6 years of service.[10]

Qualified cash or deferred arrangements

Under a qualified cash or deferred arrangement (a ''section 401(k) plan''), an employee may elect to have the employer make payments as contributions to a qualified plan on behalf of the employee, or to the employee directly in cash. Contributions made at the election of the employee are called elective deferrals. A special nondiscrimination test applies to elective deferrals under cash or deferred arrangements, which compares the elective deferrals of highly compensated employees with elective deferrals of nonhighly compensated employees. (This test is called the actual deferral percentage test or the ''ADP'' test). Employer matching contributions under qualified defined contribution plans are also subject to a similar nondiscrimination test. (This test is called the actual contribution percentage test or the ''ACP'' test.)

Under a design-based safe harbor, a cash or deferred arrangement is deemed to satisfy the ADP test if the plan satisfies one of two contribution requirements and satisfies a notice requirement.

HOUSE BILL

Definition of top-heavy plan

The provision provides that a plan consisting of a cash-or-deferred arrangement that satisfies the design-based safe harbor for such plans and matching contributions that satisfy the safe harbor rule for such contributions is not a top-heavy plan. Matching or nonelective contributions provided under such a plan may be taken into account in satisfying the minimum contribution requirements applicable to top-heavy plans.[11]

In determining whether a plan is top-heavy, the provision provides that distributions during the year ending on the date the top-heavy determination is being made are taken into account; however, the present-law 5-year rule applies with respect to in-service distributions. Similarly, the provision provides that an individual's accrued benefit or account balance is not taken into account if the individual has not performed services for the employer during the 1-year period ending on the date the top-heavy determination is being made.

Definition of key employee

The provision (1) provides that an employee is not considered a key employee by reason of officer status unless the employee earns more than $150,000 in compensation for the year, and (2) repeals the top-10 owner key employee category.

The provision repeals the 4-year lookback rule for determining key employee status and provides that an employee is a key employee only if he or she is a key employee during the plan year containing the determination date for the plan year in question.

The family ownership attribution rule no longer applies in determining whether an individual is a 5-percent owner of the employer for purposes of the top-heavy rules only. The family ownership attribution rule continues to apply to other provisions that cross reference the top-heavy rules, such as the definition of highly compensated employee and the definition of 1-percent owner under the top-heavy rules.

Minimum benefit for non-key employees

Under the provision, matching contributions are taken into account in determining whether the minimum benefit requirement has been satisfied.[12]

The provision provides that, in determining the minimum benefit required under a defined benefit plan, a year of service does not include any year in which no employee benefits under the plan (as determined under sec. 410).

Effective date

The provision is effective for years beginning after December 31, 2000.

SENATE AMENDMENT

The Senate amendment follows the House bill, with the following modifications.

Under the Senate amendment, an employee is considered a key employee if, during the prior year, the employee was (1) an officer with compensation in excess of $85,000 (for 2000), (2) a 5-percent owner, or (3) a 1-percent owner with compensation in excess of $150,000. The present-law limits on the number of officers treated as key employees under (1) continue to apply. An employee who was not an employee in the preceding plan year, or who was an employee only for part of the year, is treated as a key employee if it can be reasonably anticipated that the employee will meet the definition of a key employee for current plan year.

The Senate amendment provides that, in determining the minimum benefit required under a defined benefit plan, a year of service does not include any year in which no key employee or former key employee benefits under the plan (as determined under sec. 410).

Effective date.—The Senate amendment is effective for years beginning after December 31, 2000.

CONFERENCE AGREEMENT

The conference agreement follows the House bill, with the following modifications. Under the conference agreement, an employee is a key employee if, during the plan year containing the determination date for the plan year in question, the employee was (1) an officer with compensation in excess of $115,000 (indexed for inflation after 2001), (2) a 5-percent owner, or (3) a 1-percent owner with compensation in excess of $150,000. The present-law limits on the number of officers treated as key employees under (1) continue to apply. As under the House bill, the family ownership attribution rule no longer applies in determining whether an individual is a 5-percent owner of the employer for purposes of the top-heavy rules only. The family ownership attribution rule continues to apply to other provisions that cross reference the top-heavy rules, such as the definition of highly compensated employee and the definition of 1-percent owner under the top-heavy rules.

The conference agreement follows the Senate amendment in providing that, in determining the minimum benefit required under a defined benefit plan, a year of service does not include any year in which no key employee or former key employee benefits under the plan (as determined under sec. 410).

Effective date.—The conference agreement is effective for years beginning after December 31, 2000.

D. ELECTIVE DEFERRALS NOT TAKEN INTO ACCOUNT FOR PURPOSES OF DEDUCTION LIMITS (SEC. 204 OF THE HOUSE BILL, SEC. 204 OF THE SENATE AMENDMENT, AND SEC. 404 OF THE CODE)

PRESENT LAW

Employer contributions to one or more qualified retirement plans are deductible

[9] Tres. Reg. sec. 1.416–1 Q&A M–19.

[10] Benefits under a plan that is not top heavy must vest at least as rapidly as under one of the following schedules: (1) 5-year cliff vesting; and (2) 3–7 year graded vesting, which provides for 20 percent vesting after 3 years of service and 20 percent more each year thereafter so that a participant is fully vested after 7 years of service.

[11] This provision is not intended to preclude the use of nonelective contributions that are used to satisfy the safe harbor rules from being used to satisfy other qualified retirement plan nondiscrimination rules, including those involving cross-testing.

[12] Thus, this provision overrides the provision in Treasury regulations that, if matching contributions are used to satisfy the minimum benefit requirement, then they are not treated as matching contributions for purposes of the section 401(m) nondiscrimination rules.

subject to certain limits. In general, the deduction limit depends on the kind of plan.

In the case of a defined benefit pension plan or a money purchase pension plan, the employer generally may deduct the amount necessary to satisfy the minimum funding cost of the plan for the year. If a defined benefit pension plan has more than 100 participants, the maximum amount deductible is at least equal to the plan's unfunded current liabilities.

In the case of a profit-sharing or stock bonus plan, the employer generally may deduct an amount equal to 15 percent of compensation of the employees covered by the plan for the year.

If an employer sponsors both a defined benefit pension plan and a defined contribution plan that covers some of the same employees (or a money purchase pension plan and another kind of defined contribution plan), the total deduction for all plans for a plan year generally is limited to the greater of (1) 25 percent of compensation or (2) the contribution necessary to meet the minimum funding requirements of the defined benefit pension plan for the year (or the amount of the plan's unfunded current liabilities, in the case of a plan with more than 100 participants).

For purposes of the deduction limits, employee elective deferral contributions to a section 401(k) plan are treated as employer contributions and, thus, are subject to the generally applicable deduction limits.

Subject to certain exceptions, nondeductible contributions are subject to a 10-percent excise tax.

HOUSE BILL

Under the House bill, elective deferral contributions are not subject to the deduction limits, and the application of a deduction limitation to any other employer contribution to a qualified retirement plan does not take into account elective deferral contributions.

Effective date.—The House bill is effective for years beginning after December 31, 2000.

SENATE AMENDMENT

The Senate amendment is the same as the House bill.

CONFERENCE AGREEMENT

The conference agreement follows the House bill and the Senate amendment.

E. REPEAL OF COORDINATION REQUIREMENTS FOR DEFERRED COMPENSATION PLANS OF STATE AND LOCAL GOVERNMENTS AND TAX-EXEMPT ORGANIZATIONS (SEC. 205 OF THE HOUSE BILL, SEC. 205 OF THE SENATE AMENDMENT, AND SEC. 457 OF THE CODE)

PRESENT LAW

Compensation deferred under an eligible deferred compensation plan of a tax-exempt or State and local government employer (a ''section 457 plan'') is not includible in gross income until paid or made available. In general, the maximum permitted annual deferral under such a plan is the lesser of (1) $8,000 (in 2000) or (2) 33⅓ percent of compensation. The $8,000 limit is indexed for inflation in $500 increments.

The $8,000 limit (as modified under the catch-up rule), applies to all deferrals under all section 457 plans in which the individual participates. In addition, in applying the $8,000 limit, contributions under a tax-sheltered annuity (''section 403(b) annuity''), elective deferrals under a qualified cash or deferred arrangement (''section 401(k) plan''), salary reduction contributions under a simplified employee pension plan (''SEP''), and contributions under a SIMPLE plan are taken into account. Further, the amount deferred under a section 457 plan is taken into account in applying a special catch-up rule for section 403(b) annuities.

HOUSE BILL

The House bill repeals the rules coordinating the section 457 dollar limit with contributions under other types of plans.[13]

Effective date.—The House bill is effective for years beginning after December 31, 2000.

SENATE AMENDMENT

The Senate amendment is the same as the House bill.

CONFERENCE AGREEMENT

The conference agreement follows the House bill and the Senate amendment.

F. ELIMINATE IRS USER FEES FOR CERTAIN REQUESTS REGARDING EMPLOYER PLANS (SEC. 206 OF THE HOUSE BILL)

PRESENT LAW

An employer that maintains a retirement plan for the benefit of its employees may request from the Internal Revenue Service (''IRS'') a determination as to whether the form of the plan satisfies the requirements applicable to tax-qualified plans (sec. 401(a)). In order to obtain a determination letter on the qualified status of the plan, the employer must pay a user fee. The Secretary determines the user fee to be made for various types of requests, subject to statutory minimum requirements for average fees based on the category of the request. The user fee for a employee plan determination letter request may range from $125 to $1,250, depending upon the scope of the request and the type and format of the plan.[14]

In general, a qualified plan which does not meet the qualification requirements as a result of a disqualifying provision may be amended retroactively to comply with such requirements if the necessary amendments are adopted within the remedial amendment period. The remedial amendment period with respect to plan amendments needed to reflect changes in the law generally ends by the due date for the employer's tax return for the taxable year in which the change in the law occurs. The Secretary is authorized to extend the otherwise applicable remedial amendment period. Pursuant to this authority, the Secretary has provided extended remedial amendment periods with respect to recent legislation affecting qualified plans.[15]

HOUSE BILL

Under the House bill, a small employer (100 or fewer employees) is not required to pay a user fee for any determination letter request with respect to the qualified status of a retirement plan that the employer maintains, if the request is made within the first 5 plan years of the plan. The House bill applies only to requests by employers for determination letters concerning the qualified retirement plans they maintain. Therefore, a sponsor of a prototype plan is required to pay a user fee for a request for a notification letter, opinion letter, or similar ruling. A small employer that adopts a prototype plan, however, is not required to pay a user fee for a determination letter request with respect to the employer's plan.

Effective date.—The House bill is effective for determination letter requests made after December 31, 2000.

SENATE AMENDMENT

No provision.

CONFERENCE AGREEMENT

The conference agreement follows the House bill, with the following modification. Under the conference agreement, a small employer also is not required to pay a user fee for a determination letter request made prior to the end of a remedial amendment period beginning within the first 5 plan years of the plan. In addition, determination letter requests for which user fees are not required under the conference agreement are not taken into account in determining average user fees.

F. DEDUCTION LIMITS (SEC. 207 OF THE HOUSE BILL, SEC. 206 OF THE SENATE AMENDMENT, AND SEC. 404 OF THE CODE)

PRESENT LAW

Employer contributions to one or more qualified retirement plans are deductible subject to certain limits. In general, the deduction limit depends on the kind of plan. Subject to certain exceptions, nondeductible contributions are subject to a 10-percent excise tax.

In the case of a defined benefit pension plan or a money purchase pension plan, the employer generally may deduct the amount necessary to satisfy the minimum funding cost of the plan for the year. If a defined benefit pension plan has more than 100 participants, the maximum amount deductible is at least equal to the plan's unfunded current liabilities.

In some cases, the amount of deductible contributions is limited by compensation. In the case of a profit-sharing or stock bonus plan, the employer generally may deduct an amount equal to 15 percent of compensation of the employees covered by the plan for the year.

If an employer sponsors both a defined benefit pension plan and a defined contribution plan that covers some of the same employees (or a money purchase pension plan and another kind of defined contribution plan), the total deduction for all plans for a plan year generally is limited to the greater of (1) 25 percent of compensation or (2) the contribution necessary to meet the minimum funding requirements of the defined benefit pension plan for the year (or the amount of the plan's unfunded current liabilities, in the case of a plan with more than 100 participants).

In the case of an employee stock ownership plan (''ESOP''), principal payments on a loan used to acquire qualifying employer securities are deductible up to 25 percent of compensation.

For purposes of the deduction limits, employee elective deferral contributions to a qualified cash or deferred arrangement (''section 401(k) plan'') are treated as employer contributions and, thus, are subject to the generally applicable deduction limits.[16]

For purposes of the deduction rules, compensation generally includes only taxable compensation, and thus does not include salary reduction amounts, such as elective deferrals under a section 401(k) plan or a tax-sheltered annuity (''section 403(b) annuity''),

[13] The limits on deferrals under a section 457 plan are modified under other provisions of the House bill.

[14] Authorization for the user fees was originally enacted in section 10511 of the Revenue Act of 1987 (Pub. L. No. 100–203, December 22, 1987). The authorization was extended through September 30, 2003, by Public Law Number 104–117 (An Act to provide that members of the Armed Forces preforming services for the peacekeeping efforts in Bosnia and Herzegovina, Croatia, and Macedonia shall be entitled to tax benefits in the same manner as if such services were performed in a combat zone, and for other purposes (March 20, 1996)).

[15] See, e.g., Rev. Proc. 99–23, 1999–16 IRB 6.

[16] Another provision in the House bill provides that elective deferrals are not subject to the deduction limits.

elective contributions under a deferred compensation plan of a tax-exempt organization or a State or local government (''section 457 plan''), and salary reduction contributions under a section 125 cafeteria plan. For purposes of the contribution limits under section 415, compensation does include such salary reduction amounts.

HOUSE BILL

Under the House bill, the definition of compensation for purposes of the deduction rules includes salary reduction amounts treated as compensation under section 415. In addition, the annual limitation on the amount of deductible contributions to a profit-sharing or stock bonus plan is increased from 15 percent to 20 percent of compensation of the employees covered by the plan for the year.

Effective date.—The House bill is effective for years beginning after December 31, 2000.

SENATE AMENDMENT

Under the Senate amendment, the definition of compensation for purposes of the deduction rules includes salary reduction amounts treated as compensation under section 415. In addition, the annual limitation on the amount of deductible contributions to a profit-sharing or stock bonus plan is increased from 15 percent to 25 percent of compensation of the employees covered by the plan for the year. Also, the Senate amendment provides that, except to the extent provided in regulations, a money purchase pension plan is treated like a profit-sharing or stock bonus plan for purposes of the deduction rules.

CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment. The conferees intend that the Treasury regulations authorized by the conference agreement will address the need for an appropriate increase of the annual limitation on the amount of deductible contributions to a money purchase pension plan by an amount that equals the minimum funding requirement attributable to the prior plan year, but only to the extent that such amount was not deductible for the prior taxable year because the amount was not contributed prior to the due date of the employer's federal income tax return for the prior taxable year (even though the amount was contributed within 8½ months after the end of the prior plan year and therefore satisfied the minimum funding requirement).

H. OPTION TO TREAT ELECTIVE DEFERRALS AS AFTER-TAX CONTRIBUTIONS (SEC. 208 OF THE HOUSE BILL, SEC. 207 OF THE SENATE AMENDMENT, AND NEW SEC. 402A OF THE CODE)

PRESENT LAW

A qualified cash or deferred arrangement (''section 401(k) plan'') or a tax-sheltered annuity (''section 403(b) annuity'') may permit a participant to elect to have the employer make payments as contributions to the plan or to the participant directly in cash. Contributions made to the plan at the election of a participant are elective deferrals. Elective deferrals must be nonforfeitable and are subject to an annual dollar limitation (sec. 402(g))[17] and distribution restrictions. In addition, elective deferrals under a section 401(k) plan are subject to special nondiscrimination rules. Elective deferrals that do not exceed the annual dollar limitation (and earnings attributable thereto) are not includible in a participant's gross income until distributed from the plan.

Elective deferrals for a taxable year that exceed the annual dollar limitation (''excess deferrals'') are includible in gross income for the taxable year. If an employee makes elective deferrals under a plan (or plans) of a single employer that exceed the annual dollar limitation (''excess deferrals''), then the plan may provide for the distribution of the excess deferrals, with earnings thereon. If the excess deferrals are made to more than one plan of unrelated employers, then the plan may permit the individual to allocate excess deferrals among the various plans, no later than the March 1 (April 15 under the applicable regulations) following the end of the taxable year. If excess deferrals are distributed not later than April 15 following the end of the taxable year, along with earnings attributable to the excess deferrals, then the excess deferrals are not again includible in income when distributed. The earnings are includible in income in the year distributed. If excess deferrals (and income thereon) are not distributed by the applicable April 15, then the excess deferrals (and income thereon) are includible in income when received by the participant. Thus, excess deferrals that are not distributed by the applicable April 15th are taxable both in the taxable year when the deferral was made and in the year the participant receives a distribution of the excess deferral.

Individuals with adjusted gross income below certain levels generally may make nondeductible contributions to a Roth IRA and may convert a deductible or nondeductible IRA into a Roth IRA. Amounts held in a Roth IRA that are withdrawn as a qualified distribution are not includible in income, nor subject to the additional 10-percent tax on early withdrawals. A qualified distribution is a distribution that (1) is made after the 5-taxable year period beginning with the first taxable year for which the individual made a contribution to a Roth IRA, and (2) is made after attainment of age 59½, is made on account of death or disability, or is a qualified special purpose distribution (i.e., for first-time homebuyer expenses of up to $10,000). A distribution from a Roth IRA that is not a qualified distribution is includible in income to the extent attributable to earnings, and is subject to the 10-percent tax on early withdrawals (unless an exception applies).[18]

HOUSE BILL

A section 401(k) plan or a section 403(b) annuity is permitted to include a ''qualified plus contribution program'' that permits a participant to elect to have all or a portion of the participant's elective deferrals under the plan treated as designated plus contributions. Designated plus contributions are elective deferrals that the participant designates as not excludable from the participant's gross income.

The annual dollar limitation on a participant's designated plus contributions is the section 402(g) annual limitation on elective deferrals, reduced by the participant's elective deferrals that the participant does not designate as designated plus contributions. Designated plus contributions are treated as any other elective deferral for purposes of nonforfeitability requirements and distribution restrictions. Under a section 401(k) plan, designated plus contributions also are treated as any other elective deferral for purposes of the special nondiscrimination requirements.

The plan is required to establish a separate account, and maintain separate recordkeeping, for a participant's designated plus contributions (and earnings allocable thereto). A qualified distribution from a participant's designated plus contributions account is not includible in the participant's gross income. A qualified distribution is a distribution that is made after the end of a specified nonexclusion period and that is (1) made on or after the date on which the participant attains age 59½, (2) made to a beneficiary (or to the estate of the participant) on or after the death of the participant, or (3) attributable to the participant's being disabled.[19] The nonexclusion period is the 5-year-taxable period beginning with the earlier of (1) the first taxable year for which the participant made a designated plus contribution to any designated plus contribution account established for the participant under the plan, or (2) if the participant has made a rollover contribution to the designated plus contribution account that is the source of the distribution from a designated plus contribution account established for the participant under another plan, the first taxable year for which the participant made a designated plus contribution to the previously established account.

A distribution from a designated plus contributions account that is a corrective distribution of an elective deferral (and income allocable thereto) that exceeds the section 402(g) annual limit on elective deferrals is not a qualified distribution.

A participant is permitted to roll over a distribution from a designated plus contributions account only to another designated plus contributions account or a Roth IRA of the participant.

The Secretary of the Treasury is directed to require the plan administrator of each section 401(k) plan or section 403(b) annuity that permits participants to make designated plus contributions to make such returns and reports regarding designated plus contributions to the Secretary, plan participants and beneficiaries, and other persons that the Secretary may designate.

Effective date.—The House bill is effective for taxable years beginning after December 31, 2000.

SENATE AMENDMENT

The Senate amendment is the same as the House bill, except that the Senate amendment refers to designated plus contributions as ''Roth contributions.''

The Senate amendment also includes additional clarifications in the legislative history. The Senate amendment provides that it is intended that the Secretary generally will not permit retroactive designations of elective deferrals as Roth contributions. The Senate amendment also clarifies that Roth contributions to a section 403(b) annuity are treated the same as other salary reduction contributions to the annuity (except that Roth contributions are includible in gross income). The Senate amendment provides that it is intended that the Secretary will provide ordering rules regarding the return of excess contributions under the special nondiscrimination rules (pursuant to sec. 401(k)(8)) in the event a participant has made both Roth contributions and regular elective

[17] The limit on elective deferrals is $10,500 for 2000. This limit is increased under another provision of the bill.

[18] Early distributions of converted amounts may also accelerate income inclusion of converted amounts that are taxable under the 4-year rule applicable to 1998 conversions.

[19] A qualified special purpose distribution, as defined under the rules relating to Roth IRAs, does not qualify as a tax-free distribution from a designated plus contributions account.

contributions. It is intended that such rules will generally permit a plan to allow participants to designate which contributions are returned first or to permit the plan to specify which contributions are returned first.

CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment. The conference agreement clarifies the treatment of excess deferrals to the extent attributable to excess Roth contributions. In general, the conference agreement conforms the treatment of excess Roth contributions to the treatment of excess deferrals attributable to non-Roth elective deferrals. If excess Roth contributions (including earnings thereon) are distributed no later than the April 15th following the taxable year, then the Roth contributions are not includible in gross income as a result of the distribution, because such contributions are includible in gross income when made. Earnings on such excess contributions are treated the same as earnings on excess deferrals distributed no later than April 15th, i.e., they are includible in income when distributed. If excess Roth contributions are not distributed no later than the applicable April 15th, then such contributions (and earnings thereon) are taxable when distributed. Thus, as is the case with excess elective deferrals that are not distributed by the applicable April 15th, the contributions are includible in income in the year when made and again when distributed from the plan. Earnings on such contributions are taxable when received.

It is intended that the Secretary will provide ordering rules regarding the return of excess deferrals in the event a participant has made both Roth contributions and regular contributions to the plan. It is intended that such rules will generally permit a plan to allow participants to designate which contributions are returned first or to permit the plan to specify which contributions are returned first. It is also intended that the Secretary will provide ordering rules to determine the extent to which a distribution consists of excess Roth contributions.

Subtitle C. Enhancing Fairness for Women (secs. 421–427 of the bill)

A. ADDITIONAL SALARY REDUCTION CATCH-UP CONTRIBUTIONS (SEC. 301 OF THE HOUSE BILL, SEC. 301 OF THE SENATE AMENDMENT, AND SEC. 414 OF THE CODE)

PRESENT LAW

Elective deferral limitations

Under present law, under certain salary reduction arrangements, an employee may elect to have the employer make payments as contributions to a plan on behalf of the employee, or to the employee directly in cash. Contributions made at the election of the employee are called elective deferrals.

The maximum annual amount of elective deferrals that an individual may make to a qualified cash or deferred arrangement (a ''401(k) plan''), a tax-sheltered annuity (''section 403(b) annuity'') or a salary reduction simplified employee pension plan (''SEP'') is $10,500 (for 2000). The maximum annual amount of elective deferrals that an individual may make to a SIMPLE plan is $6,000. These limits are indexed for inflation in $500 increments.

Section 457 plans

The maximum annual deferral under a deferred compensation plan of a State or local government or a tax-exempt organization (a ''section 457 plan'') is the lesser of (1) $8,000 (for 2000) or (2) 33⅓ percent of compensation. The $8,000 dollar limit is indexed for inflation in $500 increments. Under a special catch-up rule, the section 457 plan may provide that, for one or more of the participant's last 3 years before retirement, the otherwise applicable limit is increased to the lesser of (1) $15,000 or (2) the sum of the otherwise applicable limit for the year plus the amount by which the limit applicable in preceding years of participation exceeded the deferrals for that year.

HOUSE BILL

The provision provides that the otherwise applicable dollar limit on elective deferrals under a section 401(k) plan, section 403(b) annuity, or SIMPLE, or deferrals under a section 457 plan are increased for individuals who have attained age 50 by the end of the year.[20] Additional contributions are permitted to be made by an individual who has attained age 50 before the end of the plan year and with respect to whom no other elective deferrals may otherwise be made to the plan for the year because of the application of any limitation of the Code (e.g., the annual limit on elective deferrals) or of the plan. Under the provision, the additional amount of elective contributions that are permitted to be made by an eligible individual participating in such a plan is the lesser of (1) $5,000, or (2) the participant's compensation for the year reduced by any other elective deferrals of the participant for the year.[21] This $5,000 amount is indexed for inflation in $500 increments in 2006 and thereafter.

Catch-up contributions made under the provision are not subject to any other contribution limits and are not taken into account in applying other contribution limits. Such contributions are subject to applicable nondiscrimination rules.[22]

An employer is permitted to make matching contributions with respect to catch-up contributions. Any such matching contributions are subject to the normally applicable rules.

Effective date.—The provision is effective for taxable years beginning after December 31, 2000.

SENATE AMENDMENT

The bill provides that individuals who have attained age 50 may be permitted to make additional catch-up elective contributions to employer-sponsored retirement plans.[23]

In the case of employer-sponsored retirement plans, the provision applies to elective deferrals under a section 401(k) plan, section 403(b) annuity, SIMPLE, or a section 457 plan. Additional contributions may be made by an individual who has attained age 50 before the end of the plan year and with respect to whom no other elective deferrals may otherwise be made to the plan for the year because of the application of any limitation of the Code (e.g., the annual limit on elective deferrals) or of the plan.[24] Under the bill, the additional amount of elective contributions that could be made by an eligible individual participating in such a plan is the lesser of (1) the applicable percent of the maximum dollar amount of elective deferrals otherwise excludable from the gross income of the participant for the year (under sec. 402(g)) or (2) the participant's compensation for the year reduced by any other elective deferrals of the participant for the year.[25] The applicable percent is 10 percent in 2001, and increases by 10 percentage points until the applicable percent is 50 in 2005 and thereafter.

Catch-up contributions made under the bill are not subject to any other contribution limits and are not taken into account in applying other contribution limits. In addition, such contributions are not subject to otherwise applicable nondiscrimination rules or the top-heavy rules.

An employer is permitted to make matching contributions with respect to catch-up contributions. Any such matching contributions are subject to the normally applicable rules.

Effective date.—The provision is effective for contributions in taxable years beginning after December 31, 2000.

CONFERENCE AGREEMENT

The conference agreement follows the House bill, with a modification. Although catch- up contributions are subject to applicable nondiscrimination rules, a plan will not be treated as failing to meet the applicable nondiscrimination requirements under section 401(a)(4) with respect to benefits, rights, and features if the plan allows all eligible individuals participating in the plan to make the same election with respect to catch-up contributions. For purposes of this rule, all plans of related employers are treated as a single plan.

B. EQUITABLE TREATMENT FOR CONTRIBUTIONS OF EMPLOYEES TO DEFINED CONTRIBUTION PLANS (SEC. 302 OF THE HOUSE BILL, SEC. 302 OF THE SENATE AMENDMENT AND SECS. 413(B), 415, AND 452 OF THE CODE)

PRESENT LAW

Present law imposes limits on the contributions that may be made to tax-favored retirement plans.

Defined contribution plans

In the case of a tax-qualified defined contribution plan, the limit on annual additions that can be made to the plan on behalf of an employee is the lesser of $30,000 (for 2000) or 25 percent of the employee's compensation (sec. 415(c)). Annual additions include employer contributions, including contributions made at the election of the employee (i.e., employee elective deferrals), after-tax employee contributions, and any forfeitures allocated to the employee. For this purpose, compensation means taxable compensation of the employee, plus elective deferrals, and similar salary reduction contributions. A separate limit applies to benefits under a defined benefit plan.

For years before January 1, 2000, an overall limit applies if an employee is a participant in both a defined contribution plan and a defined benefit plan of the same employer.

Tax-sheltered annuities

In the case of a tax-sheltered annuity (a ''section 403(b) annuity''), the annual contribution generally cannot exceed the lesser of the exclusion allowance or the section 415(c) defined contribution limit. The exclusion allowance for a year is equal to 20 percent of the employee's includible compensation, multiplied by the employee's years of

[20] Another provision of the bill increases the dollar limit on elective deferrals under such arrangements.

[21] In the case of a section 457 plan, this catch-up rule does not apply during the participant's last 3 years before retirement (in those years, the regularly applicable dollar limit is doubled).

[22] Another provision of the bill provides that elective contributions are deductible without regard to the otherwise applicable deduction limits.

[23] Another provision of the bill provides for catch-up contributions to IRAs.

[24] A plan is not required to permit participants to make catch-up contributions.

[25] In the case of a section 457 plans, this catch-up rule does not apply during the participant's last 3 years before retirement. Under another provision in the bill, in those years, the regularly applicable dollar limit is doubled.

service, minus excludable contributions for prior years under qualified plans, tax-sheltered annuities or section 457 plans of the employer.

In addition to this general rule, employees of nonprofit educational institutions, hospitals, home health service agencies, health and welfare service agencies, and churches may elect application of one of several special rules that increase the amount of the otherwise permitted contributions. The election of a special rule is irrevocable; an employee may not elect to have more than one special rule apply.

Under one special rule, in the year the employee separates from service, the employee may elect to contribute up to the exclusion allowance, without regard to the 25 percent of compensation limit under section 415. Under this rule, the exclusion allowance is determined by taking into account no more than 10 years of service.

Under a second special rule, the employee may contribute up to the lesser of: (1) the exclusion allowance; (2) 25 percent of the participant's includible compensation; or (3) $15,000.

Under a third special rule, the employee may elect to contribute up to the section 415(c) limit, without regard to the exclusion allowance. If this option is elected, then contributions to other plans of the employer are also taken into account in applying the limit.

For purposes of determining the contribution limits applicable to section 403(b) annuities, includible compensation means the amount of compensation received from the employer for the most recent period which may be counted as a year of service under the exclusion allowance. In addition, includible compensation includes elective deferrals and similar salary reduction amounts.

Treasury regulations include provisions regarding application of the exclusion allowance in cases where the employee participates in a section 403(b) annuity and a defined benefit plan. The Taxpayer Relief Act of 1997 directed the Secretary of the Treasury to revise these regulations, effective for years beginning after December 31, 1999, to reflect the repeal of the overall limit on contributions and benefits.

Section 457 plans

Compensation deferred under an eligible deferred compensation plan of a tax-exempt or State and local governmental employer (a ''section 457 plan'') is not includible in gross income until paid or made available. In general, the maximum permitted annual deferral under such a plan is the lesser of (1) $8,000 (in 2000) or (2) 33⅓ percent of compensation. The $8,000 limit is increased for inflation in $500 increments.

HOUSE BILL

Increase in defined contribution plan limit

The bill increases the 25 percent of compensation limitation on annual additions under a defined contribution plan to 100 percent.[26]

Conforming limits on tax-sheltered annuities

The bill repeals the exclusion allowance applicable to contributions to tax-sheltered annuities. Thus, such annuities are subject to the limits applicable to tax-qualified plans.

The bill also directs the Secretary of the Treasury to revise the regulations relating to the exclusion allowance under section 403(b)(2) to render void the requirement that contributions to a defined benefit plan be treated as previously excluded amounts for purposes of the exclusion allowance. For taxable years beginning after December 31, 1999, the regulatory provisions regarding the exclusion allowance are to be applied as if the requirement that contributions to a defined benefit plan be treated as previously excluded amounts for purposes of the exclusion allowance were void.

Section 457 plans

The bill increases the 33⅓ percent of compensation limitation on deferrals under a section 457 plan to 100 percent of compensation.

Effective date

The provision generally is effective for years beginning after December 31, 2000. The provision regarding the regulations under section 403(b)(2) is effective on the date of enactment.

SENATE AMENDMENT

The Senate amendment is the same as the House bill.

CONFERENCE AGREEMENT

The conference agreement follows the House bill and the Senate amendment.

C. FASTER VESTING OF EMPLOYER MATCHING CONTRIBUTIONS (SEC. 303 OF THE HOUSE BILL, SEC. 303 OF THE SENATE AMENDMENT, AND SEC. 411 OF THE CODE)

PRESENT LAW

Under present law, a plan is not a qualified plan unless a participant's employer-provided benefit vests at least as rapidly as under one of two alternative minimum vesting schedules. A plan satisfies the first schedule if a participant acquires a nonforfeitable right to 100 percent of the participant's accrued benefit derived from employer contributions upon the completion of 5 years of service. A plan satisfies the second schedule if a participant has a nonforfeitable right to at least 20 percent of the participant's accrued benefit derived from employer contributions after 3 years of service, 40 percent after 4 years of service, 60 percent after 5 years of service, 80 percent after 6 years of service, and 100 percent after 7 years of service.[27]

HOUSE BILL

The bill applies faster vesting schedules to employer matching contributions. Under the provision, employer matching contributions must vest at least as rapidly as under one of the following two alternative minimum vesting schedules. A plan satisfies the first schedule if a participant acquires a nonforfeitable right to 100 percent of employer matching contributions upon the completion of 3 years of service. A plan satisfies the second schedule if a participant has a nonforfeitable right to 20 percent of employer matching contributions for each year of service beginning with the participant's second year of service and ending with 100 percent after 6 years of service.

Effective date.—The provision is effective for contributions for plan years beginning after December 31, 2000, with a delayed effective date for plans maintained pursuant to a collective bargaining agreement. The provision does not apply to any employee until the employee has an hour of service after the effective date. In applying the new vesting schedule, service before the effective date must be taken into account.

SENATE AMENDMENT

The Senate amendment is the same as the House bill.

CONFERENCE AGREEMENT

The conference agreement follows the House bill and the Senate amendment.

D. SIMPLIFY AND UPDATE THE MINIMUM DISTRIBUTION RULES (SEC. 304 OF THE HOUSE BILL, SEC. 304 OF THE SENATE AMENDMENT, AND SECS. 401(A)19 AND 457 OF THE CODE)

PRESENT LAW

In general

Minimum distribution rules apply to all types of tax-favored retirement vehicles, including qualified plans, individual retirement arrangements (''IRAs''), tax-sheltered annuities (''section 403(b) annuities''), and eligible deferred compensation plans of tax-exempt and State and local government employers (''section 457 plans''). In general, under these rules, distribution of minimum benefits must begin no later than the required beginning date. Minimum distribution rules also apply to benefits payable with respect to a plan participant who has died. Failure to comply with the minimum distribution rules results in an excise tax imposed on the individual plan participant equal to 50 percent of the required minimum distribution not distributed for the year. The excise tax can be waived if the individual establishes to the satisfaction of the Secretary that the shortfall in the amount distributed was due to reasonable error and reasonable steps are being taken to remedy the shortfall.

Distributions prior to the death of the individual

In the case of distributions prior to the death of the plan participant, the minimum distribution rules are satisfied if either (1) the participant's entire interest in the plan is distributed by the required beginning date, or (2) the participant's interest in the plan is to be distributed (in accordance with regulations), beginning not later than the required beginning date, over a permissible period. The permissible periods are (1) the life of the participant, (2) the lives of the participant and a designated beneficiary, (3) the life expectancy of the participant, or (4) the joint life and last survivor expectancy of the participant and a designated beneficiary. In calculating minimum required distributions, life expectancies of the participant and the participant's spouse may be recomputed annually.

In the case of qualified plans, tax-sheltered annuities, and section 457 plans, the required beginning date is the April 1 of the calendar year following the later of (1) the calendar year in which the employee attains age 70½ or (2) the calendar year in which the employee retires. However, in the case of a 5-percent owner of the employer, distributions are required to begin no later than the April 1 of the calendar year following the year in which the 5-percent owner attains age 70½. If commencement of benefits is delayed beyond age 70½ from a defined benefit plan, then the accrued benefit of the employee must be actuarially increased to take into account the period after age 70½ in which the employee was not receiving benefits under the plan.[28] In the case of distributions from an IRA other than a Roth IRA, the required beginning date is the April 1 following the calendar year in which the IRA owner attains

[26] Another provision of the bill increases the defined contribution plan dollar limit.

[27] The minimum vesting requirements are also contained in Title I of the Employee Retirement Income Security Act of 1974, as amended (''ERISA'').

[28] State and local government plans and church plans are not required to actuarially increase benefits that begin after age 70½.

age 70½. The pre-death minimum distribution rules do not apply to Roth IRAs.

In general, under proposed regulations, in order to satisfy the minimum distribution rules, annuity payments under a defined benefit plan must be paid in periodic payments made at intervals not longer than one year over a permissible period, and must be nonincreasing, or increase only as a result of the following: (1) cost-of-living adjustments; (2) cash refunds of employee contributions; (3) benefit increases under the plan; or (4) an adjustment due to death of the employee's beneficiary. In the case of a defined contribution plan, the minimum required distribution is determined by dividing the employee's benefit by the applicable life expectancy.

Distributions after the death of the plan participant

The minimum distribution rules also apply to distributions to beneficiaries of deceased participants. In general, if the participant dies after minimum distributions have begun, the remaining interest must be distributed at least as rapidly as under the minimum distribution method being used as of the date of death. If the participant dies before minimum distributions have begun, then the entire remaining interest must generally be distributed within 5 years of the participant's death. The 5-year rule does not apply if distributions begin within 1 year of the participant's death and are payable over the life of a designated beneficiary or over the life expectancy of a designated beneficiary. A surviving spouse beneficiary is not required to begin distribution until the date the deceased participant would have attained age 70½.

HOUSE BILL

Modification of post-death distribution rules

The provision applies the present-law rules applicable if the participant dies before distribution of minimum benefits has begun to all post-death distributions. Thus, in general, if the employee dies before his or her entire interest has been distributed, distribution of the remaining interest is required to be made within 5 years of the date of death, or begin within one year of the date of death and paid over the life or life expectancy of a designated beneficiary. In the case of a surviving spouse, distributions are not required to begin until the April 1 of the calendar year following the year in which the surviving spouse attains age 70½. Minimum distributions that have already begun could be recalculated under the new rule.

Reduction in excise tax

The bill reduces the excise tax on failures to satisfy the minimum distribution rules to 10 percent of the amount that was required to be distributed but was not distributed.

Treasury regulations

The Secretary of the Treasury is directed to update, simplify, and finalize the regulations relating to the minimum distribution rules and to reflect in such regulations current life expectancies and to revise the required distribution methods so that, under reasonable assumptions, the amount of the required distribution does not decrease over time. The regulations are to permit recalculation of distributions for future years to reflect the change in the regulations, and to permit the election of a new designated beneficiary and method of calculating life expectancy. The regulations are to be effective for years beginning after December 31, 2000, and are to apply to individuals regardless of whether minimum distributions had begun.

Effective date

In general, the provision is effective for years beginning after December 31, 2000. The provision regarding Treasury regulations is effective on the date of enactment.

SENATE AMENDMENT

The Senate amendment is the same as the House bill, except that the Senate amendment provides that final Treasury regulations are to be issued no later than December 31, 2001, and the Senate amendment does not require that such regulations are to be effective for years beginning after December 31, 2000.

Effective date.—Same as the House bill.

CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment.

Effective date.—In general, the provision is effective for years beginning after December 31, 2000. The provision regarding Treasury regulations is effective on the date of enactment. The conference agreement also provides a transition rule with respect to the provision providing that the required beginning date in the case of a surviving spouse is no earlier than the April 1 of the calendar year after the surviving spouse attains age 70½. The conference agreement provides that, in the case of an individual who died before the date of enactment and prior to his or her required beginning date and whose beneficiary is the surviving spouse, minimum distributions to the surviving spouse are not required to begin earlier than the date distributions would have been required to begin under present law.

E. CLARIFICATION OF TAX TREATMENT OF DIVISION OF SECTION 457 PLAN BENEFITS UPON DIVORCE (SEC. 305 OF THE HOUSE BILL, SEC. 305 OF THE SENATE AMENDMENT, AND SEC. 457 OF THE CODE)

PRESENT LAW

Under present law, benefits provided under a qualified retirement plan for a participant may not be assigned or alienated to creditors of the participant, except in very limited circumstances. One exception to the prohibition on assignment or alienation rule is a qualified domestic relations order (''QDRO''). A QDRO is a domestic relations order that creates or recognizes a right of an alternate payee to any plan benefit payable with respect to a participant, and that meets certain procedural requirements.

Under present law, a distribution from a governmental plan or a church plan is treated as made pursuant to a QDRO if it is made pursuant to a domestic relations order that creates or recognizes a right of an alternate payee to any plan benefit payable with respect to a participant. Such distributions are not required to meet the procedural requirements that apply with respect to distributions from qualified plans.

Under present law, amounts distributed from a qualified plan generally are taxable to the participant in the year of distribution. However, if amounts are distributed to the spouse (or former spouse) of the participant by reason of a QDRO, the benefits are taxable to the spouse (or former spouse). Amounts distributed pursuant to a QDRO to an alternate payee other than the spouse (or former spouse) are taxable to the plan participant.

Section 457 of the Internal Revenue Code provides rules for deferral of compensation by an individual participating in an eligible deferred compensation plan (''section 457 plan'') of a tax-exempt or State and local government employer. The QDRO rules do not apply to section 457 plans.

HOUSE BILL

The bill applies the taxation rules for qualified plan distributions pursuant to a QDRO to distributions made pursuant to a domestic relations order from a section 457 plan. In addition, a section 457 plan is not treated as violating the restrictions on distributions from such plans due to payments to an alternate payee under a QDRO. The special rule applicable to governmental plans and church plans applies for purposes of determining whether a distribution is pursuant to a QDRO.

Effective date.—The provision is effective for transfers, distributions, and payments made after December 31, 2000.

SENATE AMENDMENT

The Senate amendment is the same as the House bill, with a modification to the effective date.

Effective date.—The provision relating to taxation of distributions is effective for transfers, distributions, and payments made after December 31, 2000. The other provisions are effective on January 1, 2001, except that, in the case of a domestic relations order entered into before such date, the plan administrator (1) shall treat such order as a QDRO if the administrator is paying benefits pursuant to the order and (2) may treat any other such order entered into before the effective date as a QDRO.

CONFERENCE AGREEMENT

The conference agreement follows the House bill.

F. MODIFICATIONS RELATING TO HARDSHIP WITHDRAWALS (SEC. 306 OF THE HOUSE BILL, SEC. 306 OF THE SENATE AMENDMENT AND SECS. 401(K) AND 402 OF THE CODE)

PRESENT LAW

Elective deferrals under a qualified cash or deferred arrangement (a ''section 401(k) plan'') may not be distributable prior to the occurrence of one or more specified events. One event upon which distribution is permitted is the financial hardship of the employee. Applicable Treasury regulations[29] provide that a distribution is made on account of hardship only if the distribution is made on account of an immediate and heavy financial need of the employee and is necessary to satisfy the heavy need.

The Treasury regulations provide a safe harbor under which a distribution may be deemed necessary to satisfy an immediate and heavy financial need. One requirement of this safe harbor is that the employee be prohibited from making elective contributions and employee contributions to the plan and all other plans maintained by the employer for at least 12 months after receipt of the hardship distribution.

Under present law, hardship withdrawals of elective deferrals from a qualified cash or deferred arrangement (or 403(b) annuity) are not eligible rollover distributions. Other types of hardship distributions, e.g., employer matching contributions distributed on account of hardship, are eligible rollover distributions. Different withholding rules apply to distributions that are eligible rollover distributions and to distributions that are not eligible rollover distributions. Eligible rollover distributions that are not directly rolled over are subject to withholding at a flat rate of 20-percent. Distributions that are not eligible rollover distributions are subject to elective withholding. Periodic distributions are subject to withholding as if the distribution were wages; nonperiodic distributions are subject to withholding at a rate of 10 percent. In either case, the individual may elect not to have withholding apply.

[29] Treas. Reg. sec. 1.401(k)–1.

HOUSE BILL

The Secretary of the Treasury is directed to revise the applicable regulations to reduce from 12 months to 6 months the period during which an employee must be prohibited from making elective contributions and employee contributions in order for a distribution to be deemed necessary to satisfy an immediate and heavy financial need. The revised regulations are to be effective for years beginning after December 31, 2000.

Effective date.—The provision is effective on the date of enactment.

SENATE AMENDMENT

The Senate amendment is the same as the House bill, except that the Senate amendment also provides that any hardship distribution made pursuant to the terms of a plan is not an eligible rollover distribution. Thus, such distributions may not be rolled over, and are subject to the withholding rules applicable to distributions that are not eligible rollover distributions. The bill does not modify the rules under which hardship distributions may be made. For example, as under present law, hardship distributions of qualified employer matching contributions may only be made under the rules applicable to elective deferrals.

Effective date.—The provision directing the Secretary to revise the rules relating to safe harbor hardship distributions is effective on the date of enactment.

The provision providing that hardship distributions are not eligible rollover distributions is effective for distributions made after December 31, 2000. The Secretary has the authority to issue transitional guidance with respect to this provision to provide sufficient time for plans to implement the new rule.

CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment.

Effective date.—The provision directing the Secretary to revise the regulations relating to safe harbor hardship distributions is effective on the date of enactment. The provision relating to rollover of hardship distributions is generally effective for distributions after December 31, 2001. For distributions occurring during calendar year 2001, a plan may treat a distribution that is a hardship distribution under the terms of the plan as not an eligible rollover distribution for all purposes of the Code. Thus, for example, if a plan treats a hardship distribution made in 2001 as not an eligible rollover distribution, the distribution could not be rolled over and the withholding rules applicable to distributions that are not eligible rollover distributions would apply.

G. PENSION COVERAGE FOR DOMESTIC AND SIMILAR WORKERS (SEC. 307 OF THE SENATE AMENDMENT AND SEC. 4972 OF THE CODE)

PRESENT LAW

Under present law, within limits, employers may make deductible contributions to qualified retirement plans for employees. Subject to certain exceptions, a 10-percent excise tax applies to nondeductible contributions to such plans.

Employers of household workers may establish a pension plan for such workers. Contributions to such plans are not deductible because they are not made in connection with a trade or business of the employer.

HOUSE BILL

No provision.

SENATE AMENDMENT

Under the provision, the 10-percent excise tax on nondeductible contributions does not apply to contributions to a SIMPLE plan or a SIMPLE IRA which are nondeductible solely because the contributions are not a trade or business expense under section 162 because they are not made in connection with a trade or business of the employer. Thus, for example, employers of household workers could make contributions to such plans without imposition of the excise tax. As under present law, the contributions are not deductible. The present-law rules applicable to such plans, e.g., contribution limits and nondiscrimination rules, continue to apply. The provision does not apply with respect to contributions on behalf of the employer and members of his or her family.

Effective date.—The provision is effective for taxable years beginning after December 31, 2000.

CONFERENCE AGREEMENT

The conference follows the Senate amendment, except that the conference agreement does not limit the waiver of the excise tax to contributions to a SIMPLE plan or SIMPLE IRA. The conference agreement provides that the 10-percent excise tax on nondeductible contributions does not apply to contributions to a SIMPLE IRA or plan, SEP, or qualified plan which are not deductible solely because the contributions are not made in connection with a trade or business of the taxpayer. Thus, for example, employers of household workers could make contributions to such plans without imposition of the excise tax. As under present law, the contributions are not deductible. The present-law rules applicable to such plans, e.g., contribution limits and nondiscrimination rules, continue to apply. The provision does not apply with respect to contributions on behalf of the employer and members of his or her family. For this purpose, family members include the individual, the individual's brothers and sisters, the brothers and sisters of the individual's parents and grandparents, and ancestors and lineal descendants of the foregoing, and a spouse of any of the foregoing.

No inference is intended with respect to application of the excise tax under present law to contributions that are not deductible because they are not made in connection with a trade or business of the employer.

Effective date.—The provision is effective for taxable years beginning after December 31, 2000.

Subtitle D. Increasing Portability for Participants (secs. 431–439 of the bill)

A. ROLLOVERS OF RETIREMENT PLAN AND IRA DISTRIBUTIONS (SECS. 401–403 OF THE HOUSE BILL, SEC. 401–403 OF THE SENATE AMENDMENT AND SECS. 401, 402, 403(B), 408, 457, AND 3405 OF THE CODE)

PRESENT LAW

In general

Present law permits the rollover of funds from a tax-favored retirement plan to another tax-favored retirement plan. The rules that apply depend on the type of plan involved. Similarly, the rules regarding the tax treatment of amounts that are not rolled over depend on the type of plan involved.

Distributions from qualified plans

Under present law, an ''eligible rollover distribution'' from a tax-qualified employer-sponsored retirement plan may be rolled over tax free to a traditional individual retirement arrangement (''IRA'')[30] or another qualified plan.[31] An ''eligible rollover distribution'' means any distribution to an employee of all or any portion of the balance to the credit of the employee in a qualified plan, except the term does not include (1) any distribution which is one of a series of substantially equal periodic payments made (a) for the life (or life expectancy) of the employee or the joint lives (or joint life expectancies) of the employee and the employee's designated beneficiary, or (b) for a specified period of 10 years or more, (2) any distribution to the extent such distribution is required under the minimum distribution rules, and (3) certain hardship distributions. The maximum amount that can be rolled over is the amount of the distribution includible in income, i.e., after-tax employee contributions cannot be rolled over. Qualified plans are not required to accept rollovers.

Distributions from tax-sheltered annuities

Eligible rollover distributions from a tax-sheltered annuity (''section 403(b) annuity'') may be rolled over into an IRA or another section 403(b) annuity. Distributions from a section 403(b) annuity cannot be rolled over into a tax-qualified plan. Section 403(b) annuities are not required to accept rollovers.

IRA distributions

Distributions from a traditional IRA, other than minimum required distributions, can be rolled over into another IRA. In general, distributions from an IRA cannot be rolled over into a qualified plan or section 403(b) annuity. An exception to this rule applies in the case of so-called ''conduit IRAs.'' Under the conduit IRA rule, amounts can be rolled from a qualified plan into an IRA and then subsequently rolled back to another qualified plan if the amounts in the IRA are attributable solely to rollovers from a qualified plan. Similarly, an amount may be rolled over from a section 403(b) annuity to an IRA and subsequently rolled back into a section 403(b) annuity if the amounts in the IRA are attributable solely to rollovers from a section 403(b) annuity.

Distributions from section 457 plans

A ''section 457 plan'' is an eligible deferred compensation plan of a State or local government or tax-exempt employer that meets certain requirements. In some cases, different rules apply under section 457 to governmental plans and plans of tax-exempt employers. For example, governmental section 457 plans are like qualified plans in that plan assets are required to be held in a trust for the exclusive benefit of plan participants and beneficiaries. In contrast, benefits under a section 457 plan of a tax-exempt employer are unfunded, like nonqualified deferred compensation plans of private employers.

Section 457 benefits can be transferred to another section 457 plan. Distributions from a section 457 plan cannot be rolled over to another section 457 plan, a qualified plan, a section 403(b) annuity, or an IRA.

Rollovers by surviving spouses

A surviving spouse that receives an eligible rollover distribution may roll over the distribution into an IRA, but not a qualified plan or section 403(b) annuity.

Direct rollovers and withholding requirements

Qualified plans and section 403(b) annuities are required to provide that a plan participant has the right to elect that an eligible

[30] A ''traditional'' IRA refers to IRAs other than Roth IRAs or SIMPLE IRAs. All references to IRAs in the description of this provision refer only to traditional IRAs.

[31] An eligible rollover distribution may either be rolled over by the distributee within 60 days of the date of the distribution or, as described below, directly rolled over by the distributing plan.

rollover distribution be directly rolled over to another eligible retirement plan. If the plan participant does not elect the direct rollover option, then withholding is required on the distribution at a 20-percent rate.[32]

The direct rollover rules do not apply to section 457 plans. Distributions from a section 457 plan are subject to wage withholding.

Notice of eligible rollover distribution

The plan administrator of a qualified plan or a section 403(b) annuity is required to provide a written explanation of rollover rules to individuals who receive a distribution eligible for rollover. In general, the notice is to be provided within a reasonable period of time before making the distribution and is to include an explanation of (1) the provisions under which the individual may have the distribution directly rolled over to another eligible retirement plan, (2) the provision that requires withholding if the distribution is not directly rolled over, (3) the provision under which the distribution may be rolled over within 60 days of receipt, and (4) if applicable, certain other rules that may apply to the distribution. The Secretary has provided more specific guidance regarding timing and content of the notice and has issued a safe harbor notice that is deemed to satisfy the requirements regarding the content of the notice.

Taxation of distributions

As is the case with the rollover rules, different rules regarding taxation of benefits apply to different types of tax-favored arrangements. In general, distributions from a qualified plan, section 403(b) annuity, or IRA are includible in income in the year received. In certain cases, distributions from qualified plans are eligible for capital gains treatment and averaging. These rules do not apply to distributions from another type of plan. Distributions from a qualified plan, IRA, and section 403(b) annuity generally are subject to an additional 10-percent early withdrawal tax if made before age 59½. There are a number of exceptions to the early withdrawal tax. Some of the exceptions apply to all three types of plans, and others apply only to certain types of plans. For example, the 10-percent early withdrawal tax does not apply to IRA distributions for educational expenses, but does apply to similar distributions from qualified plans and section 403(b) annuities. Benefits under a section 457 plan are generally includible in income when paid or made available. The 10-percent early withdrawal tax does not apply to section 457 plans.

HOUSE BILL

In general

The bill provides that eligible rollover distributions from qualified retirement plans, section 403(b) annuities, and governmental section 457 plans generally may be rolled over to any of such plans or arrangements. Similarly, distributions from an IRA generally may be rolled over into a qualified plan, section 403(b) annuity, or governmental section 457 plan. The direct rollover and withholding rules are extended to distributions from a governmental section 457 plan, and such plans are required to provide the written notification regarding eligible rollover distributions.[33] The rollover notice (with respect to all plans) is required to include a description of the provisions under which distributions from the plan to which the distribution is rolled over may be subject to restrictions and tax consequences different than those applicable to distributions from the distributing plan. Qualified plans, section 403(b) annuities, and section 457 plans are not required to accept rollovers.

Some special rules apply in certain cases. A distribution from a qualified plan is not eligible for capital gains or averaging treatment if there was a rollover to the plan that would not have been permitted under present law. Thus, in order to preserve capital gains and averaging treatment for a qualified plan distribution that is rolled over, the rollover must be made to a ''conduit IRA'' as under present law, and then rolled back into a qualified plan. Amounts distributed from a section 457 plan are subject to the early withdrawal tax to the extent the distribution consists of amounts attributable to rollovers from another type of plan. Section 457 plans are required to separately account for such amounts.

Rollover of after-tax contributions

The bill provides that employee after-tax contributions may be rolled over into another qualified plan or a traditional IRA. In the case of a rollover from a qualified plan to another qualified plan, the rollover may be accomplished only through a direct rollover. In addition, a qualified plan is permitted to accept rollovers of after-tax contributions only if the plan provides separate accounting for such contributions (and earnings thereon). After-tax contributions (including nondeductible contributions to an IRA) may not be rolled over from an IRA into a qualified plan, tax-sheltered annuity, or section 457 plan.

In the case of a distribution from a traditional IRA that is rolled over into an eligible rollover plan that is not an IRA, the distribution is attributed first to amounts other than after-tax contributions.

Expansion of spousal rollovers

The bill provides that surviving spouses may roll over distributions to a qualified plan, section 403(b) annuity, or governmental section 457 plan in which the surviving spouse participates.

Treasury regulations

The Secretary is directed to prescribe rules necessary to carry out the provisions. Such rules may include, for example, reporting requirements and mechanisms to address mistakes relating to rollovers. It is expected that the IRS will develop forms to assist individuals who roll over after-tax contributions to an IRA in keeping track of such contributions. Such forms could, for example, expand Form 8606—Nondeductible IRAs, to include information regarding after-tax contributions.

Effective date

The provisions are effective for distributions after December 31, 2000.

SENATE AMENDMENT

The Senate amendment is the same as the House bill.

Effective date.—The provisions are effective for distributions after December 31, 2001.

CONFERENCE AGREEMENT

The conference agreement follows the House bill and the Senate amendment. The conferees intend that the Secretary will revise the safe harbor rollover notice that plans may use to satisfy the rollover requirements. Until issuance of a new notice, the conferees intend that a plan will be treated as complying with the notice requirement if the plan makes a reasonable, good faith effort to comply. For example, the bill requires that the rollover notice include a description 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 the distribution. A plan will be treated as making a reasonable good faith effort to comply with this requirement if the notice states that distributions from the plan to which the rollover is made may be subject to different restrictions and tax consequences than those that apply to distributions from the plan from which the rollover is made.

Effective date.—The provisions are effective for distributions after December 31, 2000, except that the provision allowing after-tax contributions to be rolled over is effective for distributions after December 31, 2001.

B. WAIVER OF 60-DAY RULE (SEC. 404 OF THE HOUSE BILL, SEC. 404 OF THE SENATE AMENDMENT, AND SECS. 402 AND 408 OF THE CODE)

PRESENT LAW

Under present law, amounts received from an IRA or qualified plan may be rolled over tax free if the rollover is made within 60 days of the date of the distribution. The Secretary does not have the authority to waive the 60-day requirement.

HOUSE BILL

The bill provides that the Secretary may waive the 60-day rollover period if the failure to waive such requirement would be against equity or good conscience, including cases of casualty, disaster, or other events beyond the reasonable control of the individual subject to such requirement.

Effective date.—The provision applies to distributions made after December 31, 2000.

SENATE AMENDMENT

The Senate amendment is the same as the House bill.

CONFERENCE AGREEMENT

The conference agreement follows the House bill and the Senate amendment.

C. TREATMENT OF FORMS OF DISTRIBUTION (SEC. 405 OF THE HOUSE BILL, SEC. 405 OF THE SENATE AMENDMENT, AND SEC. 411(D)(6) OF THE CODE)

PRESENT LAW

An amendment of a qualified retirement plan may not decrease the accrued benefit of a plan participant. An amendment is treated as reducing an accrued benefit if, with respect to benefits accrued before the amendment is adopted, the amendment has the effect of either (1) eliminating or reducing an early retirement benefit or a retirement-type subsidy, or (2) except as provided by Treasury regulations, eliminating an optional form of benefit (sec. 411(d)(6)).[34]

[32] Distributions from qualified plans and section 403(b) annuities that are not eligible rollover distributions are subject to elective withholding. Periodic distributions are subject to withholding as if the distribution were wages; nonperiodic distributions are subject to withholding at a rate of 10 percent. In either case, the individual may elect not to have withholding apply.

[33] The elective withholding rules applicable to distributions from qualified plans and section 403(b) annuities that are not eligible rollover distributions are also extended to distributions from governmental section 457 plans. Thus, periodic distributions from governmental section 457 plans that are not eligible rollover distributions are subject to withholding as if the distribution were wages and nonperiodic distributions from such plans that are not eligible rollover distributions are subject to withholding at a 10-percent rate. In either case, the individual may elect not to have withholding apply.

[34] A similar provision is contained in Title I of ERISA.

The Treasury Department has recently issued final regulations specifying situations in which optional forms of benefit may be eliminated. These regulations provide that, if certain requirements are satisfied, optional forms of benefit may be eliminated or reduced in connection with the voluntary transfer of benefits between defined contribution plans in connection with an asset or stock acquisition, merger, or other similar transaction involving a change in employer or in connection with the participant's change in employment status to an employment status with respect to which the participant is not entitled to additional allocations under the transferor plan.[35] The regulations also permit defined contribution plans to eliminate or restrict optional forms of benefit if the participant is entitled to receive a single-sum distribution that is otherwise identical to the optional form of benefit that is being eliminated or restricted.[36]

A plan that is a transferee of a plan that is subject to the joint and survivor rules is also subject to those rules.

HOUSE BILL

Transfers between defined contribution plans

A defined contribution plan to which benefits are transferred is not treated as reducing a participant's or beneficiary's accrued benefit even though it does not provide all of the forms of distribution previously available under the transferor plan if (1) the plan receives from another defined contribution plan a direct transfer of the participant's or beneficiary's benefit accrued under the transferor plan, or the plan results from a merger or other transaction that has the effect of a direct transfer (including consolidations of benefits attributable to different employers within a multiple employer plan), (2) the terms of both the transferor plan and the transferee plan authorize the transfer, (3) the transfer occurs pursuant to a voluntary election by the participant or beneficiary that is made after the participant or beneficiary received a notice describing the consequences of making the election, (4) in the case of a plan that provides for an annuity as the normal form of distribution in accordance with the joint and survivor rules (sec. 417), the participant's spouse (if any) consents to the transfer in a manner similar to the consent required by section 417, and (5) the transferee plan allows the participant or beneficiary to receive distribution of his or her benefit under the transferee plan in the form of a single sum distribution. The bill does not modify the rules relating to survivor annuities under section 417. Thus, as under present law, a plan that is a transferee of a plan subject to the joint and survivor rules is also subject to those rules.

Elimination of optional forms of benefit in the case of defined contribution plans offering a single-sum distribution

Except to the extent provided by the Secretary of the Treasury in regulations, a defined contribution plan is not treated as reducing a participant's accrued benefit if (1) a plan amendment eliminates a form of distribution previously available under the plan, (2) a single sum distribution is available to the participant at the same time or times as the form of distribution eliminated by the amendment, and (3) the single sum distribution is based on the same or greater portion of the participant's accrued benefit as the form of distribution eliminated by the amendment.

Early retirement benefits, retirement-type subsidies, and optional forms of benefit

The provision directs the Secretary of the Treasury to provide by regulations that the prohibitions against eliminating or reducing an early retirement benefit, a retirement-type subsidy, or an optional form of benefit shall not apply to plan amendments that do not adversely affect the rights of participants in a material manner but that do eliminate or reduce early retirement benefits, retirement-type subsidies, and optional forms of benefit that create significant burdens and complexities for a plan and its participants.

It is intended that the factors to be considered in determining whether an amendment has a materially adverse effect on a participant would include (1) all of the participant's early retirement benefits, retirement-type subsidies, and optional forms of benefits that are reduced or eliminated by the amendment, (2) the extent to which early retirement benefits, retirement-type subsidies, and optional forms of benefit in effect with respect to a participant after the amendment effective date provide rights that are comparable to the rights that are reduced or eliminated by the plan amendment, (3) the number of years before the participant attains normal retirement age under the plan (or early retirement age, as applicable), (4) the size of the participant's benefit that is affected by the plan amendment, in relation to the amount of the participant's compensation, and (5) the number of years before the plan amendment is effective.

Treasury regulations

The Secretary is directed to issue, not later than December 31, 2001, final regulations under section 411(d)(6), including regulations required under the provision.

Effective date

The provision is effective for years beginning after December 31, 2000, except that the direction to the Secretary is effective on the date of enactment.

SENATE AMENDMENT

Transfers between defined contribution plans

The Senate amendment provision regarding transfers of defined contribution plan benefits is the same as the House bill, except that the Senate amendment does not include the requirement that, in the case of a plan with an annuity as the normal form of distribution, the spouse, if any, must consent to the transfer. As under present law, a plan that is a transferee of a plan subject to the joint and survivor rules is subject to the joint and survivor rules.

Elimination of optional forms of benefit in the case of defined contribution plans offering a single-sum distribution

The Senate amendment does not include the provision regarding elimination of forms of distribution in the case of plans offering a lump sum.

Early retirement benefits, retirement-type subsidies, and optional forms of benefit

The Senate amendment directs the Secretary of the Treasury to provide by regulations that the prohibitions against eliminating or reducing an early retirement benefit, a retirement-type subsidy, or an optional form of benefit do not apply to plan amendments that eliminate or reduce early retirement benefits, retirement-type subsidies, and optional forms of benefit that create significant burdens and complexities for a plan and its participants, but only if such an amendment does not adversely affect the rights of any participant in more than a de minimis manner.

For this purpose, the factors to be considered in determining whether an amendment has more than a de minimis adverse effect on any participant include (1) all of the participant's early retirement benefits, retirement-type subsidies, and optional forms of benefits that are reduced or eliminated by the amendment, (2) the extent to which early retirement benefits, retirement-type subsidies, and optional forms of benefit in effect with respect to a participant after the amendment effective date provide rights that are comparable to the rights that are reduced or eliminated by the plan amendment, (3) the number of years before the participant attains normal retirement age under the plan (or early retirement age, as applicable), (4) the amount of the participant's benefit that is affected by the plan amendment, in relation to the amount of the participant's compensation,[37] and (5) the number of years before the plan amendment is effective.

Treasury regulations

The provision regarding issuance of Treasury regulations is the same as the House bill.

Effective date

The effective date of the Senate amendment provision is the same as the House bill.[38]

CONFERENCE AGREEMENT

Transfers between defined contribution plans

The conference agreement follows the Senate amendment.

Elimination of optional forms of benefit in the case of defined contribution plans offering a single-sum distribution

The conference agreement follows the House bill.

Early retirement benefits, retirement-type subsidies, and optional forms of benefit

The conference agreement follows the Senate amendment. As under the Senate amendment, the Secretary is directed to provide by regulation that the prohibitions against eliminating or reducing an early retirement benefit, a retirement-type subsidy, or an optional form of benefit do not apply to plan amendments that eliminate or reduce early retirement benefits, retirement-type subsidies, and optional forms of benefit that create significant burdens and complexities for a plan and its participants and that do not adversely affect the rights of any participant in more than a de minimis manner.

For this purpose, the factors to be considered in determining whether an amendment has more than a de minimis adverse effect on any participant include (1) all of the participant's early retirement benefits, retirement-type subsidies, and optional forms of benefits that are reduced or eliminated by the amendment, (2) the extent to which early retirement benefits, retirement-type subsidies, and optional forms of benefit in effect with respect to a participant after the amendment effective date provide rights that are comparable to the rights that are reduced or eliminated by the plan amendment, (3) the number of years before the participant attains normal retirement age under the plan (or early retirement age, as applicable), (4) the amount of the participant's benefit that

[35] Treas. reg. sec. 1.411(d)–4, Q&A–3, paragraph (b).

[36] Treas. reg. sec. 1.411(d)–4 Q&A–2, paragraph (e).

[37] In determining the amount of any subsidy under the provision, it is expected that the regulations will value the subsidy by reference to the date on which it would be the most valuable with respect to the participant.

[38] The Senate amendment also amends the corresponding provisions of ERISA.

is affected by the plan amendment, in relation to the amount of the participant's compensation,[39] and (5) the number of years before the plan amendment is effective.

This provision of the bill does not affect the rules relating to involuntary cash outs (sec. 411(a)(11))[40] or survivor annuity requirements (sec. 417). Accordingly, if a participant is entitled to protections of the joint and survivor rules, those protections may not be eliminated. The intent of the provision authorizing regulations is solely to permit the elimination of early retirement benefits, retirement-type subsidies, or optional forms of benefit that have no more than a de minimis effect on any participant but create disproportionate burdens and complexities for a plan and its participants.

For example, assume the following. Employer A acquires employer B and merges B's defined benefit plan into A's defined benefit plan. The defined benefit plan maintained by B before the merger provides an early retirement subsidy for individuals age 55 with a specified number of years of service. E1 and E2 are were employees of B and who transfer to A in connection with the merger. E1 is 25 years old and has compensation of $40,000. The present value of E's early retirement subsidy under B's plan is $75. E2 is 50 years old and also has compensation of $40,000. The present value of Y's early retirement subsidy under B's plan is $10,000.

Assume that A's plan has an early retirement subsidy for individuals who have attained age 50 with a specified number of years of service, but the subsidy is not the same as under B's plan. Under A's plan, the present value of E2's early retirement subsidy is $9,500. Maintenance of both subsidies would create burdens for the plan and complexities for the plan and its participants.

Treasury regulations could permit E1's early retirement subsidy under B's plan to be eliminated entirely (i.e., even if A's plan did not have an early retirement subsidy). Taking into account all relevant factors, including the value of the benefit, E1's compensation, and the number of years until E1 would be eligible to receive the subsidy, the subsidy is de minimis. Treasury regulations could permit E2's early retirement subsidy under B's plan to be eliminated as to be replaced by the subsidy under A's plan, because the difference in the subsidies is de minimis. However, A's subsidy could not be entirely eliminated.

Treasury regulations

The conference agreement follows the House bill and the Senate amendment, except that the conference agreement provides that the Secretary is to issue the required regulations not later than December 31, 2002. Such regulations are to be effective for plan years beginning after December 31, 2002, or such earlier date as is specified by the Secretary.

Effective date

The provision is effective for years beginning after December 31, 2000, except that the direction to the Secretary is effective on the date of enactment.

[39] In determining the amount of any subsidy under the provision, it is expected that the regulations will value the subsidy by reference to the date on which it would be the most valuable with respect to the participant.

[40] Another provision of the bill provides that rollover amounts are not taken into account for purposes of the cash-out rules.

D. RATIONALIZATION OF RESTRICTIONS ON DISTRIBUTIONS (SEC. 406 OF THE HOUSE BILL, SEC. 406 OF THE SENATE AMENDMENT, AND SECS. 401(K), 403(B), AND 457 OF THE CODE)

PRESENT LAW

Elective deferrals under a qualified cash or deferred arrangement (''section 401(k) plan''), tax-sheltered annuity (''section 403(b) annuity''), or an eligible deferred compensation plan of a tax-exempt organization or State or local government (''section 457 plan''), may not be distributable prior to the occurrence of one or more specified events. These permissible distributable events include ''separation from service.''

A separation from service occurs only upon a participant's death, retirement, resignation or discharge, and not when the employee continues on the same job for a different employer as a result of the liquidation, merger, consolidation or other similar corporate transaction. A severance from employment occurs when a participant ceases to be employed by the employer that maintains the plan. Under a so-called ''same desk rule,'' a participant's severance from employment does not necessarily result in a separation from service.[41]

In addition to separation from service and other events, a section 401(k) plan that is maintained by a corporation may permit distributions to certain employees who experience a severance from employment with the corporation that maintains the plan but does not experience a separation from service because the employee continues on the same job for a different employer as a result of a corporate transaction. If the corporation disposes of substantially all of the assets used by the corporation in a trade or business, a distributable event occurs with respect to the accounts of the employees who continue employment with the corporation that acquires the assets. If the corporation disposes of its interest in a subsidiary, a distributable event occurs with respect to the accounts of the employees who continue employment with the subsidiary.

HOUSE BILL

The bill modifies the distribution restrictions applicable to section 401(k) plans, section 403(b) annuities, and section 457 plans to provide that distribution may occur upon severance from employment rather than separation from service. In addition, the provisions for distribution from a section 401(k) plan based upon a corporation's disposition of its assets or a subsidiary is repealed; this special rule is no longer be necessary as a result of the changes made by the provision.

Effective date.—The provision is effective for distributions after December 31, 2000, regardless of when the severance of employment occurred.

SENATE AMENDMENT

The Senate amendment is the same as the House bill.

CONFERENCE AGREEMENT

The conference agreement follows the House bill and the Senate amendment.

E. PURCHASE OF SERVICE CREDIT UNDER GOVERNMENTAL PENSION PLANS (SEC. 407 OF THE HOUSE BILL, SEC. 407 OF THE SENATE AMENDMENT, AND SECS. 403(B) AND 457 OF THE CODE)

PRESENT LAW

A qualified retirement plan maintained by a State or local government employer may provide that a participant may make after-tax employee contributions in order to purchase permissive service credit, subject to certain limits (sec. 415). Permissive service credit means credit for a period of service recognized by the governmental plan only if the employee voluntarily contributes to the plan an amount (as determined by the plan) that does not exceed the amount necessary to fund the benefit attributable to the period of service and that is in addition to the regular employee contributions, if any, under the plan.

In the case of any repayment of contributions and earnings to a governmental plan with respect to an amount previously refunded upon a forfeiture of service credit under the plan (or another plan maintained by a State or local government employer within the same State), any such repayment is not taken into account for purposes of the section 415 limits on contributions and benefits. Also, service credit obtained as a result of such a repayment is not considered permissive service credit for purposes of the section 415 limits.

A participant may not use a rollover or direct transfer of benefits from a tax-sheltered annuity (''section 403(b) annuity'') or an eligible deferred compensation plan of a tax-exempt organization of a State or local government (''section 457 plan'') to purchase permissive service credits or repay contributions and earnings with respect to a forfeiture of service credit.

HOUSE BILL

A participant in a State or local governmental plan is not required to include in gross income a direct trustee-to-trustee transfer to a governmental defined benefit plan from a section 403(b) annuity or a section 457 plan if the transferred amount is used (1) to purchase permissive service credits under the plan, or (2) to repay contributions and earnings with respect to an amount previously refunded under a forfeiture of service credit under the plan (or another plan maintained by a State or local government employer within the same State).

Effective date.—The provision is effective for transfers after December 31, 2000.

SENATE AMENDMENT

The Senate amendment is the same as the House bill.

CONFERENCE AGREEMENT

The conference agreement follows the House bill and the Senate amendment.

F. EMPLOYERS MAY DISREGARD ROLLOVERS FOR PURPOSES OF CASH-OUT RULES (SEC. 408 OF THE HOUSE BILL, SEC. 408 OF THE SENATE AMENDMENT, AND SEC. 411(A)(11) OF THE CODE)

PRESENT LAW

If an qualified retirement plan participant ceases to be employed by the employer that maintains the plan, the plan may distribute the participant's nonforfeitable accrued benefit without the consent of the participant and, if applicable, the participant's spouse, if the present value of the benefit does not exceed $5,000. If such an involuntary distribution occurs and the participant subsequently returns to employment covered by the plan, then service taken into account in computing benefits payable under the plan after the return need not include service with respect to which a benefit was involuntarily distributed unless the employee repays the benefit.[42]

[41] Rev. Rul. 79–336, 1979–2 C.B. 187.

[42] A similar provision is contained in Title I of ERISA.

Generally, a participant may roll over an involuntary distribution from a qualified plan to an IRA or to another qualified plan.[43]

HOUSE BILL

For purposes of the cash-out rule, a plan is permitted to provide that the present value of a participant's nonforfeitable accrued benefit is determined without regard to the portion of such benefit that is attributable to rollover contributions (and any earnings allocable thereto).

Effective date.—The provision is effective for distributions after December 31, 2000.

SENATE AMENDMENT

The Senate amendment is the same as the House bill.

CONFERENCE AGREEMENT

The conference agreement follows the House bill and the Senate amendment.

G. MINIMUM DISTRIBUTION AND INCLUSION REQUIREMENTS FOR SECTION 457 PLANS (SEC. 409 OF THE HOUSE BILL, SEC. 409 OF THE SENATE AMENDMENT, AND SEC. 457 OF THE CODE)

PRESENT LAW

A ''section 457 plan'' is an eligible deferred compensation plan of a State or local government or tax-exempt employer that meets certain requirements. For example, amounts deferred under a section 457 plan cannot exceed certain limits. Amounts deferred under a section 457 plan are generally includible in income when paid or made available. Amounts deferred under a plan of deferred compensation of a State or local government or tax-exempt employer that does not meet the requirements of section 457 are includible in income when the amounts are not subject to a substantial risk of forfeiture, regardless of whether the amounts have been paid or made available.[44]

Section 457 plans are subject to the minimum distribution rules applicable to tax-qualified pension plans. In addition, such plans are subject to additional minimum distribution rules (sec. 457(d)(2)(B)).

The limits on section 457 plans were first applied to plans of tax-exempt employers pursuant to the Tax Reform Act of 1986 (the ''1986 Act''), generally effective for taxable years beginning after December 31, 1986. The limitations of section 457 do not apply to amounts deferred under a plan of a tax-exempt employer by an individual covered under such a plan on August 16, 1986, if the amounts (1) were deferred from taxable years beginning before January 1, 1987, or (2) are deferred from taxable years beginning after December 31, 1986, pursuant to an agreement that was in writing on August 16, 1986, and on such date provided for a deferral for each taxable year covered by the agreement of a fixed amount or of an amount determined pursuant to a fixed formula. The provision in (2) ceases to apply if there is any modification to the agreement or formula.

HOUSE BILL

The House bill provides that amounts deferred under a section 457 plan of a State or local government are includible in income when paid.

The House bill also repeals the special minimum distribution rules applicable to section 457 plans. Thus, such plans are subject to the minimum distribution rules applicable to qualified plans.

Effective date.—The provision is effective for distributions after December 31, 2000.

SENATE AMENDMENT

The Senate amendment includes the House bill provisions.

In addition, the Senate amendment modifies the transition rule adopted in the 1986 Act relating to deferred compensation plans of tax-exempt employers. Under the bill, the transition rule applies to agreements providing cost-of-living adjustments to amounts that otherwise satisfy the requirements of the transition rule. The grandfather does not apply to the extent that the annual amount provided under such an agreement exceeds the annual grandfathered amount multiplied by the cumulative increase in the Consumer Price Index (as published by the Department of Labor).

Effective date.—The provision is generally effective for distributions after December 31, 2000. The provision relating to plans of tax-exempt organizations is effective for taxable years ending after the date of enactment for cost-of-living increases after September 1993.

CONFERENCE AGREEMENT

The conference agreement follows the House bill.

Subtitle E. Strengthening Pension Security and Enforcement (secs. 441–448 of the bill)

A. PHASE IN REPEAL OF 155 PERCENT OF CURRENT LIABILITY FUNDING LIMIT; DEDUCTION FOR CONTRIBUTIONS TO FUND TERMINATION LIABILITY (SECS. 501 AND 502 OF THE HOUSE BILL, SECS. 501 AND 502 OF THE SENATE AMENDMENT, AND SECS. 404(A)(1), 412(C)(7), AND 4972(C) OF THE CODE)

PRESENT LAW

Under present law, defined benefit pension plans are subject to minimum funding requirements designed to ensure that pension plans have sufficient assets to pay benefits. A defined benefit pension plan is funded using one of a number of acceptable actuarial cost methods.

No contribution is required under the minimum funding rules in excess of the full funding limit. The full funding limit is generally defined as the excess, if any, of (1) the lesser of (a) the accrued liability under the plan (including normal cost) or (b) 155 percent of the plan's current liability, over (2) the value of the plan's assets (sec. 412(c)(7)).[45] In general, current liability is all liabilities to plan participants and beneficiaries accrued to date, whereas the accrued liability full funding limit is based on projected benefits. The current liability full funding limit is scheduled to increase as follows: 160 percent for plan years beginning in 2001 or 2002, 165 percent for plan years beginning in 2003 and 2004, and 170 percent for plan years beginning in 2005 and thereafter.[46] In no event is a plan's full funding limit less than 90 percent of the plan's current liability over the value of the plan's assets.

An employer sponsoring a defined benefit pension plan generally may deduct amounts contributed to satisfy the minimum funding standard for the plan year. Contributions in excess of the full funding limit generally are not deductible. Under a special rule, an employer that sponsors a defined benefit pension plan (other than a multiemployer plan) which has more than 100 participants for the plan year may deduct amounts contributed of up to 100 percent of the plan's unfunded current liability.

HOUSE BILL

Current liability full funding limit

The bill gradually increases and then repeals the current liability full funding limit. The current liability full funding limit is 160 percent of current liability for plan years beginning in 2001, 165 percent for plan years beginning in 2002, and 170 percent for plan years beginning in 2003. The current liability full funding limit is repealed for plan years beginning in 2004 and thereafter. Thus, in 2004 and thereafter, the full funding limit will be the excess, if any, of (1) the accrued liability under the plan (including normal cost), over (2) the value of the plan's assets.

Deduction for contributions to fund termination liability

The special rule allowing a deduction for unfunded current liability generally is extended to all defined benefit pension plans, i.e., the provision applies to multiemployer plans and plans with 100 or fewer participants. The special rule does not apply to plans not covered by the PBGC termination insurance program.[47]

The bill also modifies the rule by providing that the deduction is for up to 100 percent of unfunded termination liability, determined as if the plan terminated at the end of the plan year. In the case of a plan with less than 100 participants for the plan year, termination liability does not include the liability attributable to benefit increases for highly compensated employees resulting from a plan amendment which was made or became effective, whichever is later, within the last two years.

Effective date.—The provision is effective for plan years beginning after December 31, 2000.

SENATE AMENDMENT

The Senate amendment is the same as the House bill.

CONFERENCE AGREEMENT

The conference agreement follows the House bill and the Senate amendment.

B. EXCISE TAX RELIEF FOR SOUND PENSION FUNDING (SEC. 503 OF THE HOUSE BILL, SEC. 503 OF THE SENATE AMENDMENT, AND SEC. 4972 OF THE CODE)

PRESENT LAW

Under present law, defined benefit pension plans are subject to minimum funding requirements designed to ensure that pension plans have sufficient assets to pay benefits. A defined benefit pension plan is funded using one of a number of acceptable actuarial cost methods.

No contribution is required under the minimum funding rules in excess of the full funding limit. The full funding limit is generally defined as the excess, if any, of (1) the lesser of (a) the accrued liability under the plan (including normal cost) or (b) 155 percent of the plan's current liability, over (2) the value of the plan's assets (sec. 412(c)(7)). In general, current liability is all liabilities to plan participants and beneficiaries accrued to date, whereas the accrued liability full funding limit is based on projected benefits. The current liability full funding limit is scheduled to increase as follows: 160 percent for plan years beginning in 2001 or 2002, 165 percent for plan years beginning in 2003

[43] Other provisions of the bill expand the kinds of plans to which benefits may be rolled over.

[44] This rule of inclusion does not apply to amounts deferred under a tax-qualified retirement plan or similar plans.

[45] The minimum funding requirements, including the full funding limit, are also contained in title I of ERISA.

[46] As originally enacted in the Pension Protection Act of 1997, the current liability full funding limit was 150 percent of current liability. The Taxpayer Relief Act of 1997 increased the current liability full funding limit to 155 percent in 1999 and 2000, and adopted the scheduled increases described in the text.

[47] The PBGC termination insurance program does not cover plans of professional service employers that have fewer than 25 participants.

and 2004, and 170 percent for plan years beginning in 2005 and thereafter.[48] In no event is a plan's full funding limit less than 90 percent of the plan's current liability over the value of the plan's assets.

An employer sponsoring a defined benefit pension plan generally may deduct amounts contributed to satisfy the minimum funding standard for the plan year. Contributions in excess of the full funding limit generally are not deductible. Under a special rule, an employer that sponsors a defined benefit pension plan (other than a multiemployer plan) which has more than 100 participants for the plan year may deduct amounts contributed of up to 100 percent of the plan's unfunded current liability.

Present law also provides that contributions to defined contribution plans are deductible, subject to certain limitations.

Subject to certain exceptions, an employer that makes nondeductible contributions to a plan is subject to an excise tax equal to 10 percent of the amount of the nondeductible contributions for the year. The 10-percent excise tax does not apply to contributions to certain terminating defined benefit plans. The 10-percent excise tax also does not apply to contributions of up to 6 percent of compensation to a defined contribution plan for employer matching and employee elective deferrals.

HOUSE BILL

In determining the amount of nondeductible contributions, the employer is permitted to elect not to take into account contributions to a defined benefit pension plan except to the extent they exceed the accrued liability full funding limit. Thus, if an employer elects, contributions in excess of the current liability full funding limit are not subject to the excise tax on nondeductible contributions. An employer making such an election for a year is not permitted to take advantage of the present-law exceptions for certain terminating plans and certain contributions to defined contribution plans. The provision applies to terminated plans as well as ongoing plans.

Effective date.—The provision is effective for years beginning after December 31, 2000.

SENATE AMENDMENT

The Senate amendment is the same as the House bill.

CONFERENCE AGREEMENT

The conference agreement follows the House bill and the Senate amendment.

C. NOTICE OF SIGNIFICANT REDUCTION IN PLAN BENEFIT ACCRUALS (SEC. 504 OF THE HOUSE BILL, SECS. 521–523 OF THE SENATE AMENDMENT, AND SECS. 411(D) AND 417(E) AND NEW SEC. 4980F OF THE CODE)

PRESENT LAW

Section 204(h) of Title I of ERISA provides that a defined benefit pension plan or a money purchase pension plan may not be amended so as to provide for a significant reduction in the rate of future benefit accrual, unless, after adoption of the plan amendment and not less than 15 days before the effective date of the plan amendment, the plan administrator provides a written notice (''section 204(h) notice''), setting forth the plan amendment (or a summary of the amendment written in a manner calculated to be understood by the average plan participant) and its effective date. The plan administrator must provide the section 204(h) notice to each plan participant, each alternate payee under an applicable qualified domestic relations order (''QDRO''), and each employee organization representing participants in the plan. The applicable Treasury regulations[49] provide, however, that a plan administrator need not provide the section 204(h) notice to any participant or alternate payee whose rate of future benefit accrual is reasonably expected not to be reduced by the amendment, nor to an employee organization that does not represent a participant to whom the section 204(h) notice must be provided. In addition, the regulations provide that the rate of future benefit accrual is determined without regard to optional forms of benefit, early retirement benefits, retirement-type subsidiaries, ancillary benefits, and certain other rights and features.

A covered amendment generally will not become effective with respect to any participants and alternate payees whose rate of future benefit accrual is reasonably expected to be reduced by the amendment but who do not receive a section 204(h) notice. An amendment will become effective with respect to all participants and alternate payees to whom the section 204(h) notice was required to be provided if the plan administrator (1) has made a good faith effort to comply with the section 204(h) notice requirements, (2) has provided a section 204(h) notice to each employee organization that represents any participant to whom a section 204(h) notice was required to be provided, (3) has failed to provide a section 204(h) notice to no more than a de minimis percentage of participants and alternate payees to whom a section 204(h) notice was required to be provided, and (4) promptly upon discovering the oversight, provides a section 204(h) notice to each omitted participant and alternate payee.

The Internal Revenue Code does not require any notice concerning a plan amendment that provides for a significant reduction in the rate of future benefit accrual.

The Internal Revenue Code prohibits the reduction of a participant's accrued benefit by plan amendment (sec. 411(d)(6)), and, for this purpose, except to the extent set forth in Treasury regulations, treats the elimination or reduction of an early retirement benefit or retirement-type subsidy or an optional form of benefit as a reduction of a participant's accrued benefit. However, this prohibition does not prevent a plan amendment from ceasing or reducing future accruals.

In the case of a pension plan that is subject to the joint and survivor annuity rules, the Internal Revenue Code (sec. 417(e)) restricts distributions before normal retirement age without the consent of the participant and the participant's spouse unless the value of the distribution does not exceed a dollar limit ($5,000 under sec. 411(a)(11)(A)). For this purpose, under Treasury regulations, a specific interest rate and mortality table are prescribed for purposes of determining whether the distribution exceeds the dollar limit and prohibits a lump sum distribution of an amount less than the amount determined under the applicable interest rate and mortality table even if the distribution exceeds the dollar limit.

HOUSE BILL

The provision adds to the Internal Revenue Code a requirement that the plan administrator of a defined benefit pension plan or a money purchase pension plan with more than 100 participants furnish a written notice concerning a plan amendment that provides for a significant reduction in the rate of future benefit accrual. The plan administrator is required to provide in this notice, in a manner calculated to be understood by the average plan participant, sufficient information (as defined in Treasury regulations) to allow participants to understand the effect of the amendment.

The notice requirement does not apply to governmental plans or church plans with respect to which an election to have the qualified plan participation, vesting, and funding rules apply has not been made (sec. 410(d)).

The plan administrator is required to provide this notice to each affected participant, each affected alternate payee, and each employee organization representing affected participants. For purposes of the provision, an affected participant or alternate payee is a participant or alternate payee to whom the significant reduction in the rate of future benefit accrual is reasonably expected to apply.

Except to the extent provided by Treasury regulations, the plan administrator is required to provide the notice within a reasonable time before the effective date of the plan amendment.

The provision imposes on a plan administrator that fails to comply with the notice requirement an excise tax equal to $100 per day per omitted participant and alternate payee. For failures due to reasonable cause and not to willful neglect, the total excise tax imposed during a taxable year of the employer will not exceed $500,000. Furthermore, in the case of a failure due to reasonable cause and not to willful neglect, the Secretary of the Treasury is authorized to waive the excise tax to the extent that the payment of the tax would be excessive relative to the failure involved.

It is intended that the Secretary will issue the necessary regulations with respect to disclosure within 90 days of enactment. It is also intended that such guidance may be relatively detailed because of the need to provide for alternative disclosures rather than a single disclosure methodology that may not fit all situations, and the need to consider the complex actuarial calculations and assumptions involved in providing necessary disclosures.

In addition, the provision directs the Secretary of the Treasury to prepare a report on the effects of conversions of traditional defined benefit plans to cash balance or hybrid formula plans. Such study is to examine the effect of such conversions on longer service participants, including the incidence and effects of ''wear away'' provisions under which participants earn no additional benefits for a period of time after the conversion. The Secretary is directed to submit such report, together with recommendations thereon, to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate as soon as practicable, but not later than 60 days after the date of enactment.

Effective date.—The provision is effective for plan amendments taking effect on or after the date of enactment. The period for providing any notice required under the provision will not end before the last day of the 3–month period following the date of enactment. Prior to the issuance of Treasury regulations, a plan will be treated as meeting the requirements of the provision if the plan makes a good faith effort to comply with such requirements.

[48] As originally enacted in the Pension Protection Act of 1997, the current liability full funding limit was 150 percent of current liability. The Taxpayer Relief Act of 1997 increased the current liability full funding limit to 155 percent in 1999 and 2000, and adopted the scheduled increases described in the text. Another proposal would gradually increase and then repeal the current liability full funding limit.

[49] Treas. Reg. sec. 1.411(d)–6.

SENATE AMENDMENT

The provision adds to the Internal Revenue Code a requirement that the plan administrator of a pension plan furnish a written notice concerning a plan amendment that provides for a significant reduction in the rate of future benefit accrual, including any elimination or reduction of an early retirement benefit or retirement-type subsidy.[50] The notice is required to set forth: (1) a summary of the amendment and the effective date of the amendment; (2) a statement that the amendment is expected to significantly reduce the rate of future benefit accrual; (3) a description of the classes of employees reasonably expected to be affected by the reduction in the rate of future benefit accrual; (4) examples illustrating the plan changes for these classes of employees; (5) in the event of an amendment that results in a conversion of a traditional defined benefit plan to a cash balance plan (described below), a notice that the plan administrator will provide, generally no later than 15 days prior to the effective date of the amendment, a ''benefit estimation tool kit'' (described below) that will enable affected participants who have completed at least 1 year of participation to personalize the illustrative examples; and (6) notice of each affected participant's right to request, and of the procedures for requesting, an annual benefit statement as provided under present law. The plan administrator is required to provide the notice not less than 45 days before the effective date of the plan amendment.

The notice requirement does not apply to plans to which ERISA sec. 204(h) does not apply, including governmental plans or church plans with respect to which an election to have the qualified plan participation, vesting, and funding rules apply has not been made (sec. 410(d)).

The plan administrator is required to provide this generalized notice to each affected participant and each affected alternate payee. For purposes of the provision, an affected participant or alternate payee is a participant or alternate payee to whom the reduction in the rate of future benefit accrual, including any elimination or significant reduction in early retirement benefit or retirement-type subsidy, is reasonably expected to apply.

As noted above, the provision requires the plan administrator to provide a benefit estimation tool kit, no later than 15 days prior to the amendment effective date, to a participant for whom the amendment may reasonably be expected to produce a significant reduction in the rate of future benefit accrual if the amendment has the effect of converting a traditional defined benefit plan to a cash balance plan. The plan administrator is not required to provide this benefit estimation tool kit to any participant who has less than 1 year of participation in the plan. For purposes of the provision, a ''cash balance plan'' means a defined benefit plan under which the accrued benefit is determined as an amount other than an annual benefit commencing at normal retirement age, and any defined benefit plan, or portion of such a plan, that has an effect similar to a defined benefit plan under which the accrued benefit is determined as an amount other than an annual benefit commencing at normal retirement age (as determined under Treasury regulations). If the benefits of 2 or more defined benefit plans established or maintained by an employer are coordinated in such a manner as to have the effect of a conversion to a cash balance plan, the provision treats the sponsor of the plan or plans providing for such coordination as having adopted such a conversion as of the date such coordination begins. If a plan sponsor represents in communications to participants and beneficiaries that a plan amendment has an effect equivalent to a cash balance conversion, such amendment is (to the extent provided in Treasury regulations) treated as a cash balance conversion. In addition, the provision provides for the Secretary of the Treasury to issue regulations to prevent avoidance of the requirements of the provision through the use of 2 or more plan amendments rather than a single amendment.

The benefit estimation tool kit is designed to enable participants to estimate benefits under the old and new plan provisions. The provision permits the tool kit to be in the form of software (for use at home, at a workplace kiosk, or on a company intranet), worksheets, or calculation instructions, or other formats to be determined by the Secretary of the Treasury. The tool kit is required to include any necessary actuarial assumptions and formulas and to permit the participant to estimate both a single life annuity at appropriate ages and, when available, a lump sum distribution. The tool kit is required to disclose the interest rate used to compute a lump sum distribution and whether the value of early retirement benefits is included in the lump sum distribution.

The provision requires the benefit estimation tool kit to accommodate employee-provided variables with respect to age, years of service, retirement age, covered compensation, and interest rate (when variable rates apply). The tool kit is required to permit employees to recalculate estimated benefits by changing the values of these variables. The provision does not require the tool kit to accommodate employee variables with respect to qualified domestic relations orders, factors that result in unusual patterns of credited service (such as extended time away from the job), special benefit formulas for unusual situations, offsets from other plans, and forms of annuity distributions.

In the case of a cash balance conversion that occurs in connection with a business disposition or acquisition transaction and within 1 year following the date of the transaction, the provision requires the plan administrator to provide the benefit estimation tool kit prior to the end of the 2-year period following the date of the transaction to the affected participants who become participants as a result of the transaction.

The provision permits a plan administrator to provide any notice required under the provision to a person designated in writing by the individual to whom it would otherwise be provided. In addition, the provision authorizes the Secretary of the Treasury to allow any notice required under the provision to be provided by using new technologies.

The provision imposes on a plan administrator that fails to comply with the notice requirement an excise tax equal to $100 per day per omitted participant and alternate payee. No excise tax shall be imposed during any period during which any person subject to liability for the tax did not know that the failure existed and exercised reasonable diligence to meet the notice requirement. Also, no excise tax shall be imposed on any failure if any person subject to liability for the tax exercised reasonable diligence to meet the notice requirement and such person provides the required notice during the 30-day period beginning on the first date such person knew, or exercising reasonable diligence would have known, that the failure existed. If the person subject to liability for the excise tax exercised reasonable diligence to meet the notice requirement, the total excise tax imposed during a taxable year of the employer will not exceed $500,000. Furthermore, in the case of a failure due to reasonable cause and not to willful neglect, the Secretary of the Treasury is authorized to waive the excise tax to the extent that the payment of the tax is excessive or otherwise inequitable relative to the failure involved.

The provision adds to the Internal Revenue Code and ERISA requirements designed to prevent the use of ''wear away'' provisions under which participants earn no additional benefits for a period of time after a conversion of a traditional defined benefit plan to a cash balance plan. These requirements are in addition to the other provisions of the Internal Revenue Code that prohibit the reduction of a participant's accrued benefit by plan amendment (sec. 411(d)(6)). In the event of a conversion of a traditional defined benefit plan to a cash balance plan, the provision applies a minimum benefit requirement. This minimum benefit requirement requires a participant's accrued benefit under the cash balance plan to equal not less than (1) the benefit accrued for years of service prior to the conversion under the traditional defined benefit plan formula (not taking into account any early retirement benefit or retirement-type subsidy), plus (2) any benefit accrued for years of service after the conversion under the cash balance plan benefit formula. If the amendment provides that the accrued benefit initially credited to a participant's accumulation account (or its equivalent) on the effective date of the amendment satisfies the present value rules described below, the plan will not be treated as failing to provide to the participant an accrued benefit that includes such pre-conversion accrued benefit at any time after the effective date of the amendment merely because of a fluctuation in interest rates. The provision does not apply the minimum benefit requirement designed to prevent ''wear away'' to a cash balance conversion amendment to the extent that the amendment permits a participant to continue to accrue benefits in the same manner as under the terms of the plan in effect prior to the amendment (for example, by providing for the participant to receive the greater of the old or new formulas).

Under the provision, a plan is treated as satisfying the minimum benefit requirement designed to prevent ''wear away'' if a plan amendment provides that the present value of a participant's benefit accrued under a traditional defined benefit plan formula prior to a cash balance conversion is not less than the greater of (1) the present value determined using the applicable mortality table and the applicable interest rate in effect under the plan on the effective date of the cash balance conversion, or (2) the amount of the lump sum distribution that would be payable as of such effective date if the participant were eligible to receive a distribution under the terms of the plan as in

[50] The provision also modifies the present-law notice requirement contained in section 204(h) of Title I of ERISA to provide that an applicable pension plan may not be amended to provide for a significant reduction in the rate of future benefit accrual in the event of an egregious failure by the plan administrator to comply with a notice requirement similar to the notice requirement that the provision adds to the Internal Revenue Code. In addition, the provision expands the current ERISA notice requirement regarding significant reductions in normal retirement benefit accrual rates to early retirement benefits and retirement-type subsidies.

effect immediately before such effective date, but not taking into account any early retirement benefit or retirement-type subsidy.

Except as provided in regulations, the provision generally requires the present value of the accrued benefit of any participant under a cash balance plan to be equal to the balance in the participant's accumulation account (or its equivalent) as of the time of the present value determination. This requirement will not apply to any portion of the participant's benefit accrued prior to a cash balance conversion except to the extent the plan provides that the amount initially credited to a participant's accumulation account (or its equivalent) on the effective date of the conversion is not less than the benefit accrued for years of service prior to the conversion under the traditional defined benefit formula (not taking into account any early retirement benefit or retirement-type subsidy). This provision is solely intended to permit plan sponsors to provide interest credits in an amount greater than the amount currently permitted under the Internal Revenue Code. Regulations may condition satisfaction of this requirement on the plan crediting interest at rates not in excess of a maximum and not less than a minimum specified in the regulations.

Failure to comply with the requirements of the provision designed to prevent ''wear away'' results in the disqualification of the plan.

The provision directs the Secretary of the Treasury to define in regulations, within 12 months after the date of enactment, the terms ''early retirement benefit'' and ''retirement-type subsidy.'' In addition, with respect to a participant who is eligible to accrue benefits under the terms of a defined benefit plan as in effect either before or after an amendment that results in a conversion to a cash balance plan, the provision directs the Secretary of the Treasury to prescribe regulations under which (1) the plan will be treated as meeting the requirements of sec. 411(b)(1)(A), (B), or (C) if such requirements are met separately with respect to each of the plan's methods of accruing benefits, and (2) the plan will not be treated as failing to meet the requirements of sec. 401(a)(4) merely because only participants as of the effective date of the amendment are so eligible, if the plan met the requirements of sec. 401(a)(4) under the terms of the plan as in effect before the amendment (subject to the terms and conditions provided by the regulations).

Under the provision, no inference is intended with respect to the proper treatment of cash balance plans or conversions to cash balance plans under the laws in effect prior to the effective date of the provision or under laws not affected by the provision. In addition, the provision is not intended to result in the treatment of a cash balance plan as a defined contribution plan, or to affect the rules relating to involuntary cash outs (sec. 411(a)(11))[51] or survivor annuity requirements (sec. 417).

Effective date.—The provision is effective for plan amendments taking effect on or after the date of enactment, with a delayed effective date for plans maintained pursuant to a collective bargaining agreement. The period for providing any notice required under the provision will not end before the last day of the 3-month period following the date of enactment. The notice requirements under the provision do not apply to any plan amendment taking effect on or after the date or enactment if, before September 5, 2000, notice is provided to participants and beneficiaries adversely affected by the plan amendment (or their representatives) that is reasonably expected to notify them of the nature and effective date of the plan amendment.

CONFERENCE AGREEMENT

The conference agreement follows the House bill, with the following modifications.[52] The conference agreement also requires a notice with respect to the elimination or reduction of an early retirement benefit or retirement-type subsidy. In addition, the conference agreement authorizes the Secretary of the Treasury to provide a simplified notice requirement or an exemption from the notice requirement for plans with less than 100 participants and to allow any notice required under the conference agreement to be provided by using new technologies. The conference agreement also authorizes the Secretary to provide a simplified notice requirement or an exemption from the notice requirement if participants are given the option to choose between benefits under the new plan formula and the old plan formula. In such cases, the conferees understand that the fiduciary rules applicable to pension plans may require appropriate disclosure to participants, even if no disclosure is required under the provision. With respect to the amount of the excise tax for failure to comply with the notice requirement, the conference agreement provides that no excise tax shall be imposed during any period during which any person subject to liability for the tax did not know that the failure existed and exercised reasonable diligence to meet the notice requirement. The conference agreement also provides that no excise tax shall be imposed on any failure if any person subject to liability for the tax exercised reasonable diligence to meet the notice requirement and such person provides the required notice during the 30-day period beginning on the first date such person knew, or exercising reasonable diligence would have known, that the failure existed. Furthermore, the conference agreement provides that if the person subject to liability for the excise tax exercised reasonable diligence to meet the notice requirement, the total excise tax imposed during a taxable year will not exceed $500,000.

Effective date.—The conference agreement is effective for plan amendments taking effect on or after the date of enactment. The period for providing any notice required under the conference agreement will not end before the last day of the 3-month period following the date of enactment. Prior to the issuance of Treasury regulations, a plan will be treated as meeting the requirements of the conference agreement if the plan makes a good faith effort to comply with such requirements. The notice requirement under the conference agreement does not apply to any plan amendment taking effect on or after the date or enactment if, before October 24, 2000, notice is provided to participants and beneficiaries adversely affected by the plan amendment (or their representatives) that is reasonably expected to notify them of the nature and effective date of the plan amendment.

D. MODIFICATIONS TO SECTION 415 LIMITS FOR MULTIEMPLOYER PLANS (SEC. 505 OF THE HOUSE BILL, SEC. 504 OF THE SENATE AMENDMENT, AND SEC. 415 OF THE CODE)

PRESENT LAW

Under present law, limits apply to contributions and benefits under qualified plans (sec. 415). The limits on contributions and benefits under qualified plans are based on the type of plan.

Under a defined benefit plan, the maximum annual benefit payable at retirement is generally the lesser of (1) 100 percent of average compensation for the highest three years, or (2) $135,000 (for 2000). The dollar limit is adjusted for cost-of-living increases in $5,000 increments. The dollar limit is reduced in the case of retirement before the social security retirement age and increased in the case of retirement after the social security retirement age.

A special rule applies to governmental defined benefit plans. In the case of such plans, the defined benefit dollar limit is reduced in the case of retirement before age 62 and increased in the case of retirement after age 65. In addition, there is a floor on early retirement benefits. Pursuant to this floor, the minimum benefit payable at age 55 is $75,000.

In the case of a defined contribution plan, the limit on annual is additions if the lesser of (1) 25 percent of compensation[53] or (2) $30,000 (for 2000).

In applying these limits, plans of the same employer are aggregated. That is, all defined benefit plans of the same employer are treated as a single plan, and all defined contribution plans of the same employer are treated as a single plan. Under Treasury regulations, multiemployer plans are not aggregated with other multiemployer plans. However, if an employer maintains both a plan that is not a multiemployer plan and a mulitemployer plan, the plan that is not a multiemployer plan is aggregated with the multiemployer plan to the extent that benefits provided under the multiemployer plan are provided with respect to a common participant.[54]

HOUSE BILL

Under the House bill, the 100 percent of compensation defined benefit plan limit does not apply to multiemployer plans. In addition, multiemployer plans are not aggregated with any other plan maintained by the same employer, except for purposes of applying the dollar limitation on defined plans and the limits on annual additions to a plan that is not a multiemployer plan.

Effective date.—The provision is effective for years beginning after December 31, 2000.

SENATE AMENDMENT

The Senate amendment is the same as the House bill with respect to waiver of the 100 percent of compensation limit.

With respect to aggregation of multiemployer plans with other plans, the Senate amendment provides that multiemployer plans are not aggregated with single-employer defined benefit plans maintained by an employer contributing to the multiemployer plan for purposes of applying the 100

[51] Another provision provides that rollover amounts are not taken into account for purposes of the cash-out rules.

[52] The conference agreement also modifies the present-law notice requirement contained in section 204(h) of Title I of ERISA to provide that an applicable pension plan may not be amended to provide for a significant reduction in the rate of future benefit accrual in the event of a failure by the plan administrator to comply with a notice requirement similar to the notice requirement that the conference agreement adds to the Internal Revenue Code. In addition, the conference agreement expands the current ERISA notice requirement regarding significant reductions in normal retirement benefit accrual rates to reductions in early retirement benefits and retirement-type subsidies.

[53] Another provision of the bill increases this limit to 100 percent of compensation.

[54] Treas. reg. sec. 1.415–8(e).

percent of compensation limit to such single-employer plan.

Effective date.—Same as the House bill.

CONFERENCE AGREEMENT

The conference agreement follows the House bill and the Senate amendment with respect to the 100-percent of compensation limitation. Thus, the 100-percent of compensation defined benefit plan limit does not apply to multiemployer plans.

The conference agreement follows the Senate amendment with respect to the aggregation of multiemployer plans with other plans, with modifications.

E. INVESTMENT OF EMPLOYEE CONTRIBUTIONS IN 401(K) PLANS (SEC. 505 OF THE SENATE AMENDMENT AND SEC. 1524(B) OF THE TAXPAYER RELIEF ACT OF 1997)

PRESENT LAW

The Employee Retirement Income Security Act of 1974, as amended (''ERISA'') prohibits certain employee benefit plans from acquiring securities or real property of the employer who sponsors the plan if, after the acquisition, the fair market value of such securities and property exceeds 10 percent of the fair market value of plan assets. The 10-percent limitation does not apply to any ''eligible individual account plans'' that specifically authorize such investments. Generally, eligible individual account plans are defined contribution plans, including plans containing a cash or deferred arrangement (''401(k) plans'').

The term ''eligible individual account plan'' does not include the portion of a plan that consists of elective deferrals (and earnings on the elective deferrals) made under section 401(k) if elective deferrals equal to more than 1 percent of any employee's eligible compensation are required to be invested in employer securities and employer real property. Eligible compensation is compensation that is eligible to be deferred under the plan. The portion of the plan that consists of elective deferrals (and earnings thereon) is still treated as an individual account plan, and the 10-percent limitation does not apply, as long as elective deferrals (and earnings thereon) are not required to be invested in employer securities or employer real property.

The rule excluding elective deferrals (and earnings thereon) from the definition of individual account plan does not apply if individual account plans are a small part of the employer's retirement plans. In particular, that rule does not apply to an individual account plan for a plan year if the value of the assets of all individual account plans maintained by the employer do not exceed 10 percent of the value of the assets of all pension plans maintained by the employer (determined as of the last day of the preceding plan year). Multiemployer plans are not taken into account in determining whether the value of the assets of all individual account plans maintained by the employer exceed 10 percent of the value of the assets of all pension plans maintained by the employer. The rule excluding elective deferrals (and earnings thereon) from the definition of individual account plan does not apply to an employee stock ownership plan as defined in section 4975(e)(7) of the Internal Revenue Code.

The rule excluding elective deferrals (and earnings thereon) from the definition of individual account plan applies to elective deferrals for plan years beginning after December 31, 1998 (and earnings thereon). It does not apply with respect to earnings on elective deferrals for plan years beginning before January 1, 1999.

HOUSE BILL

No provision.

SENATE AMENDMENT

The provision modifies the effective date of the rule excluding certain elective deferrals (and earnings thereon) from the definition of individual account plan by providing that the rule does not apply to any elective deferral used to acquire employer securities or employer real property acquired before January 1, 1999.

Effective date.—The provision is effective as if included in the section of the Taxpayer Relief Act of 1997 that contained the rule excluding certain elective deferrals (and earnings thereon) from the definition of individual account plan.

CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment.

F. PERIODIC PENSION BENEFIT STATEMENTS (SEC. 506 OF THE SENATE AMENDMENT AND SEC. 105(A) OF ERISA)

PRESENT LAW

Title I of ERISA provides that a pension plan administrator must furnish a benefit statement to any participant or beneficiary who makes a written request for such a statement. This statement must indicate, on the basis of the latest available information, (1) the participant's or beneficiary's total accrued benefit, and (2) the participant's or beneficiary's vested accrued benefit or the earliest date on which the accrued benefit will become vested. A participant or beneficiary is not entitled to receive more than 1 benefit statement during any 12-month period. The plan administrator must furnish the benefit statement no later than 60 days after receipt of the request or, if later, 120 days after the close of the immediately preceding plan year.

In addition, the plan administrator must furnish a benefit statement to each participant whose employment terminates or who has a 1-year break in service. For purposes of this benefit statement requirement, a ''1-year break in service'' is a calendar year, plan year, or other 12-month period designated by the plan during which the participant does not complete more than 500 hours of service for the employer. A participant is not entitled to receive more than 1 benefit statement with respect to consecutive breaks in service. The plan administrator must provide a benefit statement required upon termination of employment or a break in service no later than 180 days after the end of the plan year in which the termination of employment or break in service occurs.

HOUSE BILL

No provision.

SENATE AMENDMENT

A plan administrator of a defined contribution plan generally is required to furnish a benefit statement to each participant at least once annually and to a beneficiary upon written request.

In addition to providing a benefit statement to a participant or beneficiary upon written request, the plan administrator of a defined benefit plan generally is required either (1) to furnish a benefit statement at least once every 3 years to each participant who has a vested accrued benefit and who is employed by the employer at the time the plan administrator furnishes the benefit statements to participants, or (2) to annually furnish written, electronic, telephonic, or other appropriate notice to each participant of the availability of and the manner in which the participant may obtain the benefit statement.

The plan administrator of a multiemployer plan or a multiple employer plan is required to furnish a benefit statement only upon written request of a participant or beneficiary.[55]

The plan administrator is required to write the benefit statement in a manner calculated to be understood by the average plan participant and is permitted to furnish the statement in written, electronic, telephonic, or other appropriate form.

Effective date.—The provision is effective for plan years beginning after December 31, 2000.

CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment, with the following modifications. The conference agreement authorizes the Secretary of Labor to provide that years in which no employee or former employee benefits under a plan need not be taken into account in determining the applicable 3-year period.

Effective date.—The conference agreement is effective for plan years beginning after December 31, 2001.

G. PROHIBITED ALLOCATIONS OF STOCK IN AN S CORPORATION ESOP (SEC. 506 OF THE HOUSE BILL, SEC. 507 OF THE SENATE AMENDMENT, AND SECS. 409 AND 4979A OF THE CODE)

PRESENT LAW

The Small Business Job Protection Act of 1996 allowed qualified retirement plan trusts described in section 401(a) to own stock in an S corporation. That Act treated the plan's share of the S corporation's income (and gain on the disposition of the stock) as includible in full in the trust's unrelated business taxable income (''UBTI'').

The Tax Relief Act of 1997 repealed the provision treating items of income or loss of an S corporation as UBTI in the case of an employee stock ownership plan (''ESOP''). Thus, the income of an S corporation allocable to an ESOP is not subject to current taxation.

Present law provides a deferral of income on the sales of certain employer securities to an ESOP (sec. 1042). A 50-percent excise tax is imposed on certain prohibited allocations of securities acquired by an ESOP in a transaction to which section 1042 applies. In addition, such allocations are currently includible in the gross income of the individual receiving the prohibited allocation.

HOUSE BILL

In general

Under the provision, if there is a nonallocation year with respect to an ESOP maintained by an S corporation: (1) the amount allocated in a prohibited allocation to an individual who is a disqualified person is treated as distributed to such individual (i.e., the value of the prohibited allocation is includible in the gross income of the individual receiving the prohibited allocation); (2) an excise tax is imposed on the S corporation equal to 50 percent of the amount involved in a prohibited allocation; and (3) an excise tax is imposed on the S corporation with respect to any synthetic equity owned by a disqualified person.[56]

[55] A multiple employer plan is a plan that is maintained by 2 or more unrelated employers but that is not maintained pursuant to a collective-bargaining agreement (sec. 413(c)).

[56] The plan is not disqualified merely because an excise tax is imposed under the provision.

It is intended that the provision will limit the establishment of ESOPs by S corporations to those that provide broad-based employee coverage and that benefit rank-and-file employees as well as highly compensated employees and historical owners.

Definition of nonallocation year

A nonallocation year means any plan year of an ESOP holding shares in an S corporation if, at any time during the plan year, disqualified persons own at least 50 percent of the number of outstanding shares of the S corporation.

A person is a disqualified person if the person is either (1) a member of a ''deemed 20-percent shareholder group'' or (2) a ''deemed 10–percent shareholder.'' A person is a member of a ''deemed 20-percent shareholder group'' if the aggregate number of deemed-owned shares of the person and his or her family members is at least 20 percent of the number of deemed-owned shares of stock in the S corporation.[57] A person is a deemed 10-percent shareholder if the person is not a member of a deemed 20-percent shareholder group and the number of the person's deemed-owned shares is at least 10 percent of the number of deemed-owned shares of stock of the corporation.

In general, ''deemed-owned shares'' means: (1) stock allocated to the account of an individual under the ESOP, and (2) an individual's share of unallocated stock held by the ESOP. An individual's share of unallocated stock held by an ESOP is determined in the same manner as the most recent allocation of stock under the terms of the plan.

For purposes of determining whether there is a nonallocation year, ownership of stock generally is attributed under the rules of section 318,[58] except that: (1) the family attribution rules are modified to include certain other family members, as described below, (2) option attribution does not apply (but instead special rules relating to synthetic equity described below apply), and (3) ''deemed-owned shares'' held by the ESOP are treated as held by the individual with respect to whom they are deemed owned.

Under the provision, family members of an individual include (1) the spouse[59] of the individual, (2) an ancestor or lineal descendant of the individual or his or her spouse, (3) a sibling of the individual (or the individual's spouse) and any lineal descendant of the brother or sister, and (4) the spouse of any person described in (2) or (3).

The provision contains special rules applicable to synthetic equity interests. Except to the extent provided in regulations, the stock on which a synthetic equity interest is based is treated as outstanding stock of the S corporation and as deemed-owned shares of the person holding the synthetic equity interest if such treatment would result in the treatment of any person as a disqualified person or the treatment of any year as a nonallocation year. Thus, for example, disqualified persons for a year include those individuals who are disqualified persons under the general rule (i.e., treating only those shares held by the ESOP as deemed-owned shares) and those individuals who are disqualified individuals if synthetic equity interests are treated as deemed-owned shares.

''Synthetic equity'' means any stock option, warrant, restricted stock, deferred issuance stock right, or similar interest that gives the holder the right to acquire or receive stock of the S corporation in the future. Except to the extent provided in regulations, synthetic equity also includes a stock appreciation right, phantom stock unit, or similar right to a future cash payment based on the value of such stock or appreciation in such value.[60]

Ownership of synthetic equity is attributed in the same manner as stock is attributed under the provision (as described above). In addition, ownership of synthetic equity is attributed under the rules of section 318(a)(2) and (3) in the same manner as stock.

Definition of prohibited allocation

An ESOP of an S corporation is required to provide that no portion of the assets of the plan attributable to (or allocable in lieu of) S corporation stock may, during a nonallocation year, accrue (or be allocated directly or indirectly under any qualified plan of the S corporation) for the benefit of a disqualified person. A ''prohibited allocation'' refers to violations of this provision. A prohibited allocation occurs, for example, if income on S corporation stock held by an ESOP is allocated to the account of an individual who is a disqualified person.

Application of excise tax

In the case of a prohibited allocation, the S corporation is liable for an excise tax equal to 50 percent of the amount of the allocation. For example, if S corporation stock is allocated in a prohibited allocation, the excise tax is equal to 50 percent of the fair market value of such stock.

A special rule applies in the case of the first nonallocation year, regardless of whether there is a prohibited allocation. In that year, the excise tax also applies to the fair market value of the deemed-owned shares of any disqualified person held by the ESOP, even though those shares are not allocated to the disqualified person in that year.

As mentioned above, the S corporation also is liable for an excise tax with respect to any synthetic equity interest owned by any disqualified person in a nonallocation year. The excise tax is 50 percent of the value of the shares on which synthetic equity is based.

Treasury regulations

The Treasury Department is given the authority to prescribe such regulations as may be necessary to carry out the purposes of the provision.

Effective date

The provision generally is effective with respect to plan years beginning after December 31, 2001. In the case of an ESOP established after July 11, 2000, or an ESOP established on or before such date if the employer maintaining the plan was not an S corporation on such date, the proposal is effective with respect to plan years ending after July 11, 2000.

SENATE AMENDMENT

The Senate amendment is the same as the House bill.

CONFERENCE AGREEMENT

The conference agreement follows the House bill and the Senate amendment.

Subtitle F. Reducing Regulatory Burdens (secs. 451–464 of the bill)

A. MODIFICATION OF TIMING OF PLAN VALUATIONS (SEC. 601 OF THE HOUSE BILL, SEC. 601 OF THE SENATE AMENDMENT, AND SEC. 412 OF THE CODE)

PRESENT LAW

Under present law, plan valuations are generally required annually for plans subject to the minimum funding rules. Under proposed Treasury regulations, except as provided by the Commissioner, the valuation must be as of a date within the plan year to which the valuation refers or within the month prior to the beginning of that year.[61]

HOUSE BILL

The provision incorporates into the statute the proposed regulation regarding the date of valuations. The provision also provides, as an exception to this general rule, that the valuation date with respect to a plan year may be any date within the immediately preceding plan year if, as of such date, plan assets are not less than 125 percent of the plan's current liability. Information determined as of such date is required to be adjusted actuarially, in accordance with Treasury regulations, to reflect significant differences in plan participants. An election to use a prior plan year valuation date, once made, may only be revoked with the consent of the Secretary.

Effective date.—The provision is effective for plan years beginning after December 31, 2000.

SENATE AMENDMENT

The Senate amendment is the same as the House bill.[62]

CONFERENCE AGREEMENT

The conference agreement follows the House bill and the Senate amendment.[63]

B. ESOP DIVIDENDS MAY BE REINVESTED WITHOUT LOSS OF DIVIDEND DEDUCTION (SEC. 602 OF THE HOUSE BILL, SEC. 602 OF THE SENATE AMENDMENT, AND SEC. 404 OF THE CODE)

PRESENT LAW

An employer is entitled to deduct certain dividends paid in cash during the employer's taxable year with respect to stock of the employer that is held by an employee stock ownership plan (''ESOP''). The deduction is allowed with respect to dividends that, in accordance with plan provisions, are (1) paid in cash directly to the plan participants or their beneficiaries, (2) paid to the plan and subsequently distributed to the participants or beneficiaries in cash no later than 90 days after the close of the plan year in which the dividends are paid to the plan, or (3) used to make payments on loans (including payments of interest as well as principal) that were used to acquire the employer securities (whether or not allocated to participants) with respect to which the dividend is paid.

The Secretary may disallow the deduction for any ESOP dividend if he determines that the dividend constitutes, in substance, an evasion of taxation (sec. 404(k)(5)).

HOUSE BILL

In addition to the deductions permitted under present law for dividends paid with respect to employer securities that are held by an ESOP, an employer is entitled to deduct dividends that, at the election of plan participants or their beneficiaries, are (1) payable in cash directly to plan participants or

[57] A family member of a member of a ''deemed 20-percent shareholder group'' with deemed owned shares also is treated as a disqualified person.

[58] These attribution rules also apply to stock treated as owned by reason of the ownership of synthetic equity.

[59] As under section 318, an individual's spouse is not treated as a member of the individual's family if the spouses are legally separated.

[60] The provisions relating to synthetic equity do not modify the rules relating to S corporations, e.g., the circumstances in which options or similar interests are treated as creating a second class of stock.

[61] Prop. reg. sec. 1.412(c)(9)–1(b)(1).

[62] The Senate amendment also amends the corresponding provisions of ERISA.

[63] The conference agreement also amends the corresponding provisions of ERISA.

beneficiaries, (2) paid to the plan and subsequently distributed to the participants or beneficiaries in cash no later than 90 days after the close of the plan year in which the dividends are paid to the plan, or (3) paid to the plan and reinvested in qualifying employer securities.

As under present law, the Secretary may disallow the deduction for any ESOP dividend if he determines that the dividend constitutes, in substance, an evasion of taxation (sec. 404(k)(5)).

Effective date.—The provision is effective for taxable years beginning after December 31, 2000.

SENATE AMENDMENT

The Senate amendment is the same as the House bill.

CONFERENCE AGREEMENT

The conference agreement follows the House bill and the Senate amendment, with the following modification. The conference agreement permits the Secretary of the Treasury to disallow the deduction for any ESOP dividend in the case of any dividend that constitutes the avoidance or evasion of taxation. For example, it is intended that the Secretary will disallow the deduction as an avoidance or evasion of taxation in circumstances similar to those that would result in a nonallocation year under the provision of the bill relating to S corporation ESOPs. The dividends deductible under the provision are treated the same as other plan earnings, i.e., they are not subject to the limits on elective deferrals or the special nondiscrimination rules applicable to section 401(k) plans, and are not treated as annual additions for purposes of the section 415 limits on contributions.

C. REPEAL TRANSITION RULE RELATING TO CERTAIN HIGHLY COMPENSATED EMPLOYEES (SEC. 603 OF THE HOUSE BILL, SEC. 603 OF THE SENATE AMENDMENT, AND SEC. 1114(C)(4) OF THE TAX REFORM ACT OF 1986)

PRESENT LAW

Under present law, for purposes of the rules relating to qualified plans, a highly compensated employee is generally defined as an employee[64] who (1) was a 5-percent owner of the employer at any time during the year or the preceding year or (2) either (a) had compensation for the preceding year in excess of $85,000 (for 2000) or (b) at the election of the employer, had compensation in excess of $85,000 for the preceding year and was in the top 20 percent of employees by compensation for such year.

Under a rule enacted in the Tax Reform Act of 1986, a special definition of highly compensated employee applies for purposes of the nondiscrimination rules relating to qualified cash or deferred arrangements (''section 401(k) plans'') and matching contributions. This special definition applies to an employer incorporated on December 15, 1924, that meets certain specific requirements.

HOUSE BILL

The provision repeals the special definition of highly compensated employee under the Tax Reform Act of 1986. Thus, the present-law definition applies.

Effective date.—The provision is effective for plan years beginning after December 31, 2000.

SENATE AMENDMENT

The Senate amendment is the same as the House bill.

CONFERENCE AGREEMENT

The conference agreement follows the House bill and the Senate amendment.

D. EMPLOYEES OF TAX-EXEMPT ENTITIES (SEC. 604 OF THE HOUSE BILL AND SEC. 604 OF THE SENATE AMENDMENT)

PRESENT LAW

The Tax Reform Act of 1986 provided that nongovernmental tax-exempt employers were not permitted to maintain a qualified cash or deferred arrangement (''section 401(k) plan''). This prohibition was repealed, effective for years beginning after December 31, 1996, by the Small Business Job Protection Act of 1996.

Treasury regulations provide that, in applying the nondiscrimination rules to a section 401(k) plan (or a section 401(m) plan that is provided under the same general arrangement as the section 401(k) plan), the employer may treat as excludable those employees of a tax-exempt entity who could not participate in the arrangement due to the prohibition on maintenance of a section 401(k) plan by such entities. Such employees may be disregarded only if more than 95 percent of the employees who could participate in the section 401(k) plan benefit under the plan for the plan year.[65]

Tax-exempt charitable organizations may maintain a tax-sheltered annuity (a ''section 403(b) annuity'') that allows employees to make salary reduction contributions.

HOUSE BILL

The Treasury Department is directed to revise its regulations under section 410(b) to provide that employees of a tax-exempt charitable organization who are eligible to make salary reduction contributions under a section 403(b) annuity may be treated as excludable employees for purposes of testing a section 401(k) plan, or a section 401(m) plan that is provided under the same general arrangement as the section 401(k) plan of the employer, if (1) no employee of such tax-exempt entity is eligible to participate in the section 401(k) or 401(m) plan and (2) at least 95 percent of the employees who are not employees of the charitable employer are eligible to participate in such section 401(k) plan or section 401(m) plan.

The revised regulations are to be effective for years beginning after December 31, 1996.

Effective date.—The provision is effective on the date of enactment.

SENATE AMENDMENT

The Senate amendment is the same as the House bill.

CONFERENCE AGREEMENT

The conference agreement follows the House bill and the Senate amendment.

E. TREATMENT OF EMPLOYER-PROVIDED RETIREMENT ADVICE (SEC. 605 OF THE HOUSE BILL, SEC. 605 OF THE SENATE AMENDMENT, AND SEC. 132 OF THE CODE)

PRESENT LAW

Under present law, certain employer-provided fringe benefits are excludable from gross income (sec. 132) and wages for employment tax purposes. These excludable fringe benefits include working condition fringe benefits and de minimis fringes. In general, a working condition fringe benefit is any property or services provided by an employer to an employee to the extent that, if the employee paid for such property or services, such payment would be allowable as a deduction as a business expense. A de minimis fringe benefit is any property or services provided by the employer the value of which, after taking into account the frequency with which similar fringes are provided, is so small as to make accounting for it unreasonable or administratively impracticable.

In addition, if certain requirements are satisfied, up to $5,250 annually of employer-provided educational assistance is excludable from gross income (sec. 127) and wages. This exclusion expires with respect to courses beginning after December 31, 2001.[66] Education not excludable under section 127 may be excludable as a working condition fringe.

There is no specific exclusion under present law for employer-provided retirement planning services. However, such services may be excludable as employer-provided educational assistance or a fringe benefit.

HOUSE BILL

Qualified retirement planning services provided to an employee and his or her spouse by an employer maintaining a qualified plan are excludable from income and wages. Qualified retirement planning services are advice and information regarding retirement planning. The exclusion is not limited to information regarding the qualified plan, and, thus, for example, applies to advice and information regarding retirement income planning for an individual and his or her spouse and how the employer's plan fits into the individual's overall retirement income plan. On the other hand, the exclusion does not apply to services that may be related to retirement planning, such as tax preparation, accounting, legal, or brokerage services.

The exclusion does not apply with respect to highly compensated employees unless the 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 plan.

Effective date.—The provision is effective with respect to years beginning after December 31, 2000.

SENATE AMENDMENT

The Senate amendment is the same as the House bill.

CONFERENCE AGREEMENT

The conference agreement follows the House bill and the Senate amendment. The conferees intend that the provision will clarify the treatment of retirement advice provided in a nondiscriminatory manner. It is intended that the Secretary, in determining the application of the exclusion to highly compensated employees, may permit employers to take into consideration employee circumstances other than compensation and position in providing advice to classifications of employees. Thus, for example, the Secretary may permit employers to limit certain advice to individuals nearing retirement age under the plan.

F. REPORTING SIMPLIFICATION (SEC. 606 OF THE HOUSE BILL AND SEC. 606 OF THE SENATE AMENDMENT)

PRESENT LAW

A plan administrator of a pension, annuity, stock bonus, profit-sharing or other funded plan of deferred compensation generally must file with the Secretary of the Treasury an annual return for each plan year containing certain information with respect to the qualification, financial condition, and operation of the plan. Title I of ERISA also may require the plan administrator to file annual reports concerning the plan with the

[64] An employee includes a self-employed individual.

[65] Treas. Reg. sec. 1.410(b)–6(g).

[66] The exclusion does not apply with respect to graduate-level courses.

Department of Labor and the Pension Benefit Guaranty Corporation (''PBGC''). The plan administrator must use the Form 5500 series as the format for the required annual return.[67] The Form 5500 series annual return/report, which consists of a primary form and various schedules, includes the information required to be filed with all three agencies. The plan administrator satisfies the reporting requirement with respect to each agency by filing the Form 5500 series annual return/report with the Department of Labor, which forwards the form to the Internal Revenue Service and the PBGC.

The Form 5500 series consists of 3 different forms: Form 5500, Form 5500–C/R, and Form 5500–EZ. Form 5500 is the most comprehensive of the forms and requires the most detailed financial information. Form 5500–C/R requires less information than Form 5500, and Form 5500–EZ, which consists of only 1 page, is the simplest of the forms.

The size of the plan determines which form a plan administrator must file. If the plan has more than 100 participants at the beginning of the plan year, the plan administrator generally must file Form 5500. If the plan has fewer than 100 participants at the beginning of the plan year, the plan administrator generally may file Form 5500–C/R. A plan administrator generally may file Form 5500–EZ if (1) the only participants in the plan are the sole owner of a business that maintains the plan (and such owner's spouse), or partners in a partnership that maintains the plan (and such partners' spouses), (2) the plan is not aggregated with another plan in order to satisfy the minimum coverage requirements of section 410(b), (3) the employer is not a member of a related group of employers, and (4) the employer does not receive the services of leased employees. If the plan satisfies the eligibility requirements for Form 5500–EZ and the total value of the plan assets as of the end of the plan year and all prior plan years does not exceed $100,000, the plan administrator is not required to file a return.

HOUSE BILL

The Secretary of the Treasury is directed to provide for the filing of a simplified annual return substantially similar to the Form 5500–EZ by a plan that (1) covers less than 25 employees on the first day of the plan year, (2) is not aggregated with another plan in order to satisfy the minimum coverage requirements of section 410(b), (3) is maintained by an employer that is not a member of a related group of employers, and (4) is maintained by an employer that does not receive the services of leased employees.

In addition, the Secretary is directed to modify the annual return filing requirements with respect to plans that satisfy the eligibility requirements for Form 5500–EZ to provide that if the total value of the plan assets of such a plan as of the end of the plan year and all prior plan years does not exceed $250,000, the plan administrator is not required to file a return.

Effective date.—The provision is effective on January 1, 2001.

SENATE AMENDMENT

The Senate amendment is the same as the House bill, except that the Senate amendment does not include the provision relating to annual returns for plans that cover less than 25 employees.

CONFERENCE AGREEMENT

The conference agreement follows the Senate bill, with the following modification. The conference agreement directs the Secretary of the Treasury to provide simplified reporting requirements for plan years beginning after December 31, 2001, for certain plans with fewer than 25 employees.

G. IMPROVEMENT TO EMPLOYEE PLANS COMPLIANCE RESOLUTION SYSTEM (SEC. 607 OF THE HOUSE BILL AND SEC. 607 OF THE SENATE AMENDMENT)

PRESENT LAW

A retirement plan that is intended to be a tax-qualified plan provides retirement benefits on a tax-favored basis if the plan satisfies all of the requirements of section 401(a). Similarly, an annuity that is intended to be a tax-sheltered annuity provides retirement benefits on a tax-favored basis if the program satisfies all of the requirements of section 403(b). Failure to satisfy all of the applicable requirements of section 401(a) or section 403(b) may disqualify a plan or annuity for the intended tax-favored treatment.

The Internal Revenue Service (''IRS'') has established the Employee Plans Compliance Resolution System (''EPCRS''), which is a comprehensive system of correction programs for sponsors of retirement plans and annuities that are intended, but have failed, to satisfy the requirements of section 401(a) and section 403(b), as applicable.[68] EPCRS permits employers to correct compliance failures and continue to provide their employees with retirement benefits on a tax-favored basis.

The IRS has designed EPCRS to (1) encourage operational and formal compliance, (2) promote voluntary and timely correction of compliance failures, (3) provide sanctions for compliance failures identified on audit that are reasonable in light of the nature, extent, and severity of the violation, (4) provide consistent and uniform administration of the correction programs, and (5) permit employers to rely on the availability of EPCRS in taking corrective actions to maintain the tax-favored status of their retirement plans and annuities.

The basic elements of the programs that comprise EPCRS are self-correction, voluntary correction with IRS approval, and correction on audit. The Administrative Policy Regarding Self-Correction (''APRSC'') permits a plan sponsor that has established compliance practices to correct certain insignificant failures at any time (including during an audit), and certain significant failures within a 2–year period, without payment of any fee or sanction. The Voluntary Compliance Resolution (''VCR'') program, the Walk-In Closing Agreement Program (''Walk-In CAP''), and the Tax-Sheltered Annuity Voluntary Correction (''TVC'') program permit an employer, at any time before an audit, to pay a limited fee and receive IRS approval of a correction. For a failure that is discovered on audit and corrected, the Audit Closing Agreement Program (''Audit CAP'') provides for a sanction that bears a reasonable relationship to the nature, extent, and severity of the failure and that takes into account the extent to which correction occurred before audit.

The IRS has expressed its intent that EPCRS will be updated and improved periodically in light of experience and comments from those who use it.

HOUSE BILL

The Secretary of the Treasury is directed to continue to update and improve EPCRS, giving special attention to (1) increasing the awareness and knowledge of small employers concerning the availability and use of EPCRS, (2) taking into account special concerns and circumstances that small employers face with respect to compliance and correction of compliance failures, (3) extending the duration of the self-correction period under APRSC for significant compliance failures, (4) expanding the availability to correct insignificant compliance failures under APRSC during audit, and (5) assuring that any tax, penalty, or sanction that is imposed by reason of a compliance failure is not excessive and bears a reasonable relationship to the nature, extent, and severity of the failure.

Effective date.—The provision is effective on the date of enactment.

SENATE AMENDMENT

The Senate amendment is the same as the House bill.

CONFERENCE AGREEMENT

The conference agreement follows the House bill and the Senate amendment.

H. REPEAL OF THE MULTIPLE USE TEST (SEC. 608 OF THE HOUSE BILL, SEC. 608 OF THE SENATE AMENDMENT, AND SEC. 401(M) OF THE CODE)

PRESENT LAW

Elective deferrals under a qualified cash or deferred arrangement (''section 401(k) plan'') are subject to a special annual nondiscrimination test (''ADP test''). The ADP test compares the actual deferral percentages (''ADPs'') of the highly compensated employee group and the nonhighly compensated employee group. The ADP for each group generally is the average of the deferral percentages separately calculated for the employees in the group who are eligible to make elective deferrals for all or a portion of the relevant plan year. Each eligible employee's deferral percentage generally is the employee's elective deferrals for the year divided by the employee's compensation for the year.

The plan generally satisfies the ADP test if the ADP of the highly compensated employee group for the current plan year is either (1) not more than 125 percent of the ADP of the nonhighly compensated employee group for the prior plan year, or (2) not more than 200 percent of the ADP of the nonhighly compensated employee group for the prior plan year and not more than 2 percentage points greater than the ADP of the nonhighly compensated employee group for the prior plan year.

Employer matching contributions and after-tax employee contributions under a defined contribution plan also are subject to a special annual nondiscrimination test (''ACP test''). The ACP test compares the actual deferral percentages (''ACPs'') of the highly compensated employee group and the nonhighly compensated employee group. The ACP for each group generally is the average of the contribution percentages separately calculated for the employees in the group who are eligible to make after-tax employee contributions or who are eligible for an allocation of matching contributions for all or a portion of the relevant plan year. Each eligible employee's contribution percentage generally is the employee's aggregate after-tax employee contributions and matching contributions for the year divided by the employee's compensation for the year.

The plan generally satisfies the ACP test if the ACP of the highly compensated employee group for the current plan year is either (1) not more than 125 percent of the ACP of the nonhighly compensated employee group for the prior plan year, or (2) not more

[67] Treas. Reg. sec. 301.6058–1(a).

[68] Rev. Proc. 98–22, 1998–12 I.R.B. 11, as modified by Rev. Proc. 99–13, 1999–5, I.R.B. 52.

than 200 percent of the ACP of the nonhighly compensated employee group for the prior plan year and not more than 2 percentage points greater than the ACP of the nonhighly compensated employee group for the prior plan year.

For any year in which (1) at least one highly compensated employee is eligible to participate in an employer's plan or plans that are subject to both the ADP test and the ACP test, (2) the plan subject to the ADP test satisfies the ADP test but the ADP of the highly compensated employee group exceeds 125 percent of the ADP of the nonhighly compensated employee group, and (3) the plan subject to the ACP test satisfies the ACP test but the ACP of the highly compensated employee group exceeds 125 percent of the ACP of the nonhighly compensated employee group, an additional special nondiscrimination test (''multiple use test'') applies to the elective deferrals, employer matching contributions, and after-tax employee contributions. The plan or plans generally satisfy the multiple use test if the sum of the ADP and the ACP of the highly compensated employee group does not exceed the greater of (1) the sum of (A) 1.25 times the greater of the ADP or the ACP of the nonhighly compensated employee group, and (B) 2 percentage points plus (but not more than 2 times) the lesser of the ADP or the ACP of the nonhighly compensated employee group, or (2) the sum of (A) 1.25 times the lesser of the ADP or the ACP of the nonhighly compensated employee group, and (B) 2 percentage points plus (but not more than 2 times) the greater of the ADP or the ACP of the nonhighly compensated employee group.

HOUSE BILL

The provision repeals the multiple use test.

Effective date.—The provision is effective for years beginning after December 31, 2000.

SENATE AMENDMENT

The Senate amendment is the same as the House bill.

CONFERENCE AGREEMENT

The conference agreement follows the House bill and the Senate amendment.

I. FLEXIBILITY IN NONDISCRIMINATION, COVERAGE, AND LINE OF BUSINESS RULES (SEC. 609 OF THE HOUSE BILL, SEC. 609 OF THE SENATE AMENDMENT AND SECS. 401(A)(4), 410(B), AND 414(R) OF THE CODE)

PRESENT LAW

A plan is not a qualified retirement plan if the contributions or benefits provided under the plan discriminate in favor of highly compensated employees (sec. 401(a)(4)). The applicable Treasury regulations set forth the exclusive rules for determining whether a plan satisfies the nondiscrimination requirement. These regulations state that the form of the plan and the effect of the plan in operation determine whether the plan is nondiscriminatory and that intent is irrelevant.

Similarly, a plan is not a qualified retirement plan if the plan does not benefit a minimum number of employees (sec. 410(b)). A plan satisfies this minimum coverage requirement if and only if it satisfies one of the tests specified in the applicable Treasury regulations. If an employer is treated as operating separate lines of business, the employer may apply the minimum coverage requirements to a plan separately with respect to the employees in each separate line of business (sec. 414(r)). Under a so-called ''gateway'' requirement, however, the plan must benefit a classification of employees that does not discriminate in favor of highly compensated employees in order for the employer to apply the minimum coverage requirements separately for the employees in each separate line of business. A plan satisfies this gateway requirement only if it satisfies one of the tests specified in the applicable Treasury regulations.

HOUSE BILL

The Secretary of the Treasury is directed to provide by regulation applicable to years beginning after December 31, 2000, that a plan is deemed to satisfy the nondiscrimination requirements of section 401(a)(4) if the plan satisfies the pre-1994 facts and circumstances test, satisfies the conditions prescribed by the Secretary to appropriately limit the availability of such test,[69] and is submitted to the Secretary for a determination of whether it satisfies such test (to the extent provided by the Secretary).

Similarly, a plan complies with the minimum coverage requirement of section 410(b) if the plan satisfies the pre-1989 coverage rules, is submitted to the Secretary for a determination of whether it satisfies the pre-1989 coverage rules (to the extent provided by the Secretary), and satisfies conditions prescribed by the Secretary by regulation that appropriately limit the availability of the pre-1989 coverage rules.[70]

The Secretary of the Treasury is directed to modify, on or before December 31, 2000, the existing regulations issued under section 414(r) in order to expand (to the extent that the Secretary may determine to be appropriate) the ability of a plan to demonstrate compliance with the line of business requirements based upon the facts and circumstances surrounding the design and operation of the plan, even though the plan is unable to satisfy the mechanical tests currently used to determine compliance.

Effective date.—The provision is effective on the date of enactment.

SENATE AMENDMENT

The Senate amendment is the same as the House bill, with the following modification. The Senate amendment provides that the regulations required with respect to the nondiscrimination requirements of section 401(a)(4), the minimum coverage requirements of section 410(b), and the line of business requirements of section 414(r) are to be issued or effective, whichever is applicable, by December 31, 2001.

CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment, with the following modification. The conference agreement provides that the regulations required with respect to the nondiscrimination requirements of section 401(a)(4), the minimum coverage requirements of section 410(b), and the line of business requirements of section 414(r) are to be issued or effective, whichever is applicable, by December 31, 2002.

J. EXTENSION TO ALL GOVERNMENTAL PLANS OF MORATORIUM ON APPLICATION OF CERTAIN NONDISCRIMINATION RULES APPLICABLE TO STATE AND LOCAL GOVERNMENT PLANS (SEC. 610 OF THE HOUSE BILL, SEC. 610 OF THE SENATE AMENDMENT, AND SEC. 1505 OF THE TAXPAYER RELIEF ACT OF 1997, AND SECS. 401(A) AND 401(K) OF THE CODE)

PRESENT LAW

All governmental plans are exempt from the minimum coverage requirements (sec. 410(b)). A qualified retirement plan maintained by a State or local government is exempt from the rules concerning nondiscrimination (sec. 401(a)(4)) and minimum participation (sec. 401(a)(26)). All other governmental plans are not exempt from the nondiscrimination and minimum participation rules.

HOUSE BILL

The provision exempts all governmental plans (as defined in sec. 414(d)) from the nondiscrimination and minimum participation rules.

Effective date.—The provision is effective for plan years beginning after December 31, 2000.

SENATE AMENDMENT

The Senate amendment is the same as the House bill.

CONFERENCE AGREEMENT

The conference agreement follows the House bill and the Senate amendment.

K. NOTICE AND CONSENT PERIOD REGARDING DISTRIBUTIONS; DISCLOSURE OF OPTIONAL FORMS OF BENEFIT (SEC. 611 OF THE HOUSE BILL, SEC. 611 OF THE SENATE AMENDMENT, AND SECS. 402(F), 411, AND 417 OF THE CODE)

PRESENT LAW

Notice and consent requirements apply to certain distributions from qualified retirement plans. These requirements relate to the content and timing of information that a plan must provide to a participant prior to a distribution, and to whether the plan must obtain the participant's consent to the distribution. The nature and extent of the notice and consent requirements applicable to a distribution depend upon the value of the participant's vested accrued benefit and whether the joint and survivor annuity requirements (sec. 417) apply to the participant.[71]

If the present value of the participant's vested accrued benefit exceeds $5,000, the plan may not distribute the participant's benefit without the written consent of the participant. The participant's consent to a distribution is not valid unless the participant has received from the plan a notice that contains a written explanation of (1) the material features and the relative values of the optional forms of benefit available under the plan, (2) the participant's right, if any, to have the distribution directly transferred to another retirement plan or IRA, and (3) the rules concerning the taxation of a distribution. If the joint and survivor annuity requirements apply to the participant, this notice also must contain a written explanation of (1) the terms and conditions of the qualified joint and survivor annuity (''QJSA''), (2) the participant's right to make, and the effect of, an election to waive the QJSA, (3) the rights of the participant's spouse with respect to a participant's waiver of the QJSA, and (4) the right to make, and the effect of, a revocation of a waiver of the QJSA. The plan generally must provide this notice

[69] Any conditions prescribed by the Secretary cannot be effective before the first year beginning not less than 120 days after the date on which the condition is prescribed.

[70] Any conditions prescribed by the Secretary cannot be effective before the first year beginning not less than 120 days after the date on which the condition is prescribed.

[71] Similar provisions are contained in Title I of ERISA.

to the participant no less than 30 and no more than 90 days before the date distribution commences.

If the participant's vested accrued benefit does not exceed $5,000, the terms of the plan may provide for distribution without the participant's consent. The plan generally is required, however, to provide to the participant a notice that contains a written explanation of (1) the participant's right, if any, to have the distribution directly transferred to another retirement plan or IRA, and (2) the rules concerning the taxation of a distribution. The plan generally must provide this notice to the participant no less than 30 and no more than 90 days before the date distribution commences.

The plan administrator is required to provide to the distributee of an eligible rollover distribution an explanation of the rollover and withholding rules applicable to the distribution. This notice must generally be provided no less than 30 days and not more than 90 days before the date of the distribution.

HOUSE BILL

A qualified retirement plan is required to provide the applicable distribution notice no less than 30 days and no more than 180 days before the date distribution commences. The Secretary of the Treasury is directed to modify the applicable regulations to reflect the extension of the notice period to 180 days and 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.

Effective date.—The provision is effective for years beginning after December 31, 2000.

SENATE AMENDMENT

The Senate amendment is the same as the House bill with respect to the notice and consent period regarding distributions.

In addition, the Senate amendment requires that plan participants be notified of the existence of certain differences between the values of optional forms of benefit. If a plan provides optional forms of benefits and the present values of such optional forms of benefits are not actuarially equivalent as of the annuity starting date, then the plan is required to provide certain information regarding such benefits in the notice required to be provided regarding joint and survivor annuities. The information must be sufficient (as determined in accordance with Treasury regulations) to allow the participant to understand the differences in the present values of the optional forms of benefits and the effect the participant's election as to the form of benefit will have on the value of the benefits provided under the plan. The information must be provided in a manner calculated to be reasonably understood by the average plan participant.

Effective date.—Same as the House bill.

CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment, with the following modification. With respect to the disclosure of the differences between the values of optional forms of benefits, the conference agreement directs the Secretary of the Treasury to issue, not later than December 31, 2001, final regulations under section 417(a)(3). These regulations are to provide that, if a defined benefit plan offers both a qualified joint and survivor annuity and a single sum optional form of benefit, and the distributable amount under such single sum option is less than the present value (determined in accordance with section 417(e)) of the qualified joint and survivor annuity commencing as of the same annuity starting date, the applicable distribution notice shall include sufficient information to permit the participant to understand the difference between the present value of the qualified joint and survivor annuity and the amount of the single sum. If the plan offers an unmarried participant one or more annuity options that are substantially more valuable than the qualified joint and survivor annuity offered by the plan, the required comparison shall be made between the single sum option and the most valuable of the other annuity options. The conference agreement provides that the regulations shall apply to distributions made not earlier than 6 months after the date the regulations are issued.

L. ANNUAL REPORT DISSEMINATION (SEC. 612 OF THE SENATE AMENDMENT AND SEC. 104(B)(3) OF ERISA)

PRESENT LAW

Title I of ERISA generally requires the plan administrator of each employee pension benefit plan and each employee welfare benefit plan to file an annual report concerning the plan with the Secretary of Labor within seven months after the end of the plan year. Within nine months after the end of the plan year, the plan administrator generally must provide to each participant and to each beneficiary receiving benefits under the plan a summary of the annual report filed with the Secretary of Labor for the plan year.

HOUSE BILL

No provision.

SENATE AMENDMENT

Within nine months after the end of each plan year, the plan administrator is required to make available for examination a summary of the annual report filed with the Secretary of Labor for the plan year. In addition, the plan administrator is required to furnish the summary to a participant, or to a beneficiary receiving benefits under the plan, upon request.

Effective date.—The provision is effective for reports for years beginning after December 31, 1999.

CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment, with the following modification. The conference agreement provides that the requirement that the summary annual report be provided to participants and beneficiaries is satisfied if the report is reasonably available through electronic means or other new technology.

M. MODIFICATIONS TO THE SAVER ACT (SEC. 613 OF THE SENATE AMENDMENT AND SEC. 517 OF ERISA)

PRESENT LAW

The Savings Are Vital to Everyone's Retirement (''SAVER'') Act[72] initiated a public-private partnership to educate American workers about retirement savings and directed the Department of Labor to maintain an ongoing program of public information and outreach. The Act also convened a National Summit on Retirement Savings held June 4–5, 1998, and to be held again in 2001 and 2005, co-hosted by the President and the bipartisan Congressional leadership. The National Summit brings together experts in the fields of employee benefits and retirement savings, key leaders of government, and interested parties from the private sector and general public. The delegates are selected by the Congressional leadership and the President. The National Summit is a public-private partnership, receiving substantial funding from private sector contributions. The goals of the National Summits are to: (1) advance the public's knowledge and understanding of retirement savings and facilitate the development of a broad-based, public education program; (2) identify the barriers which hinder workers from setting aside adequate savings for retirement and impede employers, especially small employers, from assisting their workers in accumulating retirement savings; and (3) develop specific recommendations for legislative, executive, and private sector actions to promote retirement income savings among American workers.

HOUSE BILL

No provision.

SENATE AMENDMENT

The provision clarifies that future National Summits on Retirement Savings are to be held in the month of September in 2001 and 2005, and would add an additional National Summit in 2009. To facilitate the administration of future National Summits, the Department of Labor is given authority to enter into cooperative agreements (pursuant to the Federal Grant and Cooperative Agreement Act of 1977) with its 1999 summit partner, the American Savings Education Council.

Six new statutory delegates are added to future National Summits: the Chairman and Ranking Member of the House Ways and Means Committee, the Senate Finance Committee, and the Subcommittee on Employer-Employee Relations of the House Committee on Education and the Workforce. Further, the President, in consultation with the Congressional leadership, may appoint up to three percent of the delegates (not to exceed 10) from a list of nominees provided by the private sector partner in Summit administration. The provision also clarifies that new delegates are to be appointed for each future National Summit (as was the intent of the original legislation) and sets deadlines for their appointment.

The provision also sets deadlines for the Department of Labor to publish the Summit agenda, gives the Department of Labor limited reception and representation authority, and mandates that the Department of Labor consult with the Congressional leadership in drafting the post-Summit report.

Effective date.—The provision is effective on the date of enactment.

CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment.

N. STUDIES (SEC. 614 OF THE SENATE AMENDMENT)

PRESENT LAW

No provision.

HOUSE BILL

No provision.

SENATE AMENDMENT

Report on pension coverage

The bill directs the Secretary to report to the Senate Committee on Finance and the House Committee on Ways and Means regarding the effect of the bill on pension coverage, including any expansion of coverage for low- and moderate-income workers, levels of pension benefits, quality of coverage, worker's access to and participation in plans, and retirement security. This report is required to be submitted no later than five years after the date of enactment.

Studies of preretirement uses of benefits and investment decisions

The bill directs the Secretary to conduct a study of the present-law rules that permit

[72] Pub. L. No. 105–92.

individuals to access their IRA or qualified retirement plan benefits prior to retirement, including an analysis of the use of the existing rules and the extent to which such rules undermine the goal of accumulating adequate resources for retirement. In addition, the Secretary of the Treasury is directed to conduct a study of the types of investment decisions made by IRA owners and participants in self-directed qualified retirement plans, including an analysis of the existing restrictions on investments and the extent to which additional restrictions would facilitate the accumulation of adequate income for retirement. The studies are required to be submitted to the Senate Committee on Finance and the House Committee on Ways and Means no later than January 1, 2002.

Effective date

The provisions are effective on the date of enactment.

CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment, with the following modification. The conference agreement does not direct the Secretary to conduct the study relating to pre-retirement access to IRA or qualified retirement plan assets or the study relating to the types of investment decisions made by IRA owners and participants in self-directed qualified retirement plans.

TITLE VII: OTHER ERISA PROVISIONS (SECS. 471–478 OF THE BILL)

A. EXTENSION OF PBGC MISSING PARTICIPANTS PROGRAM (SECS. 206(F) AND 4050 OF ERISA)

PRESENT LAW

The plan administrator of a single-employer defined benefit pension plan that is subject to Title IV of ERISA and terminates under a standard termination is required to distribute the assets of the plan. With respect to a participant whom the plan administrator cannot locate after a diligent search, the plan administrator satisfies the distribution requirement only by purchasing irrevocable commitments from an insurer to provide all benefit liabilities under the plan or transferring the participant's designated benefit to the Pension Benefit Guaranty Corporation (''PBGC''), which holds the benefit of the missing participant as trustee until the PBGC locates the missing participant and distributes the benefit.

The PBGC missing participant program is not available to multiemployer plans or defined contribution plans and other plans not covered by Title IV of ERISA.

HOUSE BILL

No provision.

SENATE AMENDMENT

No provision.

CONFERENCE AGREEMENT

The PBGC is directed to prescribe for terminating multiemployer plans rules similar to the present-law missing participant rules applicable to terminating single employer plans that are subject to Title IV of ERISA.

In addition, plan administrators of certain types of plans not subject to the PBGC termination insurance program under present law are permitted, but not required, to elect to transfer missing participants' benefits to the PBGC upon plan termination. Specifically, the provision extends the missing participants program to defined contribution plans, defined benefit plans that have no more than 25 active participants and are maintained by professional service employers, and the portion of defined benefit plans that provide benefits based upon the separate accounts of participants and therefor are treated as defined contribution plans under ERISA.

Effective date.—The provision is effective for distributions made after final regulations under the provision are prescribed.

B. REDUCE PBGC PREMIUMS FOR SMALL AND NEW PLANS (SEC. 4006 OF ERISA)

PRESENT LAW

Under present law, the Pension Benefit Guaranty Corporation (''PBGC'') provides insurance protection for participants and beneficiaries under certain defined benefit pension plans by guaranteeing certain basic benefits under the plan in the event the plan is terminated with insufficient assets to pay benefits promised under the plan. The guaranteed benefits are funded in part by premium payments from employers who sponsor defined benefit plans. The amount of the required annual PBGC premium for a single-employer plan is generally a flat rate premium of $19 per participant and an additional variable-rate premium based on a charge of $9 per $1,000 of unfunded vested benefits. Unfunded vested benefits under a plan generally means (1) the unfunded current liability for vested benefits under the plan, over (2) the value of the plan's assets, reduced by any credit balance in the funding standard account. No variable-rate premium is imposed for a year if contributions to the plan were at least equal to the full funding limit.

The PBGC guarantee is phased in ratably in the case of plans that have been in effect for less than 5 years, and with respect to benefit increases from a plan amendment that was in effect for less than 5 years before termination of the plan.

HOUSE BILL

No provision.

SENATE AMENDMENT

No provision.

CONFERENCE AGREEMENT

Reduced flat-rate premiums for new plans of small employers

Under the conference agreement, for the first five plan years of a new single-employer plan of a small employer, the flat-rate PBGC premium is $5 per plan participant.

A small employer is a contributing sponsor that, on the first day of the plan year, has 100 or fewer employees. For this purpose, all employees of the members of the controlled group of the contributing sponsor are taken into account. In the case of a plan to which more than one unrelated contributing sponsor contributes, employees of all contributing sponsors (and their controlled group members) are taken into account in determining whether the plan is a plan of a small employer.

A new plan means a defined benefit plan maintained by a contributing sponsor if, during the 36–month period ending on the date of adoption of the plan, such contributing sponsor (or controlled group member or a predecessor of either) has not established or maintained a plan subject to PBGC coverage with respect to which benefits were accrued for substantially the same employees as are in the new plan.

Reduced variable-rate PBGC premium for new plans

The provision provides that the variable-rate premium is phased in for new defined benefit plans over a six-year period starting with the plan's first plan year. The amount of the variable-rate premium is a percentage of the variable premium otherwise due, as follows: 0 percent of the otherwise applicable variable-rate premium in the first plan year; 20 percent in the second plan year; 40 percent in the third plan year; 60 percent in the fourth plan year; 80 percent in the fifth plan year; and 100 percent in the sixth plan year (and thereafter).

A new defined benefit plan is defined as described above under the flat-rate premium provision relating to new small employer plans.

Reduced variable-rate PBGC premium for small plans

In the case of a plan of a small employer, the variable-rate premium is no more than $5 multiplied by the number of plan participants in the plan at the end of the preceding plan year. For purposes of this provision, a small employer is a contributing sponsor that, on the first day of the plan year, has 25 or fewer employees. For this purpose, all employees of the members of the controlled group of the contributing sponsor are taken into account. In the case of a plan to which more than one unrelated contributing sponsor contributes, employees of all contributing sponsors (and their controlled group members) are taken into account in determining whether the plan is a plan of a small employer.

Effective date

The reduction of the flat-rate premium for new plans of small employers and the reduction of the variable-rate premium for new plans are effective with respect to plans established after December 31, 2000. The reduction of the variable-rate premium for small plans is effective with respect to plan years beginning after December 31, 2000.

C. AUTHORIZATION FOR PBGC TO PAY INTEREST ON PREMIUM OVERPAYMENT REFUNDS (SEC. 4007(B) OF ERISA)

PRESENT LAW

The PBGC charges interest on underpayments of premiums, but is not authorized to pay interest on overpayments.

HOUSE BILL

No provision.

SENATE AMENDMENT

No provision.

CONFERENCE AGREEMENT

The conference agreement allows the PBGC to pay interest on overpayments made by premium payors. Interest paid on overpayments is to be calculated at the same rate and in the same manner as interest is charged on premium underpayments.

Effective date.—The provision is effective with respect to interest accruing for periods beginning not earlier than the date of enactment.

D. RULES FOR SUBSTANTIAL OWNER BENEFITS IN TERMINATED PLANS (SECS. 4021, 4022, 4043 AND 4044 OF ERISA)

PRESENT LAW

Under present law, the PBGC provides participants and beneficiaries in a defined benefit pension plan with certain guarantees as to the receipt of benefits under the plan in case of plan termination. The employer sponsoring the defined benefit pension plan is required to pay premiums to the PBGC to provide insurance for the guaranteed benefits. In general, the PBGC will guarantee all basic benefits which are payable in periodic installments for the life (or lives) of the participant and his or her beneficiaries and are non-forfeitable at the time of plan termination. The amount of the guaranteed benefit is subject to certain limitations. One

limitation is that the plan (or an amendment to the plan which increases benefits) must be in effect for 60 months before termination for the PBGC to guarantee the full amount of basic benefits for a plan participant, other than a substantial owner. In the case of a substantial owner, the guaranteed basic benefit is phased in over 30 years beginning with participation in the plan. A substantial owner is one who owns the entire interest in an unincorporated trade or business, or who owns, directly or indirectly, more than 10 percent of the voting stock of a corporation or all the stock of a corporation, or, in the case of a partnership, one who owns, directly or indirectly, more than 10 percent of either the capital interest or profits interest. Special rules restricting the amount of benefit guaranteed and the allocation of assets also apply to substantial owners.

HOUSE BILL

No provision.

SENATE AMENDMENT

No provision.

CONFERENCE AGREEMENT

The provision provides that the 60 month phase-in of guaranteed benefits applies to a substantial owner with less than a 50 percent ownership interest. For a substantial owner with a 50 percent or more ownership interest (''majority owner''), the phase-in occurs over a 10–year period and depends on the number of years the plan has been in effect. The majority owner's guaranteed benefit is limited so that it may not be more than the amount phased in over 60 months for other participants. The rules regarding allocation of assets apply to substantial owners, other than majority owners, in the same manner as other participants.

Effective date.—The provision is effective for plan terminations with respect to which notices of intent to terminate are provided, or for which proceedings for termination are instituted by the PBGC, after December 31, 2000.

E. MULTIEMPLOYER PLAN BENEFITS GUARANTEE (SEC. 4022A OF ERISA)

PRESENT LAW

The PBGC guarantees benefits of workers in multiemployer plans. The monthly guarantee is equal to the participant's years of service multiplied by the sum of (1) 100 percent of the first $5 of the monthly benefit accrual rate, and (2) 75 percent of the next $15 of the accrual rate. The level of benefits guaranteed by the PBGC under the multiemployer program has not increased since 1980. For a retiree with 30 years of service, the maximum guaranteed annual benefit is $5,850. The maximum guarantee under the PBGC's single-employer program is adjusted each year to reflect changes in the social security wage index.

HOUSE BILL

No provision.

SENATE AMENDMENT

No provision.

CONFERENCE AGREEMENT

The conference agreement adjusts the amount guaranteed in multiemployer plans to account for changes in the social security wage index since 1980. Under the conference agreement, the PBGC guarantees a monthly benefit equal to the participant's years of service multiplied by the sum of (1) 100 percent of the first $11 of the monthly benefit accrual rate, and (2) 75 percent of the next $33 of the accrual rate. Thus, the conference agreement increases the maximum annual guarantee for a retiree with 30 years of service to $12,870.

Effective date.—The provision applies to benefits payable after the date of enactment, except that the provision does not apply to benefits under any multiemployer plan that has received financial assistance from the PBGC under section 4261 of ERISA within the 1–year period ending on the date of enactment.

F. CIVIL PENALTIES FOR BREACH OF FIDUCIARY RESPONSIBILITY (SEC. 502 OF ERISA)

PRESENT LAW

Present law requires the Secretary of Labor to assess a civil penalty against (1) a fiduciary who breaches a fiduciary responsibility under, or commits a violation of, part 4 of Title I of ERISA, or (2) any other person who knowingly participates in such a breach or violation. The penalty is equal to 20 percent of the ''applicable recovery amount'' that is paid pursuant to a settlement agreement with the Secretary of Labor or that a court orders to be paid in a judicial proceeding brought by the Secretary of Labor to enforce ERISA's fiduciary responsibility provisions. The Secretary of Labor may waive or reduce the penalty only if the Secretary finds in writing that either (1) the fiduciary or other person acted reasonably and in good faith, or (2) it is reasonable to expect that the fiduciary or other person cannot restore all the losses without severe financial hardship unless the waiver or reduction is granted.

HOUSE BILL

No provision.

SENATE AMENDMENT

No provision.

CONFERENCE AGREEMENT

The conference agreement makes the assessment of the penalty discretionary with the Secretary of Labor, rather than mandatory. This change will allow the Secretary to refrain from imposing the penalty in certain cases as well as to assess a penalty of less than 20 percent of the applicable recovery amount. The requirement of a settlement agreement is also eliminated. The applicable recovery amount is any amount recovered by a plan or by a participant or beneficiary more than 30 days after the fiduciary's or other person's receipt of a written notice of the violation from the Department of Labor (''DOL''). Payments made after the 30–day grace period,[73] whether they are made pursuant to a settlement agreement, or simply to discourage the DOL from bringing a legal action, are subject to the penalty, as are amounts recovered pursuant to a court order. ERISA section 502(l) is also amended to clarify that the term ''applicable recovery amount'' includes payments by third parties that are made on behalf of the relevant fiduciary or other persons liable for the amount that is recovered, including those who did not actually pay. These changes prevent avoidance of the penalty by having an unrelated third party pay the recovery amount.

Effective date.—The provision applies to any breach of fiduciary responsibility or other violation of part 4 of Title I of ERISA occurring on or after the date of enactment. The change with respect to ''applicable recovery amount'' includes a transition rule whereby a breach or other violation occurring before the date of enactment which continues past the 180th day from enactment (and which may have been discontinued during that period) is treated as having occurred after the date of enactment (to avoid having to make a complex determination regarding how much of the applicable recovery amount for such continuing violations should be attributed to the post-enactment part of the violation).

G. BENEFIT SUSPENSION NOTICE (SEC. 203 OF ERISA)

PRESENT LAW

Under present law (ERISA sec. 203(a)(3)(B)), a plan will not fail to satisfy the vesting requirements with respect to a participant by reason of suspending payment of the participant's benefits while such participant is employed. Under the applicable Department of Labor (''DOL'') regulations, such a suspension is only permissible if the plan notifies the participant during the first calendar month or payroll period in which the plan withholds benefit payments. Such notice must provide certain information and must also include a copy of the plan's provisions relating to the suspension of payments.

In the case of a plan that does not pay benefits to active participants upon attainment of normal retirement age, the employer must monitor plan participants to determine when any participant who is still employed attains normal retirement age. In order to suspend payment of such a participant's benefits, generally a plan must, as noted above, promptly provide the participant with a suspension notice.

HOUSE BILL

No provision.

SENATE AMENDMENT

No provision.

CONFERENCE AGREEMENT

The conference agreement directs the Secretary of Labor to revise the regulations relating to the benefit suspension notice to generally permit the information currently required to be set forth in a suspension notice to be included in the summary plan description. The provision also directs the Secretary of Labor to eliminate the requirement that the notice include a copy of relevant plan provisions. However, individuals reentering the workforce to resume work with a former employer after they have begun to receive benefits will still receive the notification of the suspension of benefits (and a copy of the plan's provisions relating to suspension of payments). In addition, if a reduced rate of future benefit accruals will apply to a returning employee (as of his or her first date of participation in the plan after returning to work) who has begin to receive benefits, the notice must include a statement that the rate of future benefit accruals will be reduced.

Effective date.—The provision applies to plan years beginning after December 31, 2000.

Subtitle H. Provisions Relating to Plan Amendments (sec. 481 of the bill) (sec. 701 of the House bill and sec. 701 of the Senate Amendment)

PRESENT LAW

Plan amendments to reflect amendments to the law generally must be made by the time prescribed for filing the income tax return of the employer for the employer's taxable year in which the change in the law occurs.

A plan amendment may not decrease the accrued benefit of a plan participant (sec. 411(d)(6)).

HOUSE BILL

The House bill permits certain plan amendments made pursuant to the changes made by the bill (or regulations issued under the

[73] The 30-day period may be extended by the Secretary of Labor.

provisions of the bill) to be retroactively effective. If the plan amendment meets the requirements of the bill, then the plan is treated as being operated in accordance with its terms and the amendment does not violate the prohibition of reductions of accrued benefits. In order for this treatment to apply, the plan amendment must be made on or before the last day of the first plan year beginning on or after January 1, 2003 (January 1, 2005, in the case of a governmental plan). If the amendment is required to be made to retain qualified status as a result of the changes in the bill (or regulations) the amendment must be made retroactively effective as of the date on which the change became effective with respect to the plan and the plan must be operated in compliance until the amendment is made. Amendments that are not required to retain qualified status but that are made pursuant to the changes made by the bill (or applicable regulations) may be made retroactive as of the first day the plan was operated in accordance with the amendment.

Effective date.—The provision is effective on the date of enactment.

SENATE AMENDMENT

The Senate amendment is the same as the House bill, except that the Senate amendment does not provide relief from the prohibition on reductions of accrued benefits.

CONFERENCE AGREEMENT

The conference agreement follows the House bill, with the modification described below. As under the House bill, the provision applies to plan amendments required to maintain qualified status, as well as other amendments pursuant to the provisions of the bill (or applicable regulations). A plan amendment is not considered to be pursuant to the bill (or applicable regulations) if it has an effective date before the effective date of the provision of the bill (or regulations) to which it relates. Similarly, the provision does not provide relief from section 411(d)(6) for periods prior to the effective date of the relevant provision of the bill (or regulations) or the plan amendment.

The conference agreement provides that the Secretary is given authority to provide exceptions to the relief from the prohibition on reductions in accrued benefits. It is intended that the Secretary will not permit inappropriate reductions in contributions or benefits that are not directly related to the provisions of the bill. For example, it is intended that a plan that incorporates the section 415 limits by reference could be retroactively amended to impose the section 415 limits in effect before the bill. On the other hand, suppose a plan that incorporates the section 401(a)(17) limit on compensation by reference provides for an employer contribution of 3 percent of compensation. It is expected that the Secretary would provide that the plan could not be amended retroactively to reduce the contribution percentage, even though the reduction will result in the same dollar level of contributions for some participants because of the increase in compensation taken into account under the plan. As another example, suppose that under present law a plan is top-heavy and therefore a minimum benefit is required under the plan, and that under the provisions of the bill, the plan would not be considered to be top heavy. It is expected that the Secretary would generally permit plans to be retroactively amended to reflect the new top-heavy provisions of the bill.

TITLE V. INCENTIVES FOR PUBLIC SCHOOL CONSTRUCTION AND MODERNIZATION (SECS. 501–505 OF THE BILL AND SECS. 103, 148, 1397E AND NEW SECS. 1397F AND 1397G OF THE CODE)

PRESENT LAW

Tax-exempt bonds

In general

Interest on debt incurred by States or local governments is excluded from income if the proceeds of the borrowing are used to carry out governmental functions of those entities or the debt is repaid with governmental funds (sec. 103). Like other activities carried out and paid for by States and local governments, the construction, renovation, and operation of public schools is an activity eligible for financing with the proceeds of tax-exempt bonds.

Interest on bonds that nominally are issued by States or local governments, but the proceeds of which are used (directly or indirectly) by a private person and payment of which is derived from funds of such a private person is taxable unless the purpose of the borrowing is approved specifically in the Code or in a non-Code provision of a revenue Act. These bonds are called ''private activity bonds.'' The term ''private person'' includes the Federal Government and all other individuals and entities other than States or local governments.

Private activities eligible for financing with tax-exempt private activity bonds

The Code includes several exceptions permitting States or local governments to act as conduits providing tax-exempt financing for private activities. Both capital expenditures and limited working capital expenditures of charitable organizations described in section 501(c)(3) of the Code—including elementary, secondary, and post-secondary schools—may be financed with tax-exempt private activity bonds (''qualified 501(c)(3) bonds'').

In most cases, the volume of tax-exempt private activity bonds is restricted by aggregate annual limits imposed on bonds issued by issuers within each State. These annual volume limits equal $50 per resident of the State, or $150 million if greater. The annual State private activity bond volume limits are scheduled to increase to the greater of $75 per resident of the State or $225 million in calendar year 2007. The increase will be phased in ratably beginning in calendar year 2003.[1] This increase was enacted by the Tax and Trade Relief Extension Act of 1998. Qualified 501(c)(3) bonds are among the tax-exempt private activity bonds that are not subject to these volume limits.

Private activity tax-exempt bonds may not be used to finance schools owned or operated by private, for-profit businesses.

Arbitrage restrictions on tax-exempt bonds

The Federal income tax does not apply to income of States and local governments that is derived from the exercise of an essential governmental function. To prevent these tax-exempt entities from issuing more Federally subsidized tax-exempt bonds than is necessary for the activity being financed or from issuing such bonds earlier than necessary, the Code includes arbitrage restrictions limiting the ability to profit from investment of tax-exempt bond proceeds. In general, arbitrage profits may be earned only during specified periods (e.g., defined ''temporary periods'') before funds are needed for the purpose of the borrowing or on specified types of investments (e.g., ''reasonably required reserve or replacement funds''). Subject to limited exceptions, investment profits that are earned during these periods or on such investments must be rebated to the Federal Government.

The Code includes three exceptions applicable to education-related bonds. First, issuers of all types of tax-exempt bonds are not required to rebate arbitrage profits if all of the proceeds of the bonds are spent for the purpose of the borrowing within six months after issuance. In the case of governmental bonds (including bonds to finance public schools) the six-month expenditure exception is treated as satisfied if at least 95 percent of the proceeds is spent within six months and the remaining five percent is spent within 12 months after the bonds are issued.

Second, in the case of bonds to finance certain construction activities, including school construction and renovation, the six-month period is extended to 24 months for construction proceeds. Arbitrage profits earned on construction proceeds are not required to be rebated if all such proceeds (other than certain retainage amounts) are spent by the end of the 24–month period and prescribed intermediate spending percentages are satisfied.

Third, governmental bonds issued by ''small'' governments are not subject to the rebate requirement. Small governments are defined as general purpose governmental units that issue no more than $5 million of tax-exempt governmental bonds in a calendar year. The $5 million limit is increased to $10 million if at least $5 million of the bonds are used to finance public schools.

Another exception to the arbitrage restriction, enacted as part of the Tax Reform Act of 1984, provides that the pledge of income from investments in a Fund established under a provision of a State constitution adopted in 1876 as security for a limited amount of tax-exempt bonds will not cause interest on those bonds to be taxable. The terms of this exception are limited to State constitutional or statutory restrictions in effect as of October 9, 1969. The Fund consists of certain State lands that were set aside for the benefit of higher education, the income from mineral rights to these lands, and certain other earnings on Fund assets. The State constitution directs that monies held in the Fund are to be invested in interest-bearing obligations and other securities. The State constitution does not permit the expenditure or mortgage of the Fund for any purpose. Income from the Fund is apportioned between two university systems operated by the State. Tax-exempt bonds issued by the two university systems are secured by and payable from the income of the Fund. These bonds are used to finance buildings and other permanent improvements for the universities.

The General Assembly of the State approved proposed constitutional amendments regarding the manner in which amounts in the Fund are paid for the benefit of the two university systems. These amendments were voted on and passed by the State's citizens in November 1999. The State constitutional amendments have the effect of permitting the Fund to make annual distributions similar to standard university endowment funds, rather than the previous practice, which tied distributions to annual income performance, creating a variable pattern of distributions. Since these amendments were not in effect as of October 9, 1969, the amendments eliminate the benefits of the 1984 exception from the tax-exempt bond arbitrage restrictions.

[1] Another provision of the conference agreement accelerates this increase in the volume limits in 2002.

Qualified Zone Academy Bonds (''QZABs'')

As an alternative to traditional tax-exempt bonds, certain States and local governments are given the authority to issue ''qualified zone academy bonds.'' Under present law, $400 million of qualified zone academy bonds may be issued per year in 1998, 1999, 2000, and 2001. The $400 million bond authority is allocated each year among the States according to their respective populations of individuals below the poverty line. Each State, in turn, allocates the credit to qualified zone academies within such State. A State may carry over any unused allocation into subsequent years (the first two years following the unused limitation year; three years for carryforwards from 1998 or 1999).

To be a qualified zone academy bond, a bond must satisfy several requirements. First, the bond must be issued pursuant to an allocation of bond authority from the issuer's State educational agency. Second, at least 95 percent of the bond proceeds must be used for an eligible purpose at a qualified zone academy. Eligible purposes include renovating school facilities, acquiring equipment, developing course materials, or training teachers. A qualified zone academy is a public school (or an academic program within a public school) that is designed in cooperation with business and is either (1) located in an empowerment zone or enterprise community or (2) attended by students at least 35 percent of whom are estimated to be eligible for free or reduced-cost lunches under the National School Lunch Act. Finally, private businesses must have promised to contribute to the qualified zone academy certain property or services with a present value equal to at least 10 percent of the bond proceeds.

HOUSE BILL

No provision.

SENATE AMENDMENT

No provision.

CONFERENCE AGREEMENT

Extension of authority to issue present-law QZABs

The conference agreement extends authority to issue QZABs for two additional years, through December 31, 2003. Except as described below, present-law requirements for these bonds are retained.

Extension of modified QZAB authority to school construction

The conference agreement extends authority to issue QZABs, with modifications, to public school construction. The agreement authorizes issuance of up to $5 billion per year of school construction QZABs in 2001, 2002, and 2003. The $5 billion of annual authority will be allocated to the States (including the District of Columbia and U.S. possessions) by the Treasury Department on the following basis: 50 percent of the aggregate annual amount is allocated to the States based on population and 50 percent is allocated based on the portion of the State's population that lives in poverty. These allocations are to be based on the most recently available Census Bureau data. The State allocations are subject to a ''small State floor'' of $25 million per State.

Unissued tax-credit bond authority may be carried forward for up to two years. As is true under the current QZAB allocation rules, bond authority is treated as allocated on a ''FIFO'' basis.

Subject to a special rule for certain larger school districts, Governors are granted interim authority to allocate their State's authorized school construction QZAB issuance among school districts in the State unless State legislatures prescribe different allocation rules. For larger local school districts, defined as districts having school age populations in excess of 40,000, the conference agreement provides a minimum allocation (which cannot be overridden by State action) in an amount equal to the percentage of the State's total population that resides in the school district. The term ''school age population'' is defined as children ages five through seventeen.

In addition to the $5 billion general aggregate annual bond authority, the conference agreement authorizes up to $200 million of school construction QZABs to be issued to finance public schools operated by or for the benefit of Indian tribes. This $200 million of additional authority is a one-time authorization which may be allocated by the Treasury Department among Indian tribes at any time during the five-year period when school construction QZABs and present-law QZABs may be issued. Both the allocation authority and the authority to issue these bonds expires after December 31, 2005.

School construction is defined as capital expenditures for new construction, renovation, or repair or public schools (real property of a character subject to the allowance for depreciation), including charter schools, and the acquisition of functionally related and subordinate land. Unlike present-law QZABs, contributions by private businesses are optional, but not required, for schools receiving school construction QZAB financing. Additionally, the school construction QZABs are not limited to schools within an empowerment zone or enterprise community, or to schools satisfying the free or reduced-cost lunch criteria.

Rules applicable to QZABs issued after December 31, 2000 and to school construction QZABs

The following administrative rules apply to QZABs issued after December 31, 2000, and to the new modified QZABs for school construction:

(1) The maximum term of the bonds is 15 years.

(2) Information reporting requirements similar to the requirements that apply under present law to tax-exempt bonds (sec. 149(e)) are extended to these bonds.

(3) Eligible recipients of the tax credits are expanded to include all C corporations (but not S corporations or individuals).

(4) Credits accrue to holders on a quarterly basis (rather than annually as under the present-law QZAB program).

(5) Credit rates are set by reference to the daily corporate rate index established by the Treasury Department, and the credit rate for each bond issue is set as of the day before the date the bonds are issued (i.e., sold).

(6) As under the present-law QZAB program, credits are includible in the bondholder's gross income, but tax credits may be claimed against both regular income tax and the alternative minimum tax.

(7) All property financed with tax-credit bonds must be owned by a State or local government. Further, all such property must be used for a qualified public school purpose during the entire period that the bonds are outstanding. Failure to use the property for a qualified purpose results in termination of tax credits beginning on the later of (a) the date of bond issuance of (b) three years before the change in use occurs. Issuers are obligated to pay the Federal Government an amount equal to all credits accruing after the stated date (plus interest); bondholders are secondarily liable for this amount.

(8) Tax-credit bonds may not be issued to refinance any outstanding debt except certain ''bridge financing,'' defined as construction period financing that (a) is issued after the date of the conference agreement's enactment; (b) has a term not exceeding one year and (c) is issued for a project identified for tax-credit bond financing before issuance of the bridge financing.

(9) Arbitrage restrictions similar to those that apply to tax-exempt bonds (as modified by the conference agreement) are extended to present-law QZABs and school construction QZABs.

Bond proceeds must be spent for the purpose of the borrowing within 48 months after bonds are issued, with intermediate spending requirements being prescribed:

Within	Must spend at least
12 months	10 percent
24 months	30 percent
36 months	60 percent
48 months	100 percent (less present-law retainage amounts (not exceeding 5 percent) which must be spent within 60 months)

Issuers failing to satisfy the intermediate 12, 24, or 36–month expenditure requirements must pay the Federal Government an amount equal to the investment earnings on all proceeds of the bond issue.

Issuers failing to satisfy the 48–month or 60–month expenditure requirements must redeem an amount of bonds having a face amount equal to the unspent proceeds.

A ''small governmental unit'' exception is provided to these arbitrage restrictions. This exception is coordinated with the present-law tax-exempt bond exception for these units (as that exception is modified by the agreement) to ensure that issuers do not claim double benefits.

Rules similar to the tax-exempt bond sinking fund restrictions are extended to tax-credit bonds. Under these rules, all replacement funds constituting a sinking fund under the tax-exempt bond rules must be invested in non-interest-bearing State and Local Government Series (''SLGS'') obligations issued by the Treasury.

(10) A State must allocate its school construction QZAB authority in accordance with a qualified allocation plan. A qualified allocation plan is to contain, among other things: (a) an identification of the State's needs for public school facilities, and (b) a description of how the State will make allocations to address those needs, including how the State will ensure the needs of both rural, suburban, and urban areas will be recognized, ensure that the needs of localities with the greatest needs will be met and give priority to the role of charter schools in achieving State educational objectives. This requirement applies to allocations of tax-credit bond authority made on the date that is six months after the date the conference agreement is enacted.

Effective date.—These provisions apply to bonds issued in calendar years beginning after December 31, 2000.

Increase in the amount of governmental bonds that may be issued by governments qualifying for the ''small governmental unit'' arbitrage rebate exception

The additional amount of governmental bonds for public schools that small governmental units may issue without being subject to the arbitrage rebate requirement is increased from $5 million to $10 million. Thus, these governmental units may issue up to $15 million of governmental bonds in a calendar year provided that at least $10 million of the bonds are used to finance public

school construction expenditures. This exception is coordinated with the tax- credit bond exception for these units to ensure that issuers do not claim double benefits, i.e., both tax-credit bonds and tax-exempt bonds are taken into account for purposes of this limitation.

Effective date.—The provision applies to bonds issued in calendar years beginning after December 31, 2000.

Conform provisions relating to arbitrage treatment to reflect state constitutional amendments

The conference agreement conforms the 1984 exception to the State constitutional amendments to permit its continued applicability to bonds of the two university systems. Limitations on the aggregate amount of bonds which may benefit from the exception are not modified.

Effective date.—The provision takes effect on January 1, 2001.

Construction bond expenditure rule for governmental bonds for public schools

The present-law 24–month expenditure exception to the arbitrage rebate requirement is liberalized for certain public school bonds. Under the agreement, no rebate is required with respect to earnings on available construction proceeds of public school bonds if the proceeds are spent within 48 months after the bonds are issued and the following intermediate spending levels are satisfied:

Within	Must spend at least
12 months	10 percent
24 months	30 percent
36 months	60 percent
48 months	100 percent (less present-law retainage amounts (not exceeding 5 percent) which must be spent within 60 months)

Effective date.—The provision applies to bonds issued after December 31, 2000.

Issuance of tax-exempt private activity bonds for certain public school facilities

The private activities for which tax-exempt bonds may be issued are expanded to include elementary and secondary public school facilities which are owned by private, for-profit corporations pursuant to public-private partnership agreements with a State or local educational agency. The term school facility includes school buildings and functionally related and subordinate land (including stadiums or other athletic facilities primarily used for school events) and depreciable personal property used in the school facility. The school facilities for which these bonds are issued must be operated by a public educational agency as part of a system of public schools.

A public-private partnership agreement is defined as an arrangement pursuant to which the for-profit corporate party constructs, rehabilitates, refurbishes or equips a school facility. The agreement must provide that, at the end of the contract term, ownership of the bond-financed property is transferred to the public school agency party to the agreement for no additional consideration.

Issuance of these bonds is subject to a separate annual per-State volume limit equal to the greater of $10 per resident ($5 million, if greater) in lieu of the present-law State private activity bond volume limits. As with the present-law State private activity bond volume limits, States decide how to allocate the bond authority to State and local government agencies. Bond authority that is unused in the year in which it arises may be carried forward for up to three years for public school projects under rules similar to the carryforward rules of the present-law private activity bond volume limits.

Effective date.—These provisions are effective for bonds issued after December 31, 2000.

TITLE VI. COMMUNITY RENEWAL PROVISIONS

A. Renewal Community Provisions (secs. 601–602 of the bill and secs. 51, 469, and new secs. 1400E-J of the Code)

PRESENT LAW

In recent years, provisions have been added to the Internal Revenue Code that target specific geographic areas for special Federal income tax treatment. For example, empowerment zones and enterprise communities generally provide tax incentives for businesses that locate within certain geographic areas designated by the Secretaries of Housing and Urban Development (''HUD'') and Agriculture.

HOUSE BILL

No provision. However, H.R. 4923, as passed by the House, authorizes the designation of 40 ''renewal communities'' within which special tax incentives will be available. The following is a description of the designation process and the tax incentives that would be available within the renewal communities.

Designation process

Designation of 40 renewal communities.—The Secretary of HUD,[2] is authorized to designate up to 40 ''renewal communities'' from areas nominated by States and local governments. At least eight of the designated communities must be in rural areas. The Secretary of HUD is required to publish (within four months after enactment) regulations describing the nomination and selection process. Designations of renewal communities are to be made within 24 months after the regulations are published. The designation of an area as a renewal community generally will be effective on July 1, 2001, and will terminate after December 31, 2009.

Eligibility criteria.—To be designated as a renewal community, a nominated area must meet the following criteria: (1) each census tract must have a poverty rate of at least 20 percent;[3] (2) in the case of an urban area, at least 70 percent of the households have incomes below 80 percent of the median income of households within the local government jurisdiction; (3) the unemployment rate is at least 1.5 times the national unemployment rate; and (4) the area is one of pervasive poverty, unemployment, and general distress. Those areas with the highest average ranking of eligibility factors (1), (2), and (3) above would be designated as renewal communities. A nominated area within the District of Columbia becomes a renewal community (without regard to its ranking of eligibility factors) provided that it satisfies the area and eligibility requirements and the required State and local commitments described below.[4] The Secretary of HUD shall take into account in selecting areas for designation the extent to which such areas have a high incidence of crime, as well as whether the area has census tracts identified in the May 12, 1998, report of the General Accounting Office regarding the identification of economically distressed areas.

There are no geographic size limitations placed on renewal communities. Instead, the boundary of a renewal community must be continuous. In addition, the renewal community must have a minimum population of 4,000 if the community is located within a metropolitan statistical area (at least 1,000 in all other cases), and a maximum population of not more than 200,000. The population limitations do not apply to any renewal community that is entirely within an Indian reservation.

Required State and local commitments.—In order for an area to be designated as a renewal community, State and local governments are required to submit a written course of action in which the State and local governments promise to take at least four of the following governmental actions within the nominated area: (1) a reduction of tax rates or fees; (2) an increase in the level of efficiency of local services; (3) crime reduction strategies; (4) actions to remove or streamline governmental requirements; (5) involvement by private entities and community groups, such as to provide jobs and job training and financial assistance; and (6) the gift (or sale at below fair market value) of surplus realty by the State or local government to community organizations or private companies.

In addition, the nominating State and local governments must promise to promote economic growth in the nominated area by repealing or not enforcing four of the following: (1) licensing requirements for occupations that do not ordinarily require a professional degree; (2) zoning restrictions on home-based businesses that do not create a public nuisance; (3) permit requirements for street vendors who do not create a public nuisance; (4) zoning or other restrictions that impede the formation of schools or child care centers; and (5) franchises or other restrictions on competition for businesses providing public services, including but not limited to taxicabs, jitneys, cable television, or trash hauling, unless such regulations are necessary for and well-tailored to the protection of health and safety.

Empowerment zones and enterprise communities seeking designation as renewal communities.—An empowerment zone or enterprise community can apply for designation as a renewal community. If a renewal community designation is granted, then an area's designation as an empowerment zone or enterprise community ceases as of the date the area's designation as a renewal community takes effect.

Tax incentives for renewal communities

Under H.R. 4923, the following tax incentives are available during the period beginning July 1, 2001, and ending December 31, 2009.

Zero-percent capital gain rate.—H.R. 4923 provides a zero-percent capital gains rate for gain from the sale of a qualified community asset acquired after June 30, 2001, and before January 1, 2010, and held for more than five years. A ''qualified community asset'' includes: (1) qualified community stock (meaning original-issue stock purchased for cash in a renewal community business); (2) a qualified community partnership interest (meaning a partnership interest acquired for cash in a renewal community business); and (3) qualified community business property (meaning tangible property originally used in a renewal community business by the taxpayer) that is purchased or substantially improved after June 30, 2001.

[2] In making the designations, the Secretary of HUD must consult with the Secretaries of Agriculture, Commerce, Labor, Treasury, the Director of the Office of Management and Budget; and the Administrator of the Small Business Administration (and the Secretary of the Interior in the case of an area on an Indian reservation).

[3] Determined using 1990 census data.

[4] The designation of a nominated area within the District of Columbia as a renewal community becomes effective on January 1, 2003 (upon the expiration of the designation of the District of Columbia Enterprise Zone).

A ''renewal community business'' is similar to the present-law definition of an enterprise zone business.[5] Property will continue to be a qualified community asset if sold (or otherwise transferred) to a subsequent purchaser, provided that the property continues to represent an interest in (or tangible property used in) a renewal community business. The termination of an area's status as a renewal community will not affect whether property is a qualified community asset, but any gain attributable to the period before July 1, 2001, or after December 31, 2014, will not be eligible for the exclusion.

Renewal community employment credit.—Under H.R. 4923, a 15-percent wage credit is available to employers for the first $10,000 of qualified wages paid to each employee who (1) is a resident of the renewal community, and (2) performs substantially all employment services within the renewal community in a trade or business of the employer. The wage credit rate applies to qualifying wages paid after June 30, 2001, and before January 1, 2010.

Wages that qualify for the credit are wages that are considered ''qualified zone wages'' for purposes of the empowerment zone wage credit (including coordination with the Work Opportunity Tax Credit). In general, any taxable business carrying out activities in the renewal community may claim the wage credit.

Commercial revitalization deduction.—H.R. 4923 allows each State to allocate up to $12 million of ''commercial revitalization expenditures'' to each renewal community located within the State for each calendar year after 2001 and before 2010 ($6 million for the period of July 1, 2001 through December 31, 2001). The appropriate State agency will make the allocations pursuant to a qualified allocation plan.

A ''commercial revitalization expenditure'' means the cost of a new building or the cost of substantially rehabilitating an existing building. The building must be used for commercial purposes and be located in a renewal community. In the case of the rehabilitation of an existing building, the cost of acquiring the building will be treated as qualifying expenditures only to the extent that such costs do not exceed 30 percent of the other rehabilitation expenditures. The qualifying expenditures for any building cannot exceed $10 million.

A taxpayer can elect either to (a) deduct one-half of the commercial revitalization expenditures for the taxable year the building is placed in service or (b) amortize all the expenditures ratably over the 120-month period beginning with the month the building is placed in service. No depreciation is allowed for amounts deducted under this provision. The adjusted basis is reduced by the amount of the commercial revitalization deduction, and the deduction is treated as a depreciation deduction in applying the depreciation recapture rules (e.g., sec. 1250).

The commercial revitalization deduction is treated in the same manner as the low-income housing credit in applying the passive loss rules (sec. 469). Thus, up to $25,000 of deductions (together with the other deductions and credits not subject to the passive loss limitation by reason of section 469(i)) are allowed to an individual taxpayer regardless of the taxpayer's adjusted gross income. The commercial revitalization deduction is allowed in computing a taxpayer's alternative minimum taxable income.

Additional section 179 expensing.—Under H.R. 4923, a renewal community business is allowed an additional $35,000 of section 179 expensing for qualified renewal property placed in service after June 30, 2001, and before January 1, 2010. The section 179 expensing allowed to a taxpayer is phased out by the amount by which 50 percent of the cost of qualified renewal property placed in service during the year by the taxpayer exceeds $200,000. The term ''qualified renewal property'' is similar to the definition of ''qualified zone property'' used in connection with empowerment zones.

Expensing of environmental remediation costs (''brownfields'').—Under H.R. 4923, a renewal community is treated as a ''targeted area'' under section 198 (which permits the expensing of environmental remediation costs). Thus, taxpayers can elect to treat certain environmental remediation expenditures that otherwise would be capitalized as deductible in the year paid or incurred. This provision applies to expenditures incurred after June 30, 2001, and before January 1, 2010.

Extension of work opportunity tax credit (''WOTC'').—H.R. 4923 expands the high-risk youth and qualified summer youth categories in the WOTC to include qualified individuals who live in a renewal community.

Effective date.—Renewal communities must be designated within 24 months after publication of regulations by HUD. The tax benefits available in renewal communities are effective for the period beginning July 1, 2001, and ending December 31, 2009.

SENATE AMENDMENT

No provision. However, S. 3152 authorizes the Secretaries of HUD and Agriculture to designate up to 30 renewal zones from areas nominated by States and local governments. At least six of the designated renewal zones must be in rural areas. The Secretary of HUD is required to publish (within four months after enactment) regulations describing the nomination and selection process. Designations of renewal zones must be made before January 1, 2002, and the designation are effective for the period beginning on January 1, 2002 through December 31, 2009.

The eligibility criteria (as well as the population and geographic limitations) are similar to those for renewal communities in the House bill, except that S. 3152 provides that any State without any empowerment zone would be given priority in the designation process. Also, the designations of renewal zones must result in (after taking into account existing empowerment zones) each State having at least one zone designation (empowerment or renewal zone). In addition, S. 3152 provides that, in lieu of the poverty, income, and unemployment criteria, outmigration may be taken into account in the designation of one rural renewal zone. Under a separate provision in S. 3152, the designation of the District of Columbia Enterprise Zone would be extended through December 31, 2006.

In order for an area to be designated as a renewal zone, State and local governments are required to submit a written course of action in which the State and local governments promise to take at least four of the governmental actions described in H.R. 4923. However, S. 3152 does not contain any of the economic growth provision requirements described in connection with renewal communities.

Tax incentives for renewal zones.—Under S. 3152, businesses in renewal zones would be eligible for the following tax incentives during the period beginning January 1, 2002 and ending December 31, 2009: (1) a zero-percent capital gains rate for qualifying assets limited to an aggregate amount not to exceed $25 million of gain per taxpayer;[6] (2) a 15-percent wage credit for the first $15,000 of qualifying wages; (3) $35,000 in additional 179 expensing for qualifying property; (4) and the enhanced tax-exempt bond rules that currently apply to businesses in the Round II empowerment zones.

GAO report.—The General Accounting Office will audit and report to Congress every three years (beginning on January 31, 2004) on the renewal zone program and its effect on poverty, unemployment, and economic growth within the designated renewal zones.

Effective date.—The 30 new renewal zones must be designated by January 1, 2002, and the resulting tax benefits are available for the period beginning January 1, 2002, and ending December 31, 2009.

CONFERENCE AGREEMENT

The conference agreement follows the provisions of H.R. 4923 with certain modifications to the designation process for renewal communities. The conference agreement authorizes the designation of 40 renewal communities, of which at least 12 must be in rural areas. Of the 12 rural renewal communities, one shall be an area within Mississippi, designated by the State of Mississippi, that includes at least one census tract within Madison County, Mississippi.

The tax incentives are the same as those described in H.R. 4923—i.e., (1) a zero-percent capital gains rate for capital gain from the sale of qualifying assets held for more than five years; (2) a 15 percent wage credit to employers for the first $10,000 of qualified wages paid to qualifying employees; (3) a commercial revitalization expenditure; (4) an additional $35,000 of section 179 expensing for qualified renewal property; and (5) an expansion of the Work Opportunity Tax Credit with respect to qualified individuals who live in a renewal community.[7] The 40 renewal communities must be designated by January 1, 2002, and the resulting tax benefits are available for the period beginning January 1, 2002, and ending December 31, 2009.[8]

The conference agreement provides that, with respect to the first 20 designations of nominated areas as renewal communities, preference will be given to nominated areas that are enterprise communities and empowerment zones under present law that otherwise meet the requirements for designation as a renewal community.

The conference agreement includes the priority designation with respect to the District of Columbia Enterprise Zone (as contained in H.R. 4923). The conference agreement also includes the provision from S. 3152 that, in lieu of the poverty, income, and unemployment criteria, outmigration may be taken into account in the designation of one rural renewal community.

The General Accounting Office will audit and report to Congress on January 31, 2004, and again in 2007 and 2010, on the renewal community program and its effect on poverty, unemployment, and economic growth within the designated renewal communities.

[5] An ''enterprise zone business'' is defined in section 1397B and is described in connection with the expansion of the empowerment zone benefits.

[6] Any gain attributable to the period before January 1, 2002, or after December 31, 2014, would not be eligible for the zero-percent capital gains rate.

[7] Under the conference agreement, renewal communities are not ''targeted areas'' for purposes of permitting expensing of certain environmental remediation costs. Another provision described below extends the brownfields provision for two years and eliminates the targeted area requirement.

[8] If a renewal community designation is terminated prior to December 31, 2009, the tax incentives would cease to be available as of the termination date.

Effective date.—The 40 renewal communities must be designated by January 1, 2002, and the resulting tax benefits will be available for the period beginning January 1, 2002, and ending December 31, 2009.

B. EMPOWERMENT ZONE TAX INCENTIVES

1. Extension and expansion of empowerment zones (secs. 611–615 of the bill and secs. 1391, 1394, 1396, and 1397A of the Code)

PRESENT LAW

Round I empowerment zones

The Omnibus Budget Reconciliation Act of 1993 (''OBRA 1993'') authorized the designation of nine empowerment zones (''Round I empowerment zones'') to provide tax incentives for businesses to locate within targeted areas designated by the Secretaries of HUD and Agriculture. The Taxpayer Relief Act of 1997 (''1997 Act'') authorized the designation of two additional Round I urban empowerment zones.

Businesses in the 11 Round I empowerment zones qualify for the following tax incentives: (1) a 20-percent wage credit for the first $15,000 of wages paid to a zone resident who works in the empowerment zone,[9] (2) an additional $20,000 of section 179 expensing for qualifying zone property, and (3) tax-exempt financing for certain qualifying zone facilities.[10] The tax incentives with respect to the empowerment zones designated by OBRA 1993 generally are available during the 10-year period of 1995 through 2004. The tax incentives with respect to the two additional Round I empowerment zones generally are available during the 10-year period of 2000 through 2009.[11]

Round II empowerment zones

The 1997 Act also authorized the designation of 20 additional empowerment zones (''Round II empowerment zones''), of which 15 are located in urban areas and five are located in rural areas. Businesses in the Round II empowerment zones are not eligible for the wage credit, but are eligible to receive up to $20,000 of additional section 179 expensing. Businesses in the Round II empowerment zones also are eligible for more generous tax-exempt financing benefits than those available in the Round I empowerment zones. Specifically, the tax-exempt financing benefits for the Round II empowerment zones are not subject to the State private activity bond volume caps (but are subject to separate per-zone volume limitations), and the per-business size limitations that apply to the Round I empowerment zones and enterprise communities (i.e., $3 million for each qualified enterprise zone business with a maximum of $20 million for each principal user for all zones and communities) do not apply to qualifying bonds issued for Round II empowerment zones. The tax incentives with respect to the Round II empowerment zones generally are available during the 10-year period of 1999 through 2008.

HOUSE BILL

No provision. However, as described in greater detail below, H.R. 4923 conforms and enhances the tax incentives for the Round I and Round II empowerment zones and extends their designations through December 31, 2009. H.R. 4923 also authorizes the designation of nine new empowerment zones (''Round III empowerment zones'').

Extension of tax incentives for Round I and Round II empowerment zones

The designation of empowerment zone status for Round I and II empowerment zones (other than the District of Columbia Enterprise Zone)[12] is extended through December 31, 2009. In addition, the 20-percent wage credit is made available in all Round I and II empowerment zones for qualifying wages paid or incurred after December 31, 2001. The credit rate remains at 20 percent (rather than being phased down) through December 31, 2009, in Round I and Round II empowerment zones.

In addition, $35,000 (rather than $20,000) of additional section 179 expensing is available for qualified zone property placed in service in taxable years beginning after December 31, 2001, by a qualified business in any of the empowerment zones.[13] Businesses in the D.C. Enterprise Zone are entitled to the additional section 179 expensing until the termination of the D.C. zone designation.[14] The bill also extends an empowerment zone's status as a ''targeted area'' under section 198 (thus permitting expensing of environmental remediation costs). The bill applies to expenses incurred after December 31, 2001, and before January 1, 2010.

Businesses located in Round I empowerment zones (other than the D.C. Enterprise Zone)[15] also are eligible for the more generous tax-exempt bond rules that apply under present law to businesses in the Round II empowerment zones (sec. 1394(f)). The bill applies to tax-exempt bonds issued after December 31, 2001. Bonds that have been issued by businesses in Round I zones before January 1, 2002, are not taken into account in applying the limitations on the amount of new empowerment zone facility bonds that can be issued under the bill.

Nine new empowerment zones

The Secretaries of HUD and Agriculture are authorized to designate nine additional empowerment zones (''Round III empowerment zones''). Seven of the Round III empowerment zones will be located in urban areas, and two will be located in rural areas.

The eligibility and selection criteria for the Round III empowerment zones are the same as the criteria that applied to the Round II empowerment zones. The Round III empowerment zones must be designated by January 1, 2002, and the tax incentives with respect to the Round III empowerment zones generally are available during the period beginning on January 1, 2002, and ending on December 31, 2009.

Businesses in the Round III empowerment zones are eligible for the same tax incentives that, under the bill, are available to Round I and Round II empowerment zones (i.e., a 20-percent wage credit, an additional $35,000 of section 179 expensing, and the enhanced tax-exempt financing benefits presently available to Round II empowerment zones). The Round III empowerment zones also are considered ''targeted areas'' for purposes of permitting expensing of certain environmental remediation costs under section 198.

Effective date

The extension of the existing empowerment zone designations is effective after the date of enactment. The extension of the tax benefits to existing empowerment zones (i.e., the expanded wage credit, the additional section 179 expensing, the brownfields designation, and the more generous tax-exempt bond rules) generally is effective after December 31, 2001.

The new Round III empowerment zones must be designated by January 1, 2002, and the tax incentives with respect to the Round III empowerment zones generally are available during the period beginning on January 1, 2002, and ending on December 31, 2009.

Senate Amendment

No provision. However, S. 3152 contains a provision that conforms and enhances incentives for existing empowerment zones. Specifically, the provision extends the designation of empowerment zone status for Round I and II empowerment zones through December 31, 2009. In addition, a 15-percent wage credit is made available in all Round I and II empowerment zones, effective in 2002 (except in the case of the two additional Round I empowerment zones added by the 1997 Act, for which the 15-percent wage credit takes effect in 2005 as scheduled under present law). For all the empowerment zones, the 15-percent wage credit expires on December 31, 2009.

In addition, $35,000 (rather than $20,000) of additional section 179 expensing is available for qualified zone property placed in service in taxable years beginning after December 31, 2001, by a qualified business in any of the empowerment zones.[16]

Under S. 3152, businesses located in Round I empowerment zones are eligible for the more generous tax-exempt bond rules that apply under present law to businesses in the Round II empowerment zones (sec. 1394(f)). The proposal applies to tax-exempt bonds issued after December 31, 2001. Bonds that have been issued by businesses in Round I zones before January 1, 2002, are not taken into account in applying the limitations on the amount of new empowerment zone facility bonds that can be issued under the provision.

Businesses located in any empowerment zone also qualify for a zero-percent capital gains rate for gain from the sale of a qualifying zone assets acquired after date of enactment and before January 1, 2010, and held for more than five years. Assets that qualify for this incentive are similar to the types of assets that qualify for the present-law zero percent capital gains rate for qualifying D.C. Zone assets. The zero-percent capital gains rate is limited to an aggregate amount not to exceed $25 million of gain per taxpayer. Gain attributable to the period before the date of enactment or after December 31, 2014, is not eligible for the zero-percent rate.

[9] For wages paid in calendar years during the period 1994 through 2001, the credit rate is 20 percent. The credit rate is reduced to 15 percent for calendar year 2002, 10 percent for calendar year 2003, and 5 percent for calendar year 2004. No wage credit is available after 2004 in the original nine empowerment zones.

[10] For purposes of these tax incentives, a qualifying business does not include a trade or business consisting predominantly of the development or holding of intangibles for sale or license (sec. 1397B(d)(4)). While the provision does not modify the definition of a qualifying business, the sponsors of the legislation intend to review this issue.

[11] Except for the wage credit, which is reduced to 15 percent for calendar year 2005, and then reduced by five percentage points in each year in 2006 and 2007, with no wage credit available after 2007.

[12] As previously discussed, under H.R. 4923, the District of Columbia Enterprise Zone is given a priority designation as a renewal community effective January 1, 2003.

[13] The additional $35,000 of section 179 expensing is available throughout all areas that are part of a designated empowerment zone, including the non-contiguous ''developable sites'' that were allowed to be part of the designated Round II empowerment zones under the 1997 Act.

[14] The D.C. Enterprise Zone is scheduled to terminate on December 31, 2002.

[15] The present-law rules of sections 1394 and 1400A continue to apply with respect to the D.C. Enterprise Zone through its scheduled expiration of December 31, 2002.

[16] The additional $35,000 of section 179 expensing is available throughout all areas that are part of a designated empowerment zone, including the non-contiguous ''developable sites'' that were allowed to be part of the designated Round II empowerment zones under the 1997 Act.

Effective date.—The extension of the existing empowerment zone designations is effective after the date of enactment. The additional section 179 expensing and the more generous tax-exempt bond rules for the existing empowerment zones is effective after December 31, 2001. The zero-percent capital gains rate applies to qualifying property purchased after the date of enactment. The 15–percent wage credit generally is effective for qualifying wages paid after December 31, 2001. With respect to the two additional Round I empowerment zones, however, the wage credit is effective for qualifying wages paid after December 31, 2004.

CONFERENCE AGREEMENT

The conference agreement follows the provisions in H.R. 4923 with the following modifications. The conference agreement does not extend the empowerment zones' status as a ''targeted area'' for purposes of permitting expensing of certain environmental remediation costs under section 198.[17] In addition, the conference agreement provides that the General Accounting Office will audit and report to Congress on January 31, 2004, and again in 2007 and 2010, on the empowerment zone and enterprise community program and its effect on poverty, unemployment, and economic growth within the designated areas.

2. Rollover of gain from the sale of qualified empowerment zone investments (sec. 616 of the bill and new sec. 1397B of the Code)

PRESENT LAW

In general, gain or loss is recognized on any sale, exchange, or other disposition of property. A taxpayer (other than a corporation) may elect to roll over without payment of tax any capital gain realized upon the sale of qualified small business stock held for more than six months where the taxpayer uses the proceeds to purchase other qualified small business stock within 60 days of the sale of the original stock.

HOUSE BILL

No provision. However, under H.R. 4923, a taxpayer can elect to roll over capital gain from the sale or exchange of any qualified empowerment zone asset purchased after the date of enactment and held for more than one year (''original zone asset'') where the taxpayer uses the proceeds to purchase other qualifying empowerment zone assets in the same zone (''replacement zone asset'') within 60 days of the sale of the original zone asset. The holding period of the replacement zone asset includes the holding period of the original zone asset, except that the replacement asset must actually be held for more than one year to qualify for another tax-free rollover. The basis of the replacement zone asset is reduced by the gain not recognized on the rollover. However, if the replacement zone asset is qualified small business stock (as defined in sec. 1202), the exclusion under section 1202 would not apply to gain accrued on the original zone asset.[18] A ''qualified empowerment zone asset'' means an asset that would be a qualified community asset if the empowerment zone were a renewal community (and the asset is acquired after the date of enactment of the bill). Assets in the D.C. Enterprise Zone are not eligible for the tax-free rollover treatment.[19]

Effective date.—The provision is effective for qualifying assets purchased after the date of enactment.

SENATE AMENDMENT

No provision.

CONFERENCE AGREEMENT

The conference agreement follows the provision in H.R. 4923.

3. Increased exclusion of gain from the sale of qualifying empowerment zone stock (sec. 617 of the bill and sec. 1202 of the Code)

PRESENT LAW

Under present law, an individual, subject to limitations, may exclude 50 percent of the gain[20] from the sale of qualifying small business stock held more than five years (sec. 1202).

HOUSE BILL

No provision. However, H.R. 4923 includes a provision that would increase the exclusion for small business stock to 60 percent for stock purchased after the date of enactment in a corporation that is a qualified business entity and that is held for more than five years. A ''qualified business entity'' means a corporation that satisfies the requirements of a qualifying business under the empowerment zone rules during substantially all the taxpayer's holding period.

Effective date.—The provision is effective for qualified stock purchased after the date of enactment.

SENATE AMENDMENT

No provision.

CONFERENCE AGREEMENT

The conference agreement follows the provision in H.R. 4923.

C. NEW MARKETS TAX CREDIT (SEC. 621 OF THE BILL AND NEW SEC. 45D OF THE CODE)

PRESENT LAW

Some tax incentives are available to taxpayers making investments and loans in low-income communities. For example, tax incentives are available to taxpayers that invest in specialized small business investment companies licensed by the Small Business Administration to make loans to, or equity investments in, small businesses owned by persons who are socially or economically disadvantaged.

HOUSE BILL

No provision. However, H.R. 4923 includes a provision that creates a new tax credit for qualified equity investments made to acquire stock in a selected community development entity (''CDE''). The maximum annual amount of qualifying equity investments is capped as follows:

Calendar Year	Maximum qualifying equity investment
2001	$1.0 billion
2002–2003	1.5 billion per year
2004–2005	2.0 billion per year
2006–2007	3.5 billion per year

The amount of the new tax credit to the investor (either the original purchaser or a subsequent holder) is (1) a five-percent credit for the year in which the equity interest is purchased from the CDE and the first two anniversary dates after the interest is purchased from the CDE, and (2) a six percent credit on each anniversary date thereafter for the following four years.[21] The taxpayer's basis in the investment is reduced by the amount of the credit (other than for purposes of calculating the capital gain exclusion under sections 1202, 1400B, and 1400F). The credit is subject to the general business credit rules.

A CDE is any domestic corporation or partnership (1) whose primary mission is serving or providing investment capital for low-income communities or low-income persons, (2) that maintains accountability to residents of low-income communities through representation on governing or advisory boards, or otherwise and (3) is certified by the Treasury Department as an eligible CDE.[22] No later than 60 days after enactment, the Treasury Department shall issue regulations that specify objective criteria to be used by the Treasury to allocate the credits among eligible CDEs. In allocating the credits, the Treasury Department will give priority to entities with records of having successfully provided capital or technical assistance to disadvantaged businesses or communities.

If a CDE fails to sell equity interests to investors up to the amount authorized within five years of the authorization, then the remaining authorization is canceled. The Treasury Department can authorize another CDE to issue equity interests for the unused portion. No authorization can be made after 2014.

A ''qualified equity investment'' is defined as stock or a similar equity interest acquired directly from a CDE in exchange for cash. Substantially all of the investment proceeds must be used by the CDE to make ''qualified low-income community investments,'' meaning equity investments in, or loans to, qualified active businesses located in low-income communities, certain financial counseling and other services specified in regulations to businesses and residents in low-income communities.[23]

The stock or equity interest cannot be redeemed (or otherwise cashed out) by the CDE for at least seven years. If an entity fails to be a CDE during the seven-year period following the taxpayer's investment, or if the equity interest is redeemed by the issuing CDE during that seven-year period, then any credits claimed with respect to the equity interest are recaptured (with interest) and no further credits are allowed.

A ''low-income community'' is defined as census tracts with either (1) poverty rates of at least 20 percent (based on the most recent census data), or (2) median family income which does not exceed 80 percent of the greater of metropolitan area income or statewide median family income (for a nonmetropolitan census tract, 80 percent of nonmetropolitan statewide median family income).

A ''qualified active business'' is defined as a business which satisfies the following requirements: (1) at least 50 percent of the total gross income of the business is derived from the active conduct of trade or business activities in low-income communities; (2) a substantial portion of the use of the tangible property of such business is used within low-

[17] Another provision described below extends the brownfields provision for two years and eliminates the targeted area requirement.

[18] See section 1045 for rollover of qualified small business stock to other small business stock.

[19] However, a qualifying D.C. Zone asset held for more than five years is eligible for a 100–percent capital gains exclusion (sec. 1400B).

[20] The portion of the capital gain included in income is subject to a maximum regular tax rate of 28 percent, and 42 percent of the excluded gain is a minimum tax preference.

[21] Thus, a credit would be available on the date on which the investment is made and for each of the six anniversary dates thereafter.

[22] A specialized small business investment company and a community development financial institution are treated as satisfying the requirements for a CDE.

[23] If at least 85 percent of the aggregate gross assets of the CDE are invested (directly or indirectly) in equity interests in, or loans to, qualified active businesses located in low-income communities, then there would be no need to trace the use of the proceeds from the particular stock (or other equity ownership) issuance with respect to which the credit is claimed.

income communities; (3) a substantial portion of the services performed for such business by its employees is performed in low-income communities; and (4) less than 5 percent of the average aggregate of unadjusted bases of the property of such business is attributable to certain financial property or to collectibles (other than collectibles held for sale to customers). There is no requirement that employees of the business be residents of the low-income community.

Rental of improved commercial real estate located in a low-income community is a qualified active business, regardless of the characteristics of the commercial tenants of the property. The purchase and holding of unimproved real estate is not a qualified active business. In addition, a qualified active business does not include (a) any business consisting predominantly of the development or holding of intangibles for sale or license; (b) operation of any facility described in sec. 144(c)(6)(B); or (c) any business if a significant equity interest in such business is held by a person who also holds a significant equity interest in the CDE. A qualified active business can include an organization that is organized on a non-profit basis.

Effective date.—The provision is effective for qualified investments made after December 31, 2000.

SENATE AMENDMENT

No provision. However, S. 3152 includes a provision that creates a new markets tax credit that is similar to the provision in H.R. 4923. Under S. 3152, the maximum annual amount of qualifying equity investments is capped as follows:

Calendar year	Maximum qualifying equity investment
2002	$1.0 billion
2003–2006	$1.5 billion per year

S. 3152 defines a CDE in the same manner as in H.R. 4923, except that the accountability requirement is clarified to provide that the CDE must maintain accountability to residents of low- income communities through the representation of the residents on governing or advisory boards of the CDE. No later than 120 days after enactment, the Treasury Department will issue guidance that specifies objective criteria to be used by the Treasury to allocate the credits among eligible CDEs. In allocating the credits, the Treasury Department will give priority to entities with records of having successfully provided capital or technical assistance to disadvantaged businesses or communities,[24] as well as to entities that intend to invest substantially all of the proceeds they receive from their investors in businesses in which persons unrelated to the CDE hold the majority equity interest.

Under S. 3152, if a CDE fails to sell equity interests to investors up to the amount authorized within five years of the authorization, then the remaining authorization is canceled. The Treasury Department can authorize another CDE to issue equity interests for the unused portion. No authorization can be made after 2013.

Substantially all of the investment proceeds must be used by the CDE to make ''qualified low-income community investments.'' Qualified low-income community investments include: (1) capital or equity investments in, or loans to, qualified active businesses located in low- income communities,[25] (2) certain financial counseling and other services specified in regulations to businesses and residents in low-income communities, (3) the purchase from another CDE of any loan made by such entity that is a qualified low income community investment, or (4) an equity investment in, or loans to, another CDE.[26] Treasury Department regulations will provide guidance with respect to the ''substantially all'' standard.

The definition of a ''low-income community'' is the same as in H.R. 4923, except that under S. 3152, the Secretary may designate any area within any census tract as a ''low income community'' provided that (1) the boundary of the area is continuous,[27] (2) the area (if it were a census tract) would satisfy the poverty rate or median income requirements set forth above[28] within the targeted area, and (3) an inadequate access to investment capital exists in the area.

The definition of a ''qualified active business'' is the same as in H.R. 4923, except that S. 3152 clarifies that a qualified active business can include an organization that is organized on a non-profit basis.

The General Accounting Office will audit and report to Congress by January 31, 2004 (and again by January 31, 2007) on the new markets tax credit program, including on all qualified community development entities that receive an allocation under the new markets tax credit.

Effective date.—The provision is effective for qualified investments made after December 31, 2001.

CONFERENCE AGREEMENT

The conference agreement follows H.R. 4923 with some modifications.

The definition of a CDE includes the clarification in S. 3152 regarding the accountability requirement, as well as the priority allocation to CDEs with records of having successfully provided capital or technical assistance to disadvantaged businesses or communities,[29] as well as to entities that intend to invest substantially all of their investment proceeds in businesses in which persons unrelated to the CDE hold the majority equity interest.

The conference agreement adopts S. 3152's definitions of ''qualified low-income community investment'' (which permits investments in related businesses) and ''low-income community'' (which provides discretion to designate targeted population areas). In addition, the definition of a ''qualified active business'' includes an organization that is organized on a non-profit basis.

Under the conference agreement, the General Accounting Office will audit and report to Congress by January 31, 2004, and again in 2007 and 2010, on the new markets tax credit program, including on all qualified community development entities that receive an allocation under the new markets tax credit program.

D. INCREASE THE LOW-INCOME HOUSING TAX CREDIT CAP AND MAKE OTHER MODIFICATIONS (SECS. 631–637 OF THE BILL AND SEC. 42 OF THE CODE)

PRESENT LAW

In general

The low-income housing tax credit may be claimed over a 10-year period for the cost of rental housing occupied by tenants having incomes below specified levels. The credit percentage for newly constructed or substantially rehabilitated housing that is not Federally subsidized is adjusted monthly by the Internal Revenue Service so that the 10 annual installments have a present value of 70 percent of the total qualified expenditures. The credit percentage for new substantially rehabilitated housing that is Federally subsidized and for existing housing that is substantially rehabilitated is calculated to have a present value of 30 percent qualified expenditures.

Credit cap

The aggregate credit authority provided annually to each State is $1.25 per resident, except in the case of projects that also receive financing with proceeds of tax-exempt bonds issued subject to the private activity bond volume limit and certain carry-over amounts,

Expenditure test

Generally, the building must be placed in service in the year in which it receives an allocation to qualify for the credit. An exception is provided in the case where the taxpayer has expended an amount equal to 10–percent or more of the taxpayer's reasonably expected basis in the building by the end of the calendar year in which the allocation is received and certain other requirements are met.

Basis of building eligible for the credit

Buildings receiving assistance under the HOME investment partnerships act (''HOME'') are not eligible for the enhanced credit for buildings located in high cost areas (i.e., qualified census tracts and difficult development areas). Under the enhanced credit, the 70-percent and 30-percent credit are increased to a 91-percent and 39-percent credit, respectfully.

Eligible basis is generally limited to the portion of the building used by qualified low-income tenants for residential living and some common areas.

State allocation plans

Each State must develop a plan for allocating credits and such plan must include

[24] A record of having successfully provided capital or technical assistance to disadvantaged businesses or communities could be demonstrated by the past actions of the CDE itself or an affiliate (e.g., in the case where a new CDE is established by a nonprofit organization with a history of providing assistance to disadvantaged communities).

[25] Thus, a qualified low-income community investment may include an investment in a qualifying business in which the CDE (or a related party) holds a significant interest. However, as previously mentioned, in allocating the credits among eligible CDEs, the Treasury Department will give priority to CDEs that intend to invest substantially all of the proceeds they receive from their investors in businesses in which persons unrelated to the CDE hold the majority of the equity interest. For purposes of this provision, persons are related to each other if they are described in sections 267(b) or 707(b)(1).

[26] If at least 85 percent of the aggregate gross assets of the CDE are invested (directly or indirectly) in equity interests in, or loans to, qualified active businesses located in low-income communities, then there would be no need to trace the use of the proceeds from the particular stock (or other equity ownership) issuance with respect to which the credit is claimed.

[27] It is intended that the continuous boundary that delineates the portion of the census tract as a ''low-income community'' should be a pre-existing boundary (such as an established neighborhood, political, or geographic boundary).

[28] A low-income community is defined as census tracts with either (1) poverty rates of at least 20 percent (based on the most recent census data), or (2) median family income which does not exceed 80 percent of the greater of metropolitan area income or statewide median family income (for a non-metropolitan census tract, 80 percent of non-metropolitan statewide median family income).

[29] A record of having successfully provided capital or technical assistance to disadvantaged businesses or communities could be demonstrated by the past actions of the CDE itself or an affiliate (e.g., in the case where a new CDE is established by a nonprofit organization with a history of providing assistance to disadvantaged communities).

certain allocation criteria including: (1) project location; (2) housing needs characteristics; (3) project characteristics; (4) sponsor characteristics; (5) participation of local tax-exempts; (6) tenant populations with special needs; and (7) public housing waiting lists. The State allocation plan must also give preference to housing projects: (1) that serve the lowest income tenants; and (2) that are obligated to serve qualified tenants for the longest periods.

Credit administration

There are no explicit requirements that housing credit agencies perform a comprehensive market study of the housing needs of the low-income individuals in the area to be served by the project, nor that such agency conduct site visits to monitor for compliance with habitability standards.

Stacking rule

Authority to allocate credits remains at the State (as opposed to local) government level unless State law provides otherwise.[30] Generally, credits may be allocated only from volume authority arising during the calendar year in which the building is placed in service, except in the case of: (1) credits claimed on additions to qualified basis; (2) credits allocated in a later year pursuant to an earlier binding commitment made no later than the year in which the building is placed in service; and (3) carryover allocations.

Each State annually receives low-income housing credit authority equal to $1.25 per State resident for allocation to qualified low-income projects.[31] In addition to this $1.25 per resident amount, each State's ''housing credit ceiling'' includes the following amounts: (1) the unused State housing credit ceiling (if any) of such State for the preceding calendar year;[32] (2) the amount of the State housing credit ceiling (if any) returned in the calendar year;[33] and (3) the amount of the national pool (if any) allocated to such State by the Treasury Department.

The national pool consists of States' unused housing credit carryovers. For each State, the unused housing credit carryover for a calendar year consists of the excess (if any) of the unused State housing credit ceiling for such year over the excess (if any) of the aggregate housing credit dollar amount allocated for such year over the sum of $1.25 per resident and the credit returns for such year. The amounts in the national pool are allocated only to a State which allocated its entire housing credit ceiling for the preceding calendar year, and requested a share in the national pool not later than May 1 of the calendar year. The national pool allocation to qualified States is made on a pro rata basis equivalent to the fraction that a State's population enjoys relative to the total population of all qualified States for that year.

The present-law stacking rule provides that a State is treated as using its annual allocation of credit authority ($1.25 per State resident) and any returns during the calendar year followed by any unused credits carried forward from the preceding year's credit ceiling and finally any applicable allocations from the National pool.

HOUSE BILL

Credit cap

No provision. However, H.R. 4923 increases the $1.25 per capita cap to $1.75 per capita. This increase is phased-in over six years. Also, beginning in 2001 the per capita cap for each State is modified so that small population State are given a minimum of $2 million of annual credit cap. Therefore the credit cap would be the greater of: $1.35 per capita or $2 million in calendar year 2001; $1.45 per capita or $2 million in calendar 2002; $1.55 per capita or $2 million in calendar year 2003; $1.65 per capita or $2 million in calendar year 2004; $1.70 per capita or $2 million in calendar year 2005; and $1.75 per capita or $2 million in calendar year 2006. The $1.75 per capita credit cap and $2 million amount are indexed for inflation beginning in 2007.

Expenditure test

The provisions of H.R. 4923 allow a building which receives an allocation in the second half of a calendar to qualify under the 10–percent test if the taxpayer expends an amount equal to 10–percent or more of the taxpayer's reasonably expected basis in the building within six months of receiving the allocation regardless of whether the 10–percent test is met by the end of the calendar year.

Basis of building eligible for the credit

The provisions of H.R. 4923 make three changes to the basis rules of the credit. First, the definition of qualified census tracts for purposes of the enhanced credit is expanded to include any census tracts with a poverty rate of 25 percent or more. Second, H.R. 4923 extends the credit to a portion of the building used as a community service facility not in excess of 10 percent of the total eligible basis in the building. A community service facility is defined as any facility designed to serve primarily individuals whose income is 60 percent or less of area median income. Third, H.R. 4923 provides that assistance received under the Native American Housing Assistance and Self-Determination Act of 1996 is not taken into account in determining whether a building is Federally subsidized for purposes of the credit. This allows such buildings to qualify for something other than the 30–percent credit generally applicable to Federally subsidized buildings.

State allocation plans

The provisions of H.R. 4923 strikes the plan criteria relating to participation of local tax- exempts, replacing it with two other criteria: tenant populations of individuals with children and projects intended for eventual tenant ownership. It also provides that the present-law criteria relating to sponsor characteristics include whether the project involves the use of existing housing as part of a community revitalization plan. Also, H.R. 4923 adds a third category of housing projects to the preferential list. That third category is for projects located in qualified census tracts which contribute to a concerted community revitalization plan.

Credit administration

The provisions of H.R. 4923 require a comprehensive market study of the housing needs of the low-income individuals in the area to be served by the project and a written explanation available to the general public for any allocation not made in accordance with the established priorities and selection criteria of the housing credit agency. They also require site inspections by the housing credit agency to monitor compliance with habitability standards applicable to the project.

Stacking rule

The provisions of H.R. 4923 modify the stacking rule so that each State would be treated as using its allocation of the unused State housing credit ceiling (if any) from the preceding calendar before the current year's allocation of credit (including any credits returned to the State) and then finally any National pool allocations.

Effective date

In general, H.R. 4923 is effective for calendar years beginning after December 31, 2000, and buildings placed-in-service after such date in the case of projects that also receive financing with proceeds of tax-exempt bonds subject to the private activity bond volume limit which are issued after such date. The increase and indexing of the credit cap is effective for calendar years after December 31, 2000.

SENATE AMENDMENT

Credit cap

No provision. However, S. 3152 increases the annual State credit caps from $1.25 to $1.75 per resident beginning in 2001. Also, beginning in 2001 the per capita cap for each State is modified so that small population State are given a minimum of $2 million of annual credit cap. The $1.75 per capita cap and the $2 million amount are indexed for inflation beginning in calendar 2002.

Expenditure test

No provision.

Basis of building eligible for the credit

The provision in S. 3152 relating to the treatment of buildings receiving assistance under the Native American Housing Assistance and Self-Determination Act of 1996 is the same as one of the provisions in H.R. 4923. The other provisions in H.R. 4923 relating to the basis of building eligible for the credit are not part of S. 3152.

State allocation plans

No provision.

Credit administration

No provision.

Stacking rule

The provision of H.R. 4923 is included in S. 3152.

Effective date

The provisions are effective for calendar years beginning after December 31, 2000 and buildings placed-in-service after such date in the case of projects that also receive financing with proceeds of tax-exempt bonds which are issued after such date subject to the private activity bond volume limit.

CONFERENCE AGREEMENT

Credit cap

The conference agreement follows the provisions of H.R. 4923 and S. 3152 with a modification increasing the per-capita low-income housing credit cap from $1.25 per capita to $1.50 per capita in calendar year 2001 and to $1.75 per capita in calendar year 2002. Beginning in calendar year 2003, the per-capita

[30] For example, constitutional home rule cities in Illinois are guaranteed their proportionate share of the $1.25 amount, based on their population relative to that of the State as a whole.

[31] A State's population, for these purposes, is the most recent estimate of the State's population released by the Bureau of the Census before the beginning of the year to which the limitation applies. Also, for these purposes, the District of Columbia and the U.S. possessions (i.e., Puerto Rico, the Virgin Islands, Guam, the Northern Marianas and American Samoa) are treated as States.

[32] The unused State housing credit ceiling is the amount (if positive) of the previous year's annual credit limitation plus credit returns less the credit actually allocated in that year.

[33] Credit returns are the sum of any amounts allocated to projects within a State which fail to become a qualified low-income housing project within the allowable time period plus any amounts allocated to a project within a State under an allocation which is canceled by mutual consent of the housing credit agency and the allocation recipient.

portion of the credit cap will be adjusted annually for inflation. For small States, a minimum annual cap of $2 million is provided for calendar years 2001 and 2002. Beginning in calendar year 2003, the small State minimum is adjusted for inflation.

Expenditure test

The conference agreement follows the provision of H.R. 4923.

Basis of building eligible for the credit

The conference agreement includes all three of the changes to the credit basis rules included in H.R. 4923.

State allocation plans

The conference agreement includes the provision of H.R. 4923.

Credit administration

The conference agreement includes the provision of H.R. 4923.

Stacking rule

The conference agreement follows the provisions of H.R. 4923 and the S. 3152.

Effective date

The provision is generally effective for calendar years beginning after December 31, 2000, and buildings placed-in-service after such date in the case of projects that also receive financing with proceeds of tax-exempt bonds subject to the private activity bond volume limit which are issued after such date.

E. ACCELERATE SCHEDULED INCREASE IN STATE VOLUME LIMITS ON TAX-EXEMPT PRIVATE ACTIVITY BONDS (SEC. 651 OF THE BILL AND SEC. 146 OF THE CODE)

PRESENT LAW

Interest on bonds issued by States and local governments is excluded from income if the proceeds of the bonds are used to finance activities conducted and paid for by the governmental units (sec. 103). Interest on bonds issued by these governmental units to finance activities carried out and paid for by private persons (''private activity bonds'') is taxable unless the activities are specified in the Internal Revenue Code. Private activity bonds on which interest may be tax-exempt include bonds for privately operated transportation facilities (airports, docks and wharves, mass transit, and high speed rail facilities), privately owned and/or provided municipal services (water, sewer, solid waste disposal, and certain electric and heating facilities), economic development (small manufacturing facilities and redevelopment in economically depressed areas), and certain social programs (low-income rental housing, qualified mortgage bonds, student loan bonds, and exempt activities of charitable organizations described in sec. 501(c)(3)).

The volume of tax-exempt private activity bonds that States and local governments may issue for most of these purposes in each calendar year is limited by State-wide volume limits. The current annual volume limits are $50 per resident of the State or $150 million if greater. The volume limits do not apply to private activity bonds to finance airports, docks and wharves, certain governmentally owned, but privately operated solid waste disposal facilities, certain high speed rail facilities, and to certain types of private activity tax-exempt bonds that are subject to other limits on their volume (qualified veterans' mortgage bonds and certain ''new'' empowerment zone and enterprise community bonds).

The current annual volume limits that apply to private activity tax-exempt bonds increase to $75 per resident of each State or $225 million, if greater, beginning in calendar year 2007. The increase is, ratably phased in, beginning with $55 per capita or $165 million, if greater, in calendar year 2003.

HOUSE BILL

No provision. However, H.R. 4923 accelerates the scheduled increase in the present-law annual State private activity bond volume limits to $75 per resident of each State, or $225 million (if greater) beginning in calendar year 2007. The increase is phased in as follows, beginning in calendar year 2001:

Calendar year	Volume limit
2001	$55 per resident ($165 million if greater)
2002	$60 per resident ($180 million if greater)
2003	$65 per resident ($195 million if greater)
2004, 2005, and 2006.	$70 per resident ($210 million if greater)
2007 and thereafter.	$75 per resident ($225 million if greater)

Effective date.—The provision is effective beginning in calendar year 2001 and is fully effective in calendar year 2007 and thereafter.

SENATE AMENDMENT

No provision. However, S. 3152 increases the present-law annual State private activity bond volume limits to $75 per resident of each State or $225 million (if greater) beginning in calendar year 2001. In addition, the $75 per resident and the $225 million State limit will be indexed for inflation beginning in calendar year 2002.

Effective date.—The provisions are effective in calender years beginning after December 31, 2000.

CONFERENCE AGREEMENT

The conference agreement follows the provisions of H.R. 4923 and S. 3152 with a modification increasing the State volume limits from the greater of $50 per resident or $150 million to the greater of $62.50 per resident or $187.5 million in calendar year 2001. The volume limit will increase further, to the greater of $75 per resident or $225 million in calendar year 2002. Beginning in calendar year 2003, the volume limit will be adjusted annually for inflation.

F. EXTENSION AND MODIFICATION TO EXPENSING OF ENVIRONMENTAL REMEDIATION COSTS (SEC. 652 OF THE BILL AND SEC. 198 OF THE CODE)

PRESENT LAW

Taxpayers can elect to treat certain environmental remediation expenditures that would otherwise be chargeable to capital account as deductible in the year paid or incurred (sec. 198). The deduction applies for both regular and alternative minimum tax purposes. The expenditure must be incurred in connection with the abatement or control of hazardous substances at a qualified contaminated site.

A ''qualified contaminated site'' generally is any property that (1) is held for use in a trade or business, for the production of income, or as inventory; (2) is certified by the appropriate State environmental agency to be located within a targeted area; and (3) contains (or potentially contains) a hazardous substance (so-called ''brownfields''). Targeted areas are defined as: (1) empowerment zones and enterprise communities as designated under present law; (2) sites announced before February 1997, as being subject to one of the 76 Environmental Protection Agency (''EPA'') Brownfields Pilots; (3) any population census tract with a poverty rate of 20 percent or more; and (4) certain industrial and commercial areas that are adjacent to tracts described in (3) above. However, sites that are identified on the national priorities list under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 cannot qualify as targeted areas.

Eligible expenditures are those paid or incurred before January 1, 2002.

HOUSE BILL

No provision. However, H.R. 4923 as passed by the House extends an empowerment zone's status as a ''targeted area'' under section 198. In addition, H.R. 4923 provides that renewal communities (as defined in H.R. 4923) also constitute a ''targeted area'' under section 198.[34]

Effective date.—The provision is effective for expenditures incurred after June 30, 2001, and before January 1, 2010.

SENATE AMENDMENT

No provision. However, S. 3152 extends the expiration date for eligible expenditures to include those paid or incurred before January 1, 2004.

In addition, S. 3152 eliminates the targeted area requirement, thereby, expanding eligible sites to include any site containing (or potentially containing) a hazardous substance that is certified by the appropriate State environmental agency. However, expenditures undertaken at sites that are identified on the national priorities list under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 would continue to not qualify as eligible expenditures.

Effective date.—The provision to extend the expiration date is effective upon the date of enactment. The provision to expand the class of eligible sites is effective for expenditures paid or incurred after the date of enactment.

CONFERENCE AGREEMENT

The conference agreement follows S. 3152. By extending and expanding section 198, the conferees do not intend to displace the general tax law principle regarding expensing versus capitalization of expenditures which continues to apply to environmental remediation efforts not specifically covered under section 198.

G. EXTENSION OF DISTRICT OF COLUMBIA HOMEBUYER TAX CREDIT (SEC. 653 OF THE BILL AND SEC. 1400C OF THE CODE)

PRESENT LAW

First-time homebuyers of a principal residence in the District of Columbia are eligible for a nonrefundable tax credit of up to $5,000 of the amount of the purchase price. The $5,000 maximum credit applies both to individuals and married couples. Married individuals filing separately can claim a maximum credit of $2,500 each. The credit phases out for individual taxpayers with adjusted gross income between $70,000 and $90,000 ($110,000-$130,000 for joint filers). For purposes of eligibility, ''first-time homebuyer'' means any individual if such individual did not have a present ownership interest in a principal residence in the District of Columbia in the one year period ending on the date of the purchase of the residence to which the credit applies. The credit is scheduled to expire for residences purchased after December 31, 2001.

HOUSE BILL

No provision.

SENATE AMENDMENT

No provision. However, S. 3152 includes a provision that extends the first-time homebuyer credit for two years, through December 31, 2003. The provision also extends the

[34] Also see provisions above relating to empowerment zones and renewal communities.

phase-out range for married individuals filing a joint return so that it is twice that of individuals. Thus, under the provision, the District of Columbia homebuyer credit is phased out for joint filers with adjusted gross income between $140,000 and $180,000.

Effective date.—The provision is effective for taxable years beginning after December 31, 2000.

CONFERENCE AGREEMENT

The conference agreement follows the provision in S. 3152 with respect to the extension of the first-time homebuyer credit for two years (through December 31, 2003). The conference agreement does not include the provision regarding the phase-out range.

TITLE VII. ADMINISTRATIVE, MISCELLANEOUS, AND TECHNICAL CORRECTIONS PROVISIONS

Subtitle A. Administrative Provisions

A. EXEMPT CERTAIN REPORTS FROM ELIMINATION UNDER THE FEDERAL REPORTS ELIMINATION AND SUNSET ACT OF 1995 (SEC. 701 OF THE BILL)

PRESENT LAW

Section 303 of the Federal Reports Elimination and Sunset Act of 1995 eliminates many periodic Federal reporting requirements, effective May 15, 2000.

HOUSE BILL

No provision.

SENATE AMENDMENT

No provision.

CONFERENCE AGREEMENT

The conference agreement exempts certain reports from elimination and sunset pursuant to the Federal Reports Elimination and Sunset Act of 1995.

B. EXTENSION OF DEADLINES FOR IRS COMPLIANCE WITH CERTAIN NOTICE REQUIREMENTS (SEC. 702 OF THE BILL, SECS. 6631 AND 6751(A) OF THE CODE)

PRESENT LAW

The Internal Revenue Service Restructuring and Reform Act of 1998 (''IRS Restructuring Act of 1998'') imposed several notice requirements relating to penalties, interest and installment agreements. Section 6715 of the Code, added by section 3306 of the IRS Restructuring Act of 1998, requires that each notice imposing a penalty include the name of the penalty, the Code section under which the penalty is imposed, and a computation of the penalty.[35] This requirement applies to notices issued, and penalties assessed, after December 31, 2000.[36]

Section 6631 of the Code, added by section 3308 of the IRS Restructuring Act of 1998, requires that every IRS notice sent to an individual taxpayer that includes an amount of interest required to be paid by the taxpayer also include a detailed computation of the interest charged and a citation to the Code section under which such interest is imposed. The provision is effective for notices issued after December 31, 2000.

Section 3506 of the IRS Restructuring Act of 1998 requires the IRS to send every taxpayer in an installment agreement an annual statement of the initial balance owed, the payments made during the year, and the remaining balance. The provision became effective on July 1, 2000.

HOUSE BILL

No provision.

SENATE AMENDMENT

No provision.

CONFERENCE AGREEMENT

It is the understanding of the conferees that due to the need for substantial systems modifications, and Year 2000 programming priorities, the IRS will be unable to fully comply with certain notice requirements in accordance with deadlines imposed by the IRS Restructuring Act of 1998. The conference agreement extends the deadlines for complying with the penalty, interest, and installment agreement notice requirements. Specifically, the annual installment agreement notice requirement is extended from July 1, 2000, to September 1, 2001. The deadlines for complying with the notice requirements relating to the computation of penalties and interest[37] are both extended to June 30, 2001. In addition, for penalty notices issued after June 30, 2001, and before July 1, 2003, the notice requirements will be treated as met if the notice contains a telephone number at which the taxpayer can request a copy of the taxpayer's assessment and payment history with respect to such penalty. Similarly, for interest notices issued after June 30, 2001, and before July 1, 2003, the notice requirements will be treated as met if such notice contains a telephone number at which the taxpayer can request a copy of the taxpayer's payment history relating to interest amounts included in such notice.

Effective date.—The provision is effective on the date of enactment.

C. EXTENSION OF AUTHORITY FOR UNDERCOVER OPERATIONS (SEC. 703 OF THE BILL AND SEC. 7608 OF THE CODE)

PRESENT LAW

The Anti-Drug Abuse Act of 1988 exempted IRS undercover operations from the otherwise applicable statutory restrictions controlling the use of Government funds (which generally provide that all receipts must be deposited in the general fund of the Treasury and all expenses be paid out of appropriated funds). In general, the exemption permits the IRS to ''churn'' the income earned by an undercover operation to pay additional expenses incurred in the undercover operation. The IRS is required to conduct a detailed financial audit of large undercover operations in which the IRS is churning funds and to provide an annual audit report to the Congress on all such large undercover operations. The exemption originally expired on December 31, 1989, and was extended by the Comprehensive Crime Control Act of 1990 to December 31, 1991. In the Taxpayer Bill of Rights II (Public Law 104–168), the authority to churn funds from undercover operations was extended for five years, through 2000.

HOUSE BILL

No provision.

SENATE AMENDMENT

No provision.

CONFERENCE AGREEMENT

The conference agreement extends the authority of the IRS to ''churn'' the income earned from undercover operations for an additional five years, through 2005.

Effective date.—The provision is effective on the date of enactment.

D. COMPETENT AUTHORITY AND PRE-FILING AGREEMENTS (SEC. 704 OF THE BILL AND SECS. 6103, 6110, AND NEW SEC. 6105 OF THE CODE)

PRESENT LAW

Section 6103

Section 6103 of the Code sets forth the general rule that returns and return information are confidential. A return is any tax return, information return, declaration of estimated tax, or claim for refund filed under the Code on behalf of or with respect to any person. The term return also includes any amendment or supplement, including supporting schedules or attachments or lists, which are supplemental to or are part of a filed return. Return information is defined broadly. It includes the following information:

A taxpayer's identity, the nature, source or amount of income, payments, receipts, deductions, exemptions, credits, assets, liabilities, net worth, tax liability, tax withheld, deficiencies, overassessments, or tax payments;

Whether the taxpayer's return was, is being, or will be examined or subject to other investigation or processing;

Any other data, received by, recorded by, prepared by, furnished to, or collected by the Secretary with respect to a return or with respect to the determination of the existence, or possible existence, of liability (or the amount thereof) of any person under this title for any tax, penalty, interest, fine, forfeiture, or other imposition, or offense;[38]

Any part of any written determination or any background file document relating to such written determination which is not open to public inspection under section 6110;[39] and

Any advance pricing agreement entered into by a taxpayer and the Secretary and any background information related to the agreement or any application for an advance pricing agreement.

The term ''return information'' does not include data in a form that cannot be associated with or otherwise identify, directly or indirectly, a particular taxpayer.

Secrecy of information exchanged under tax treaties

U.S. tax treaties typically contain articles governing the exchange of information. These articles generally provide for the exchange of information between the tax authorities of the two countries when such information is necessary for carrying out provisions of the treaty or of the countries' domestic tax laws. Individuals referred to as ''competent authorities'' are designated by each country to make written requests for information and to receive information.[40]

The exchange of information articles typically cover information relating to taxes to which the treaty applies, but can also apply to other taxes (e.g., excise taxes) not covered by the treaty. Many of the treaties permit the exchange of information even if the taxpayer involved is not a resident of one of the treaty countries. The exchange of information articles may be similar to, or represent a variation on, Article 26 of the 1996 U.S. model income tax treaty.

Information that is received under the exchange of information articles is subject to secrecy clauses contained in the treaties. In this regard, the country requesting information under the treaties typically is required to treat any information received as secret in the same manner as information obtained under its domestic laws. In general, disclosure is not permitted other than to persons

[35] Sec. 6715(a).

[36] P.L. 105–206, sec. 3306.

[37] Secs. 6715(a) and 6631.

[38] Sec. 6103(b)(2)(A).

[39] Sec. 6103(b)(2)(B).

[40] The U.S. competent authority is the Secretary of the Treasury or his delegate. The U.S. competent authority function has been delegated to the Commissioner of Internal Revenue, who has redelegated the authority to the Director, International. On interpretive issues, the latter acts with the concurrence of the Associate Chief Counsel (International) of the IRS.

or authorities involved in the administration, assessment, collection or enforcement of taxes to which the treaty applies. For example, disclosure generally can be made to legislative bodies, such as the tax-writing committees of the Congress, and the General Accounting Office for purposes of overseeing the administration of U.S. tax laws.

In addition to the exchange of information articles in U.S. tax treaties, exchange of information provisions are contained in tax information exchange agreements entered into between the United States and another country.[41] In addition, information may be exchanged pursuant to the Convention on Mutual Administrative Assistance in Tax Matters developed by the Council of Europe and the Organization for Economic Cooperation and Development (the ''Multilateral Mutual Assistance Convention''), which limits the use of exchanged information and permits disclosure of such information only with the prior authorization of the competent authority of the country providing the information.[42] The United States has also entered into a number of implementation and coordination agreements with possessions that provide for the exchange of tax information. Moreover, the United States has entered into various mutual legal assistance treaties with other countries, some of which can be used to obtain tax information in criminal investigations.

Both the confidentiality provisions of section 6103, as well as treaty secrecy provisions can cover return information.

Section 6110 and section 7121

Section 6110 of the Code provides for disclosure of written determinations. With certain exceptions, section 6110 makes the text of any written determination the Internal Revenue Service (''IRS'') issues available for public inspection. A written determination is any ruling, determination letter, technical advice memorandum, or Chief Counsel advice. The IRS is required to redact certain material before making these documents publicly available.[43] Among the information to be redacted is information specifically exempted from disclosure by any statute (other than Title 26) that is applicable to the IRS. Once the IRS makes the written determination publicly available, the background file documents associated with such written determination are available for public inspection upon written request. Section 6110 defines ''background file documents'' as any written material submitted by the taxpayer or other requester in support of the request. Background file documents also include any communications between the IRS and persons outside the IRS concerning such written determination that occur before the IRS issues the determination.

(1) the names, addresses, and other identifying details of the person to whom the written determination pertains and of any other person, other than a person with respect to whom a notation is made under subsection (d)(1) (relating to third party contacts), identified in the written determination or any background file document;

(2) information specifically authorized under criteria established by an Executive order to be kept secret in the interest of national defense or foreign policy, and which is in fact properly classified pursuant to such Executive order;

(3) information specifically exempted from disclosure by any statute (other than [Title 26]) which is applicable to the Internal Revenue Service;

(4) trade secrets and commercial or financial information obtained from a person and privileged or confidential;

(5) information the disclosure of which would constitute a clearly unwarranted invasion of personal privacy;

(6) information contained in or related to examination, operating, or condition reports prepared by, or on behalf of, or for use of an agency responsible for the regulation or supervision of financial institutions; and (7) geological and geophysical information and data, including maps, concerning wells.

For Chief Counsel Advice, paragraphs 2 through 7 do not apply, however, material may be deleted in accordance with subsections (b) and (c) of the FOIA (except that in applying Exemption 3 of the FOIA, no statutory provision of the Code is to be taken into account.) See sec. 6110(i)(3).

Section 6110 was added to the Code in 1976. The legislative history provided that a written determination would not be considered a ruling, technical advice memorandum, or determination letter, unless the document satisfies three criteria:

(1) The document recites the relevant facts;

(2) The document explains the applicable provisions of law; and

(3) The document shows the application of law to the facts.[44]

The legislative history further provided that section 6110 '' does not require public disclosure of a closing agreement entered into between the IRS and a taxpayer which finally determines the taxpayer's tax liability with respect to a taxable year'Your committee understands that a closing agreement is generally the result of a negotiated settlement and, as such, does not necessarily represent the IRS view of the law. Your committee intends, however, that the closing agreement exception is not to be used as a means of avoiding public disclosure of determinations which, under present practice, would be issued in a form which would be open to public inspection [under the bill].''[45]

Closing agreements are entered into under the authority of section 7121. Closing agreements finally and conclusively settle a tax issue between the IRS and a taxpayer. Closing agreements may: (1) determine a taxpayer's entire tax liability for a previous tax period; or (2) fix the tax treatment of one or more specific items affecting tax liability for any tax period. Thus, closing agreements may settle the treatment of a specific item for periods ending after the execution of the agreement. A single closing agreement may cover both the determination of a taxpayer's entire tax liability for a previous tax period and fix the tax treatment of specific items for any tax period.

Freedom of Information Act

The Freedom of Information Act (''FOIA''), enacted in 1966, established a statutory right to access government information. While the purpose of section 6103 is to restrict access to returns and return information, the basic purpose of the FOIA is to ensure that the public has access to government documents. In general, the FOIA provides that any person has a right of access to Federal agency records, except to the extent that such records (or portions thereof) are protected from disclosure by one of nine exemptions or by one of three special law enforcement record exclusions. Exemption 3 of the FOIA allows the withholding of information prohibited from disclosure by another statute if certain requirements are met.[46] The right of access is enforceable in court.

Pending FOIA requests and litigation involving IRS records

Records covered by treaty secrecy clauses

A publisher of tax related material and commentary has made a FOIA request for the disclosure of competent authority agreements. The request has been pending since March 14, 2000.[47] The IRS has not denied the request, nor has it produced any documents responsive to the request. At this time, no suit has been filed to compel disclosure of these documents, although such a suit may be brought in the future.

In connection with a separate request, the IRS was sued under the FOIA to compel disclosure of Field Service Advice memoranda (''FSAs'').[48] FSAs are prepared by attorneys in the IRS National Office of the Office of Chief Counsel. They are prepared in response to requests from IRS field personnel for legal guidance, usually with respect to issues relating to a particular taxpayer. FSAs usually contain a statement of issues, facts, legal analysis and conclusions. The primary purpose of FSAs is to ensure that IRS field personnel apply the law correctly and uniformly. The D.C. Circuit determined that FSAs are subject to disclosure. However, the court remanded the case to district court to address assertions of privilege, including those based on treaty secrecy. A decision on this issue by the district court is still pending.[49]

Pre-filing agreements

On February 11, 2000, the IRS issued Notice 2000–12, in which the IRS established a pilot program for ''Pre-filing Agreements.'' Under this program, large businesses may request a review and resolution of specific issues relating to tax returns they expect to file between September and December of 2000. The purpose of the program is to enable taxpayers and the IRS to resolve issues that are likely to be disputed in post-filing audits. Examples of such issues include: (1) asset valuation and the allocation of a business's

[41] Sections 274(h)(6)(C) and 927(e)(3) specifically provide the Secretary of the Treasury the authority to enter into tax information exchange agreements. This eliminates the need for Senate ratification, which is required for a tax treaty. In addition, all tax information exchange agreements are required to include specific non-disclosure provisions which provide that ''information received by either country will be disclosed only to persons or authorities (including courts and administrative bodies) involved in the administration or oversight of, or in the determination of appeals in respect of, taxes of the United States, or the beneficiary country and will be used by such persons or authorities only for such purposes.''

Sec. 274(h)(6)(C)(i).

[42] The U.S. Senate ratified the Multilateral Mutual Assistance Convention, subject to certain reservations, in September 1990. The Multilateral Mutual Assistance Convention entered into force on April 1, 1995, and has been signed by the following countries: Denmark, Finland, Iceland, the Netherlands, Norway, Sweden, and the United States.

[43] For rulings, determination letters and technical advice memoranda, section 6110(c) provides the following exemptions from disclosure:

[44] H.R. Rep. 94'658, at 315 (1976).

[45] *Id.* at 316.

[46] 5 U.S.C. sec. 552(b)(3).

[47] The initial FOIA request of March 14, 2000, covered all competent authority agreements executed for the United States from January 1, 1990, to date. In response to a request from the Department of Treasury, by letter dated April 17, 2000, the FOIA request was narrowed to cover competent authority agreements executed between 1997 and 1999. The right to pursue the 1990 through 1996 agreements, however, was reserved.

[48] *Tax Analysts* v. *IRS*, 117 F.3d 607 (D.C. Cir. 1997).

[49] *Tax Analysts* v. *IRS*, No. 94–CV–923 (GK) (D.D.C.).

purchase or sale price among the assets acquired or sold; (2) the identification and documentation of hedging transactions; and (3) the determination of ''market'' for taxpayers using the lower of cost or market method of inventory valuation in situations involving inactive markets. The program is intended to address issues for which the law is settled.

In Notice 2000–12, the IRS stated that pre-filing agreements are closing agreements entered into pursuant to section 7121. As such, the notice provides that the information generated or received by the IRS during the pre-filing agreement process constitutes return information. The notice further provides that pre-filing agreements are not written determinations as defined in section 6110, nor are they subject to disclosure under the FOIA.

Several pre-filing agreements have been completed. A FOIA request for these agreements has not been made.

HOUSE BILL

No provision.

SENATE AMENDMENT

No provision.

CONFERENCE AGREEMENT

The provision affirms that closing and similar agreements, and information exchanged and agreements reached pursuant to a tax treaty, are confidential. Further, the provision clarifies that such protected documents are not to be disclosed under the FOIA or section 6110.

Clarification that return information includes closing agreements and similar dispute resolution agreements

Protection for closing agreements, pre-filing agreements and similar agreements not containing an exposition of the tax law

The bill provides that agreements entered into under section 7121 or similar agreements are confidential return information. Similar agreements are intended to include negotiated agreements that (1) are the result of an alternative dispute resolution or dispute avoidance process relating to liability of any person under the Code for any tax, penalty, interest, fine or forfeiture or other imposition or offense and (2) do not establish, set forth, or resolve the government's interpretation of the relevant tax law. This is not meant to preclude citation, or repetition of, the Code, Treasury regulations, or other published rules.

It is intended that pre-filing agreements be covered by this provision. It is the understanding of the conferees that pre-filing agreements do not explain the applicable provisions of law or otherwise contain any exposition of the tax law or the position of the IRS. In addition, it is not intended that the closing and similar agreement exception be used as a means of avoiding public disclosure of determinations that, under present law, would be issued in a form that would be open to public inspection. Thus, technical advice memoranda, chief counsel advice or other material clearly available to the public under present law section 6110, would not be exempt from disclosure by virtue of the fact that such material is contained in a background file for a closing agreement. For example, if a revenue agent seeks technical advice in connection with a pre-filing agreement, such technical advice would remain subject to the requirements of section 6110. Since the pre-filing agreement program involves only settled issues of law, it is the understanding of the conferees that documents of this nature generally would not be generated in the pre-filing agreement process.

The provision is not intended to foreclose the disclosure of tax-exempt organization closing agreements to the extent such disclosure is authorized under section 6104.[50] Since section 6103 permits the disclosure of return information as authorized by Title 26, a disclosure authorized by section 6104 is permissible, notwithstanding the fact that a closing agreement is return information.

Report on pre-filing agreement program

It is intended that the Secretary make publicly available an annual report relating to the pe-filing agreement program operations for the preceding calendar year. The annual reporting requirement is for five years, or the duration of the program, whichever is shorter. The report is to include (1) the number of pre-filing agreements completed, (2) the number of applications received, (3) the number of applications withdrawn, (4) the types of issues which are resolved by completed agreements, (5) whether the program is being utilized by taxpayers who were previously subject to audit by the IRS, (6) the average length of time required to complete an agreement, (7) the number, if any, and subject of technical advice and chief counsel advice memoranda issued to address issues arising in connection with any pre-filing agreement, (8) any model agreements,[51] and (9) any other information the Secretary deems appropriate. The first report, covering the calendar year 2000, is to be issued no later than March 30, 2001. The information required for the annual report is subject to the restrictions of section 6103. Therefore, the Secretary will disclose information only in a form that cannot be associated with or otherwise identify, directly or indirectly, a particular taxpayer. The Joint Committee on Taxation periodically may review pre-filing agreements to determine whether they contain legal interpretations that should be disclosed to the public.

Clarification that information protected by treaty is confidential

Protection for agreements and information exchanged pursuant to tax treaty

The provision adds a new Code section 6105, which provides that tax convention information, with limited exceptions, cannot be disclosed. Thus, the provision confirms that agreements concluded under, and information received pursuant to, a tax convention are confidential and can only be disclosed as provided in such tax convention.

Under the provision, a tax convention is defined to include any income tax or gift and estate tax convention, or any other convention or bilateral agreement (including multilateral conventions and agreements and any agreement with a possession of the United States) providing for the avoidance of double taxation, the prevention of fiscal evasion, nondiscrimination with respect to taxes, the exchange of tax relevant information with the United States, or mutual assistance in tax matters.

It is the understanding of the conferees that competent authority agreements (also referred to as mutual agreements) generally do not contain an explanation of the law or application of law to facts. Instead, such agreements are negotiated arrangements to resolve issues of double taxation. Thus, the term tax convention information for purposes of the provision includes: (1) any agreement entered into with the competent authority of one or more foreign governments pursuant to a tax convention; (2) an application for relief under a tax convention (sought by either a taxpayer or another competent authority); (3) any background information related to such agreement or application; (4) documents implementing such agreement; and (5) any other information exchanged pursuant to a tax convention that is treated as confidential or secret under such tax convention. The conferees intend that tax convention information would include documents and any other information that reflects tax convention information, including the association of a particular treaty partner with a specific issue or matter.

The general rule that tax convention information cannot be disclosed does not apply to the disclosure of tax convention information to persons or authorities (including courts and administrative bodies) that are entitled to disclosure under the tax convention. It also does not apply to any generally applicable procedural rules regarding applications for relief under a tax convention. This exception is intended to ensure that there is no restriction on the release by the Secretary of publicly available procedural rules concerning matters such as how or when to make a request for competent authority assistance. Thus, certain material generated by IRS, i.e., its Competent Authority procedures (primarily reflected in Rev. Proc. 96–13), or similar material produced by a treaty partner (for example, an Information Circular produced and published by the Canadian tax authority) may be made available to the public. The general rule does not apply to the disclosure of information not relating to a particular taxpayer if, after consultation with the parties to a tax convention, the Secretary determines that such disclosure would not impair tax administration. This is consistent with current practice. An example of a general agreement that could be disclosed under this provision is the agreement between the competent authorities of Mexico and the United States regarding the maquiladora industry. That agreement, which was not taxpayer specific, was publicized by press release IR–INT–1999–13. The conferees intend that the ''impairment of tax administration'' for purposes of this provision include, but not be limited to, the release of documents that would adversely affect the working relationship of the treaty partners. Under the provision, except as otherwise provided, taxpayer- specific tax convention information could not be publicly disclosed, even if it would not impair tax administration.

A taxpayer-specific competent authority agreement that relates to the existence or possible existence of liability (or amount thereof) of any person for any tax, penalty, interest, fine, forfeiture, or other imposition or offense under the Code is return information under section 6103. It is also an agreement pursuant to a tax convention under section 6105. Return information, including taxpayer-specific competent authority agreements, remains subject to the confidentiality provisions of section 6103. Thus, civil and criminal penalties for the unauthorized

[50] The D.C. Circuit recently remanded to the district court for factual development the issue of whether the closing agreement in that case was submitted in support of an exemption application, and therefore, subject to disclosure under section 6104. *Tax Analysts* v. *IRS*, 214 F.3d 179 (D.C. Cir 2000), vacating and remanding 99–2 U.S.T.C. (CCH) 794 (D.D.C. 1999).

[51] See e.g., Appendix A of Rev. Proc. 2000–38 which is a model ''Closing Agreement on Final Determination Covering Specific Matters'' regarding method of accounting for distributor commissions. Rev. Proc. 2000–38, 2000–40 I.R.B. 314–315 (October 2, 2000). That model agreement does not identify any particular taxpayer but sets forth the substance of the agreement.

disclosure of returns and return information continue to apply to return information that is also covered by section 6105. However, tax convention information that is return information may only be disclosed to the extent provided in, and subject to the terms and conditions of, the relevant tax convention.

Interaction with FOIA and section 6110

Under the provision, closing agreements and similar agreements would not be considered written determinations for purposes of section 6110 and, thus, would not be subject to public disclosure. Such agreements would be defined as return information under section 6103 and, therefore, such documents would be protected from disclosure pursuant to Exemption 3 of the FOIA in conjunction with section 6103.

In addition, under the provision, section 6110 would not apply to material covered by section 6105. In the litigation over FSAs, there has been some dispute as to whether treaties qualify as statutes for purposes of withholding information pursuant to Exemption 3 of the FOIA. The conferees believe that treaties are the equivalent of statutes for purposes of Exemption 3 of the FOIA. Section 6105 satisfies Exemption 3 of the FOIA. Taxpayer-specific tax convention information concerning a taxpayer's tax liability, such as taxpayer-specific competent authority agreements, would be exempt from the FOIA as both return information under section 6103 and information protected from disclosure by tax convention under section 6105. Agreements not relating to a particular taxpayer, and other tax convention information related to such agreements, could be disclosed under FOIA if it is determined that the disclosure would not impair tax administration.

EFFECTIVE DATE

The provision applies to disclosures on, or after, the date of enactment, and thus, applies to all documents in existence on, or created after, the date of enactment.

E. INCREASE JOINT COMMITTEE ON TAXATION REFUND REVIEW THRESHOLD TO $2 MILLION (SEC. 705 OF THE BILL AND SEC. 6405 OF THE CODE)

PRESENT LAW

No refund or credit in excess of $1,000,000 of any income tax, estate or gift tax, or certain other specified taxes, may be made until 30 days after the date a report on the refund is provided to the Joint Committee on Taxation (sec. 6405). A report is also required in the case of certain tentative refunds. Additionally, the staff of the Joint Committee on Taxation conducts post-audit reviews of large deficiency cases and other select issues.

HOUSE BILL

No provision.

SENATE AMENDMENT

No provision.

CONFERENCE AGREEMENT

The conference agreement increases the threshold above which refunds must be submitted to the Joint Committee on Taxation for review from $1,000,000 to $2,000,000. The staff of the Joint Committee on Taxation would continue to exercise its existing statutory authority to conduct a program of expanded post-audit reviews of large deficiency cases and other select issues, and the IRS is expected to cooperate fully in this expanded program.

Effective date.—The provision is effective on the date of enactment, except that the higher threshold does not apply to a refund or credit with respect to which a report was made before the date of enactment.

F. CLARIFYING THE ALLOWANCE OF CERTAIN TAX BENEFITS WITH RESPECT TO KIDNAPPED CHILDREN (SEC. 706 OF THE BILL AND SECS. 2, 24, 32, AND 151 OF THE CODE)

PRESENT LAW

The Code generally requires that a taxpayer provide over one-half of the support for each individual claimed as that taxpayer's dependent. Similarly, the child credit, the surviving spouse filing status, and the head of household filing status require that a taxpayer satisfy certain requirements with regard to individuals that qualify as the taxpayer's dependent(s). Finally, the earned income credit for taxpayers with qualifying children generally is available only if the taxpayer has the same principal place of abode for more than one-half the taxable year with an otherwise qualifying child.

Recently published IRS guidance first denied a dependency exemption to certain taxpayers with kidnapped children (TAM 200034029), then allowed such tax benefits to such taxpayers (TAM 200038059).

HOUSE BILL

No provision. However, H.R. 5117 clarifies that the dependency exemption, the child credit, the surviving spouse filing status, the head of household filing status, and the earned income credit are available to an otherwise qualifying taxpayer with respect to a child who is presumed by law enforcement authorities to have been kidnapped by someone who is not a member of the family of such child or the taxpayer. Generally, this treatment continues for all taxable years ending during the period that the child is kidnapped. However, this treatment ends for the taxable year ending after the calender year in which it is determined that the child is dead (or, if earlier, in which the child would have attained age 18).

Effective date.—The provision is effective for taxable years ending after the date of enactment.

SENATE AMENDMENT

No provision.

CONFERENCE AGREEMENT

The conference agreement follows the provision of H.R. 5117.

G. CONFORMING CHANGES TO ACCOMMODATE REDUCED ISSUANCES OF CERTAIN TREASURY SECURITIES (SEC. 707 OF THE BILL AND SEC. 995(F)(4) OF THE CODE)

PRESENT LAW

Code section 995(f)(4) dealing with the interest charge on the deferred tax liability of the shareholders of a domestic international sales corporation provides that the interest rate be determined by reference to the average investment yield on United States Treasury bills with maturities of 52 weeks. In addition, provisions of Federal law relating to interest on monetary judgments in civil cases recovered in Federal district court and on a judgment against the United States affirmed by the Supreme Court (Title 28), interest on certain unpaid criminal fines and penalties (Title 18), and interest on compensation for certain takings of property (Title 40) determine the applicable interest rate by reference to 52-week Treasury bills.

HOUSE BILL

No provision.

SENATE AMENDMENT

No provision.

CONFERENCE AGREEMENT

The conferees understand that, as a result of prior Congressional efforts at budgetary control, current and projected Federal budget surpluses are reducing the need of the Treasury Department to issue certain securities. The Treasury Department has informed the Congress that on grounds of efficient debt management, and predictability and liquidity for the financial markets, the Treasury Department has announced it is likely to cease issuing 52-week Treasury bills. The conference agreement modifies the Code (sec. 995(f)(4)) and certain other parts of Federal law relating to interest on monetary judgments in civil cases recovered in Federal district court and on a judgment against the United States affirmed by the Supreme Court (Title 28), interest on certain unpaid criminal fines and penalties (Title 18), and interest on compensation for certain takings of property (Title 40) that make specific reference to yields on 52-week Treasury bills. The conference agreement generally replaces the reference to 52-week Treasury bills with a reference to the weekly average one-year constant maturity Treasury yield, as published by the Board of Governors of the Federal Reserve System.

Effective date.—The provision is effective upon the date of enactment.

H. AUTHORIZATION OF AGENCIES TO USE CORRECTED CONSUMER PRICE INDEX (SEC. 708 OF THE BILL)

PRESENT LAW

Code section 1(f) provides for adjustments in the tax tables so that inflation will not result in tax increases. Numerous other provisions of the Code are indexed as well. Section 1(f) provides that inflation is measured by changes in the consumer price index (''CPI'') for the preceding year as published by the Department of Labor compared to the CPI for the calendar year 1992. Section 1(f) directs the Secretary to publish tables with applicable tax rates based upon calculated inflation adjustments by December 15 of the year before the year to which the tables are to apply.

In addition, payments made under Social Security, certain Federal employee retirement programs, and certain payments to individuals under various welfare and income support programs are adjusted annually by changes in the CPI.

On September 28, 2000, the Bureau of Labor Statistics (''BLS'') announced that the agency had discovered a computational error in quality adjustments of air conditioning as a part of the cost of housing resulting in errors in the reported CPI between January 1999 and August 2000. The BLS reported that the CPI levels starting in January 1999 have been either 0.0, 0.1, or 0.2 index points lower than the levels that would have been published without the error. Consistent with agency guidelines and past practice, the BLS announced that it is revising the reported CPI back to January 2000 to the fully correct levels. The BLS will make no change to reported levels for January through December 1999. However, the BLS will make the corrected levels of the CPI for 1999 available upon request.

HOUSE BILL

No provision.

SENATE BILL

No provision.

CONFERENCE AGREEMENT

The conference agreement authorizes the Secretary of the Treasury to use the corrected levels of the CPI for 1999 and 2000 for all purposes of the Code to which they might apply. The conference agreement directs the Secretary to prescribe new tables reflecting

the correct levels of the 1999 CPI for the 2000 tax year.

In addition, the conference agreement provides that the Director of the Office of Management and Budget (''OMB'') shall assess Federal benefit programs to ascertain the extent to which the CPI error has or will result in a shortfall in program payments to individuals for 2000 and future years. The conference agreement directs the Director to issue guidelines to agency administrators to determine the extent, if any, of such shortfalls in payments to individuals. The agency administrators are to report their findings to the Director and to Congress within 30 days. The conference agreement provides that, within 60 days of the date of enactment, the Director instruct the head of any Federal agency which administers an affected program to make a payment or payments to compensate for the shortfall and that such payments are targeted to the amount of the shortfall experienced by individual beneficiaries. Applicable Federal benefit programs include the old-age and survivors insurance program, the disability insurance program and the supplemental security income program under the Social Security Act and other programs as determined by the Director. The conference agreement directs the Director to report to the Congress on the activities performed pursuant to this provision by April 1, 2001.

The conferees recognize that the error in the CPI was computational in nature. The conferees support the BLS's policy to incorporate methodological changes only on a prospective basis. The conferees also understand that BLS policy provides that published indices generally not be revised except for those found to be in error for the year in which the error was discovered or within the past twelve months. The conferees recognize that the errors in the CPI date to as long as 20 months prior to the announcement of the error. The conferees recognize that the BLS's policy of not publishing corrected index numbers, beyond those provided as described above, has been applied in those rare cases where an error has been discovered in the past. However, the conferees understand that in the past 25 years the few errors that have been discovered have involved sub-indices and have not affected the level of the CPI itself. The last time the U.S. City Average All Items CPI was revised was in December 1974, when the values for the months of April through October 1974 were recalculated and released with issuance of the November CPI. Therefore, past precedent does not strictly apply to the present situation.

The conferees believe that integrity of official government data is vital to policymakers and private individuals and businesses throughout the country. The conferees emphasize that the CPI plays an important role in economic planning. For this reason the conferees are concerned that, while the BLS has published corrected CPI numbers for 2000, the BLS does not intend to publish corrected CPI numbers for 1999 as part of the official CPI series. To its credit, the BLS announced the error publicly. The national press reported the error.[52] In the absence of a correction to the official CPI series, the Federal government will be left in the position of maintaining, as an official data series, index numbers that the Federal government has admitted are incorrect. The conferees believe that the public's trust in the integrity of official government data is a paramount goal and the conferees strongly encourage the Commissioner of the Bureau of Labor Statistics to review carefully the agency's current policy with respect to publishing as part of an official series corrections to data found to be in error for reasons of computational error. The conferees believe such a review should be made both with respect to the error announced on September 28, 2000, and as a matter for the future for those rare circumstances where such a similar computational error might once again arise.

Effective date.—The provision is effective on the date of enactment.

I. PREVENT DUPLICATION OR ACCELERATION OF LOSS THROUGH ASSUMPTION OF CERTAIN LIABILITIES (SEC. 709 OF THE BILL AND SEC. 358 OF THE CODE)

PRESENT LAW

Generally, no gain or loss is recognized when one or more persons transfer property to a corporation in exchange for stock and immediately after the exchange such person or persons control the corporation. However, a transferor recognizes gain to the extent it receives money or other property (''boot'') as part of the exchange (sec. 351).

The assumption of liabilities by the controlled corporation generally is not treated as boot received by the transferor,[53] except that the transferor recognizes gain to the extent that the liabilities assumed exceed the total of the adjusted basis of the property transferred to the controlled corporation pursuant to the exchange (sec. 357(c)).

The assumption of liabilities by the controlled corporation generally reduces the transferor's basis in the stock of the controlled corporation that assumed the liabilities. The transferor's basis in the stock of the controlled corporation is the same as the basis of the property contributed to the controlled corporation, increased by the amount of any gain (or dividend) recognized by the transferor on the exchange, and reduced by the amount of any money or property received, and by the amount of any loss recognized by the transferor (sec. 358). For this purpose, the assumption of a liability is treated as money received by the transferor.

An exception to the general treatment of assumptions of liabilities applies to assumptions of liabilities that would give rise to a deduction, provided the incurrence of such liabilities did not result in the creation or increase of basis of any property. The assumption of such liabilities is not treated as money received by the transferor in determining whether the transferor has gain on the exchange. Similarly, the transferor's basis in the stock of the controlled corporation is not reduced by the assumption of such liabilities. The Internal Revenue Service has ruled that the assumption by an accrual basis corporation of certain contingent liabilities for soil and groundwater remediation would be covered by this exception.[54]

HOUSE BILL

No provision. However, the conference agreement to the Taxpayer Refund and Relief Act of 1999 (H.R. 2488) included an earlier version of the legislation, effective for assumptions of liabilities after July 14, 1999.

SENATE AMENDMENT

No provision. However, the conference agreement to the Taxpayer Refund and Relief Act of 1999 (H.R. 2488) included an earlier version of the legislation, effective for assumptions of liabilities after July 14, 1999. In addition, on October 20, 1999, the Senate Finance Committee reported a bill (S. 1792) that contains a provision that limits the acceleration or duplication of losses through assumptions of liabilities. On April 4, 2000, Senators Roth and Moynihan introduced a bill that contains the same provision (S. 2354).

Effective date.—The provision in S. 2354 is effective for assumptions of liabilities on or after October 19, 1999. Except as provided by the Secretary, the rules addressing transactions involving partnerships are effective with the same effective date. Any rules addressing transactions involving S corporations may likewise be effective for assumptions of liabilities on or after October 19, 1999 or such later date as may be prescribed in such rules.

CONFERENCE AGREEMENT

The conference agreement adopts the provision in S. 2354.

Under the conference agreement, if the basis of stock (determined without regard to this provision) received by a transferor as part of a tax-free exchange with a controlled corporation exceeds the fair market value of the stock, then the basis of the stock received is reduced (but not below the fair market value) by the amount (determined as of the date of the exchange) of any liability that (1) is assumed in exchange for such stock, and (2) did not otherwise reduce the transferor's basis of the stock by reason of the assumption. Except as provided by the Secretary of the Treasury, this provision does not apply where the trade or business with which the liability is associated is transferred to the corporation as part of the exchange, or where substantially all the assets with which the liability is associated are transferred to the corporation as part of the exchange.

The exceptions for transfers of a trade or business, or of substantially all the assets, with which a liability is associated, are intended to obviate the need for valuation or basis reduction in such cases. The exceptions are not intended to apply to situations involving the selective transfer of assets that may bear some relationship to the liability,

[52] For example, John M. Berry, ''Inflation Higher Than Reported,'' The Washington Post, September 27, 2000, p. E–1, John M. Berry, ''Rent Error Leads to Revision Of the CPI,'' The Washington Post, September 29, 2000, p. E–3, Nicholas Kulish, ''Major Price Index Is Revised Upward As Result of Error,'' The Wall Street Journal, September 28, 2000, p. A2, and Nicholas Kulish, ''Second-Period GDP Rose at 5.6% Annual Rate,'' The Wall Street Journal, September 29, 2000, p. A2. The conferees observe that these press reports highlight the potential confusion for the public regarding these data. The Washington Post reported that ''the CPI figures for 1999 were not revised'' (September 29, 2000 story) while The Wall Street Journal reported that ''[t]he BLS said a complete revision of all the data sets would be released'' (September 28, 2000 story) and ''it [BLS] announced that it would revise the index'' (September 29, 2000 story).

[53] The assumption of liabilities is treated as boot if it can be shown that ''the principal purpose'' of the assumption is tax avoidance on the exchange, or is a non-bona fide business purpose (sec. 357(b)).

[54] Rev. Rul. 95–74, 1995–2 C.B. 36. The ruling addressed a parent corporation's transfer to a subsidiary of substantially all the assets of a manufacturing business, in exchange for stock and the assumption of liabilities associated with the business, including certain contingent environmental remediation liabilities. These liabilities arose due to contamination of land during the parent corporation's operation of the manufacturing business. The transferor had no plan or intention to dispose of (or to have the subsidiary issue) any subsidiary stock. The IRS ruled that the contingent liabilities would not reduce the transferor's basis in the stock of the subsidiary because the liabilities had not been taken into account by the transferor prior to the transfer and had not given rise to deductions or basis for the transferor.

but that do not represent the full scope of the trade or business, (or substantially all the assets) with which the liability is associated.

For purposes of the provision, the term ''liability'' includes any fixed or contingent obligation to make payment, without regard to whether such obligation or potential obligation is otherwise taken into account under the Code. The determination whether a liability (as more broadly defined for purposes of this provision) has been assumed is made in accordance with the provisions of section 357(d)(1) of the Code. Under the standard of 357(d)(1), a recourse liability is treated as assumed if, based on all the facts and circumstances, the transferee has agreed to and is expected to satisfy such liability (or portion thereof), whether or not the transferor has been relieved of the liability. For example, if a transferee corporation does not formally assume a recourse obligation or potential obligation of the transferor, but instead agrees and is expected to indemnify the transferor with respect to all or a portion of a such an obligation, then the amount that is agreed to be indemnified is treated as assumed for purposes of the provision, whether or not the transferor has been relieved of such liability. Similarly, a nonrecourse liability is treated as assumed by the transferee of any asset subject to such liability.[55]

The application of the provision is illustrated in the following example: Assume a taxpayer transfers assets with an adjusted basis and fair market value of $100 to its wholly- owned corporation and the corporation assumes $40 of liabilities (the payment of which would give rise to a deduction). Thus, the value of the stock received by the transferor is $60. Under present law, the basis of the stock would be $100. The provision requires that the basis of the stock be reduced to $60 (i.e., a reduction of $40). Except as provided by the Secretary, no basis reduction is required if the transferred assets consisted of the trade or business, or substantially all the assets, with which the liability is associated.

The provision does not change the tax treatment with respect to the transferee corporation.

The Secretary of the Treasury is directed to prescribe rules providing appropriate adjustments to prevent the acceleration or duplication of losses through the assumption of liabilities (as defined in the provision) in transactions involving partnerships. The Secretary may also provide appropriate adjustments in the case of transactions involving S corporations. In the case of S corporations, such rules may be applied instead of the otherwise applicable basis reduction rules.

Effective date.—The provision is effective for assumptions of liabilities on or after October 19, 1999. Except as provided by the Secretary, the rules addressing transactions involving partnerships are effective with the same effective date Any rules addressing transactions involving S corporations may likewise be effective for assumptions of liabilities on or after October 19, 1999, or such later date as may be prescribed in such rules.

[55] Section 357(d)(2) contains a limitation in the case of certain nonrecourse liabilities. Also, under section 357, regulations, if issued, may provide for different results.

Subtitle B. Miscellaneous Provisions

A. REPEAL CERTAIN EXCISE TAXES ON RAIL DIESEL FUEL AND INLAND WATERWAY BARGE FUELS (SEC. 710 OF THE BILL AND SECS. 4041 AND 4042 OF THE CODE)

PRESENT LAW

Under present law, diesel fuel used in trains is subject to a 4.3-cents-per gallon General Fund excise tax. Similarly, fuels used in barges operating on the designated inland waterways system is subject to a 4.3-cents-per-gallon General Fund excise tax. In both cases, the 4.3-cents- per-gallon excise tax rates are permanent.

HOUSE BILL

No provision.

SENATE AMENDMENT

No provision.

CONFERENCE AGREEMENT

The 4.3-cents-per-gallon General Fund excise tax rates on diesel fuel used in trains and fuels used in barges operating on the designated inland waterways system is repealed.

Effective date.—The provision takes effect on January 1, 2001.

B. REPEAL OF REDUCTION OF DEDUCTIONS FOR MUTUAL LIFE INSURANCE COMPANIES AND OF POLICYHOLDER SURPLUS ACCOUNTS OF LIFE INSURANCE COMPANIES (SECS. 711–712 OF THE BILL AND SECS. 809 AND 815 OF THE CODE)

PRIOR AND PRESENT LAW

Reduction in deductions for policyholder dividends and reserves of mutual life insurance companies (sec. 809)

In general, a corporation may not deduct amounts distributed to shareholders with respect to the corporation's stock. The Deficit Reduction Act of 1984 added a provision to the rules governing insurance companies that was intended to remedy the failure of prior law to distinguish between amounts returned by mutual life insurance companies to policyholders as customers, and amounts distributed to them as owners of the mutual company.

Under the provision, section 809, a mutual life insurance company is required to reduce its deduction for policyholder dividends by the company's differential earnings amount. If the company's differential earnings amount exceeds the amount of its deductible policyholder dividends, the company is required to reduce its deduction for changes in its reserves by the excess of its differential earnings amount over the amount of its deductible policyholder dividends. The differential earnings amount is the product of the differential earnings rate and the average equity base of a mutual life insurance company.

The differential earnings rate is based on the difference between the average earnings rate of the 50 largest stock life insurance companies and the earnings rate of all mutual life insurance companies. The mutual earnings rate applied under the provision is the rate for the second calendar year preceding the calendar year in which the taxable year begins. Under present law, the differential earnings rate cannot be a negative number.

A company's equity base equals the sum of: (1) its surplus and capital increased by 50 percent of the amount of any provision for policyholder dividends payable in the following taxable year; (2) the amount of its nonadmitted financial assets; (3) the excess of its statutory reserves over its tax reserves; and (4) the amount of any mandatory security valuation reserves, deficiency reserves, and voluntary reserves. A company's average equity base is the average of the company's equity base at the end of the taxable year and its equity base at the end of the preceding taxable year.

A recomputation or ''true-up'' in a subsequent year is required if the differential earnings amount for the taxable year either exceeds, or is less than, the recomputed differential earnings amount. The recomputed differential earnings amount is calculated taking into account the average mutual earnings rate for the calendar year (rather than the second preceding calendar year, as above). The amount of the true-up for any taxable year is added to, or deducted from, the mutual company's income for the succeeding taxable year.

Distributions to shareholders from policyholders surplus account (sec. 815)

Under the law in effect from 1959 through 1983, a life insurance company was subject to a three-phase taxable income computation under Federal tax law. Under the three-phase system, a company was taxed on the lesser of its gain from operations or its taxable investment income (Phase I) and, if its gain from operations exceeded its taxable investment income, 50 percent of such excess (Phase II). Federal income tax on the other 50 percent of the gain from operations[56] was deferred, and was accounted for as part of a policyholder's surplus account and, subject to certain limitations, taxed only when distributed to stockholders or upon corporate dissolution (Phase III). To determine whether amounts had been distributed, a company maintained a shareholders surplus account, which generally included the company's previously taxed income that would be available for distribution to shareholders.[57] Distributions to shareholders were treated as being

[56] The legislative history to the Life Insurance Company Tax Act of 1959 states that ''[t]his 50 percent reduction in underwriting gains is made because of the claim that it is difficult to establish with certainty the actual annual income of life insurance companies. It has been pointed out that because of the long-term nature of their contracts, amounts, which may appear as income in the current year and as proper additions to surplus, may, as a result of subsequent events, be needed to fulfill life insurance contracts. Because of this difficulty in arriving at true underwriting gains on an annual basis, the bill provides for the taxation of only 50 percent of this gain on a current basis.'' Report of the Committee on Ways and Means to accompany H.R. 4245, H. Rep. No. 34, 86th Cong., 1st Sess. at 13 (1959). Similarly, the Senate report provides, ''Although it is believed desirable to subject this underwriting income to tax, it is stated that because of the long-term nature of insurance contracts it is difficult, if not impossible, to determine the true income of life insurance companies otherwise than by ascertaining over a long period of time the income derived from a contract or block of contracts. Because of this, the bill as amended by your committee, like the bill as passed by the House, does not attempt to tax on an annual basis all of what might appear to be income. In both the House and your committee's bill, half of the underwriting income is taxed as it accrues each year. The other half of the underwriting income is taxed when it is paid out in a distribution to shareholders after the taxed income has been distributed, or when it is voluntarily segregated and held for the benefit of the shareholders. This other half of the underwriting income also is taxed if the cumulative amount exceeds certain prescribed limits or if for a specified period of time the company ceases to be a life insurance company.'' Report of the Committee on Finance to accompany H.R. 4245, S. Rep. No. 291, 86th Cong., 1st Sess. at 7 (1959).

[57] Other events are treated as a subtraction from the policyholders surplus account. If for any taxable year the taxpayer is not an insurance company, or for any 2 taxable years the company is not a life insurance company, then the balance in the policyholder surplus account at the close of the preceding

first out of the shareholders surplus account, then out of the policyholders surplus account, and finally out of other accounts.

The Deficit Reduction Act of 1984 included provisions that, for 1984 and later years, eliminated further deferral of tax on amounts (described above) that previously would have been deferred under the three-phase system. Although for taxable years after 1983, life insurance companies may not enlarge their policyholders surplus account, the companies are not taxed on previously deferred amounts unless the amounts are treated as distributed to shareholders or subtracted from the policyholders surplus account (sec. 815).

Under present law, any direct or indirect distribution to shareholders from an existing policyholders surplus account of a stock life insurance company is subject to tax at the corporate rate in the taxable year of the distribution.[58] Present law (like prior law) provides that any distribution to shareholders is treated as made (1) first out of the shareholders surplus account, to the extent thereof, (2) then out of the policyholders surplus account, to the extent thereof, and (3) finally, out of other accounts.[59]

HOUSE BILL

No provision.

SENATE AMENDMENT

No provision.

CONFERENCE AGREEMENT

Reduction in deductions for policyholder dividends and reserves of mutual life insurance companies (sec. 809)

The conference agreement repeals the rules requiring reduction in certain deductions of mutual life insurance companies (sec. 809) for taxable years beginning after December 31, 2000.

Effective date.—The repeal is effective for taxable years beginning after December 31, 2000.

Distributions to shareholders from policyholders surplus account (sec. 815)

The conference agreement repeals the rules relating to distributions to shareholders from the policyholders surplus account of a life insurance company (sec. 815) for taxable years beginning after December 31, 2000.

Effective date.—The repeal is effective for taxable years beginning after December 31, 2000.

C. TAX-CREDIT BONDS FOR THE NATIONAL RAILROAD PASSENGER CORPORATION (''AMTRAK'') AND THE ALASKA RAILROAD (SEC. 713 OF THE BILL AND NEW SEC. 54 OF THE CODE)

PRESENT LAW

Present law does not authorize the issuance by any private, for-profit corporation of bonds the interest on which is tax-exempt or eligible for an income tax credit. Tax-exempt bonds may be issued by States or local governments to finance their governmental activities or to finance certain capital expenditures of private businesses or loans to individuals. Additionally, States or local governments may issue tax-credit bonds to finance the operation of ''qualified zone academies.''

Tax-exempt bonds

Interest on bonds issued by States or local governments to finance direct activities of those governmental units is excluded from tax (sec. 103). In addition, interest on certain bonds (''private activity bonds'') issued by States or local governments acting as conduits to provide financing for private businesses or individuals is excluded from income if the purpose of the borrowing is specifically approved in the Code (sec. 141). Examples of approved private activities for which States or local governments may provide tax-exempt financing include transportation facilities (airports, ports, mass commuting facilities, and certain high speed intercity rail facilities); public works facilities such as water, sewer, and solid waste disposal; and certain social welfare programs such as low-income rental housing, student loans, and mortgage loans to certain first-time homebuyers. High speed intercity rail facilities eligible for tax-exempt financing include land, rail, and stations (but not rolling stock) for fixed guideway rail transportation of passengers and their baggage using vehicles that are reasonably expected to operate at speeds in excess of 150 miles per hour between scheduled stops.

Issuance of most private activity bonds is subject to annual State volume limits of $50 per resident ($150 million if greater). These volume limits are scheduled to increase to $75 per resident ($225 million if greater) over the period 2003 through 2007.

Investment earnings on all tax-exempt bonds, including earnings on invested sinking funds associated with such bonds is restricted by the Code to prevent the issuance of bonds earlier or in a greater amount than necessary for the purpose of the borrowing. In general, all profits on investment of such proceeds must be rebated to the Federal Government. Interest on bonds associated with invested sinking funds is taxable.

Tax-credit bonds for qualified zone academies

As an alternative to traditional tax-exempt bonds, certain States or local governments are given authority to issue ''qualified zone academy bonds.'' A total of $400 million of qualified zone academy bonds is authorized to be issued in each year of 1998 through 2001. The $400 million is allocated to States according to their respective populations of individuals below the poverty line.

Qualified zone academy bonds are taxable bonds with respect to which the investor receives an income tax credit equal to an assumed interest rate set by the Treasury Department to allow issuance of the bonds without discount and without interest cost to the issuer. The bonds may be used for renovating, providing equipment to, developing course materials for, or training teachers in eligible schools. Eligible schools are elementary and secondary schools with respect to which private entities make contributions equaling at least 10 percent of the bond proceeds.

Only financial institutions are eligible to claim the credits on qualified zone academy bonds. The amount of the credit is taken into income. The credit may be claimed against both regular income tax and AMT liability.

There are no arbitrage restrictions applicable to investment earnings on qualified zone academy bond proceeds.

HOUSE BILL

No provision.

SENATE AMENDMENT

No provision, but S. 3152, authorizes the National Railroad Passenger Corporation (''Amtrak'') and the Alaska Railroad to issue an aggregate amount of $10 billion of tax-credit bonds to finance its capital projects. Annual issuance of the bonds may not exceed $1 billion per year (plus any authorized amount that was not issued in previous years) during the ten Fiscal Year period, 2001–2010. Unused bond authority could be carried forward to succeeding years until used, subject to a limitation that no tax-credit bonds could be issued after fiscal year 2015.

Projects eligible for tax-credit bond financing are defined as the acquisition, construction of equipment, rolling stock, and other capital improvements for (1) the northeast rail corridor between Washington, D.C. and Boston, Massachusetts;[60] (2) high-speed rail corridors designated under section 104(d)(2) of Title 23 of the United States Code; and (3) other intercity passenger rail corridors, including station rehabilitation or construction, track or signal improvements, or grade crossing elimination. Item 3 is limited to a maximum of 10 percent of the proceeds of any bond issue. At least 70 percent of the authorized tax-credit bonds must be issued for projects described in (2) and (3). No more than $3 billion of the bonds may be designated for any one high-speed rail corridor.

As with qualified zone academy bonds, the interest rate on Amtrak/Alaska Railroad tax-credit bonds will be set to allow issuance of the bonds at par, i.e., without any interest cost to Amtrak or the Alaska Railroad. In general, proceeds of Amtrak/Alaska Railroad tax-credit bonds would have to be spent within 36 months after the bonds are issued. As of the date the bonds were issued, Amtrak or the Alaska Railroad must certify that it reasonably expects—

(1) to incur a binding obligation with a third party to spend at least 10 percent of the bond proceeds within six months (or in the case of self-constructed property, to have commenced construction or preliminary engineering studies within six months);

(2) to spend the bond proceeds with due diligence; and

(3) to spend at least 95 percent of the proceeds for qualifying capital costs within three years.

Amtrak/Alaska Railroad tax-credit bonds may only be issued for projects that are approved by the Department of Transportation and, in the case of Amtrak, with respect to which there are binding commitments from one or more States to make matching contributions of at least 20 percent of the project cost. Projects having State matching contributions in excess of 20 percent are given a preference. The State matching contributions, along with earnings on investment of the tax-credit bond proceeds must be invested in a trust account (i.e., a sinking fund) and used along with earnings on the trust account for repayment of the principal amount of the bonds.

taxable year is taken into income (former sec. 815(d)(2) as in effect prior to the 1984 Act, which is referred to in present-law sec. 815(f)). Further, the policyholder surplus account is reduced by the excess of the account over the greatest of 3 amounts related to reserves: (1) 15 percent of life insurance reserves at the end of the taxable year; (2) 25 percent of the amount by which the life insurance reserves at the end of the taxable year exceed the life insurance reserve at the end of 1958; or (3) 50 percent of the net amount of the premiums and other consideration taken into account for the taxable year (former sec. 815(d)(4)(A)–(C), as in effect prior to the 1984 Act, which is referred to in present-law sec. 815(f)).

[58] Section 815.

[59] Section 815(b).

[60] $92 million of Amtrak's tax-credit bond authority for Northeast Corridor projects is set aside for the acquisition and installation of platform facilities, performance of railroad force account work necessary to complete improvements below grade, and any other necessary improvements related to construction at the new railroad station at the James A. Farley Post Office Building in New York City. Projects finance with this $92 million of tax-credit bonds are not subject to the Senate contribution requirement, described below.

Amtrak/Alaska Railroad tax-credit bonds can be owned (and income tax credits claimed) by any taxpayer. The amount of the credit will be included in the bondholder's income. Additionally, provisions are included in the proposal to allow the credits to be stripped and sold to different investors than the investors in the bond principal.

The required State matching contribution may not be derived from Federal monies. Any Federal Highway Trust Fund monies transferred to the States are treated as Federal monies for this purpose. During the period when tax-credit bonds are authorized, Amtrak and the Alaska Railroad are not allowed to receive any Highway Trust Fund monies other than those authorized on the date of the provision's enactment.

Amtrak is required annually to submit a five-year capital plan to Congress, and to satisfy independent oversight requirements with respect to the management of tax-credit-bond-financed projects. Finally, the Treasury Department is required to certify annually that funds deposited in the escrow accounts for repayment of tax-credit bonds issued by Amtrak (with actual and projected earnings thereon) are sufficient to ensure full repayment of the bond principal.

Effective date.—The provision is effective for tax credit bonds issued by Amtrak or the Alaska Railroad after September 30, 2000.

CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment, with several modifications and clarifications.

First, the expenditure requirements applicable to these tax credit bonds are modified to add an actual expenditure requirement to the Senate amendment's reasonable expectations test. Under the actual expenditure requirement, unless at least 95 percent of the bond proceeds is spent within 3 years after the bonds are issued, unspent proceeds must be used to redeem bonds within 90 days after the end of the period. An exception allows the expenditure period to be extended to four years if (1) at least 75 percent of the proceeds are spent within the initial three year period, (2) the issuer has proceeded with due diligence to spend the proceeds within the initial three-year period, and (3) the issuer pays to the Federal Government all earnings on unspent proceeds that accrue after the end of the initial three-year period. If the issuer qualifies for the exception, but fails to satisfy its spending requirements, unspent proceeds must be used to redeem bonds within 90 days after the end of the four-year period.

Second, the definition of qualified expenditures is modified to preclude the use of bond proceeds to refinance outstanding debt except for ''bridge'' and similar financing incurred for a qualified project pending issuance of tax-credit bonds. Qualified bridge financing is defined as financing that (1) is issued after the date of enactment of the provision, (2) has a term of not more than three years, (3) is used to finance or acquire capital improvements that qualify for tax-credit bond financing, and (4) is issued in anticipation of being refinanced with proceeds of tax-credit bonds.

Third, provisions are added requiring that tax-credit-bond-financed property be continuously used for a qualified purpose throughout the term of the bonds.

Fourth, clarification is provided that the use of tax-credit bond proceeds to redeem bonds (except as required above and except with regard to not more than five percent of the bond proceeds) is not a qualified expenditure. A further modification allows Amtrak to treat as a qualified project expenditure, expenditure of not more than 0.5 percent of bond proceeds for costs of complying with the oversight requirements imposed on that railroad by the conference agreement.

Fifth, clarification is provided that the tax credit rate is determined on the date the bonds are sold (rather than the actual issuance date, if different).

Sixth, the Senate amendment is modified to require actual deposit in to the Trust Account securing repayment of the bonds of the required State contributions before any tax-credit bonds are issued.

Seventh, for bonds issued by Amtrak, the Senate amendment is modified to require (in addition to approval by the Secretary of Transportation) a finding by the Inspector General of the Department of Transportation that there is ''a reasonable likelihood'' that the proposed projects will result ''in a positive incremental financial contribution'' to Amtrak and to specify criteria to be used in making this determination.

Return on investment.—The measurements used to evaluate the amount of return on investment shall include (1) the positive incremental financial contribution to Amtrak, including all system-wide impacts and (2) the value of the net cash flow to Amtrak produced over the life of the program, discounted to current dollars. Such net cash flow should take into consideration operating efficiencies produced as a result of the total capital investment as well as incremental passenger related, mail and express, State and other revenue as a result of the total capital investment.

Leveraging of funds.—The measurements used to evaluate the leveraging of funds shall include (1) the amount of public and private match provided for the program, (2) the percentage of public and private match provided for the program relative to Amtrak's contribution and (3) the stability or reliability of state and local capital and operating support.

Cost effectiveness.—The measurement used to evaluate cost effectiveness is the incremental cost to Amtrak per incremental passenger or the incremental cost to Amtrak per incremental revenue generated as a result of the capital investment.

Safety improvement.—The measurements used to evaluate safety improvement shall include (1) the prevention or reduction of customer or third party injuries and (2) the prevention or reduction of employee injuries.

Mobility improvement.—The measurements used to evaluate the level of mobility improvement shall include (1) travel time savings and (2) low income households served.

Feasibility.—The measurements used to evaluate feasibility shall include (1) timing of program implementation, (2) technical feasibility and (3) likelihood of public and private participation.

Eighth, clarification is provided that the tax-credit bonds are the obligation of the issuing railroad notwithstanding the existence of the Trust Account securing their repayment. As in the case of other tax-preferred debt, no implied Federal Guarantee arises by virtue of the availability of tax credits on these bonds.

Ninth, the Senate amendment is modified to provide that funds in the Trust Account that are not required to redeem bonds may be used for additional qualified projects.

D. FARM, FISH, AND RANCH RISK MANAGEMENT ACCOUNTS (''FFARRM ACCOUNTS'') (SEC. 714 OF THE BILL AND NEW SEC. 468C OF THE CODE)

PRESENT LAW

There is no provision in present law allowing the elective deferral of farm or fishing income.

HOUSE BILL

No provision.

SENATE AMENDMENT

No provision. However, S. 3152 allows taxpayers engaged in an eligible business to establish FFARRM accounts. An eligible business is any trade or business of farming in which the taxpayer actively participates, including the operation of a nursery or sod farm or the raising or harvesting of crop-bearing or ornamental trees. An eligible business also is the trade or business of commercial fishing as that term is defined under section (3) of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1802) and includes the trade or business of catching, taking or harvesting fish that are intended to enter commerce through sale, barter or trade.

Contributions to a FFARRM account are deductible and are limited to 20 percent of the taxable income that is attributable to the eligible business. The deduction is taken into account in determining adjusted gross income and reduces the income attributable to the eligible business for all income tax purposes other than the determination of the 20 percent of eligible income limitation on contributions to a FFARRM account. Contributions to a FFARRM account do not reduce earnings from self-employment. Accordingly, distributions are not included in self-employment income.

A FFARRM account is taxed as a grantor trust and any earnings are required to be distributed currently. Thus, any income earned in the FFARRM account is taxed currently to the farmer or fisherman who established the account. Amounts can remain on deposit in a FFARRM account for up to five years. Any amount that has not been distributed by the close of the fourth year following the year of deposit is deemed to be distributed and includible in the gross income of the account owner.

Effective date.—The provision is effective for taxable years beginning after December 31, 2000.

CONFERENCE AGREEMENT

The conference agreement follows the provision of S. 3152.

E. EXTENSION AND MODIFICATION OF ENHANCED DEDUCTION FOR CORPORATE DONATIONS OF COMPUTER TECHNOLOGY (SEC. 715 OF THE BILL AND SEC. 170 (e)(6) OF THE CODE)

PRESENT LAW

The maximum charitable contribution deduction that may be claimed by a corporation for any one taxable year is limited to 10 percent of the corporation's taxable income for that year (disregarding charitable contributions and with certain other modifications) (sec. 170(b)(2)). Corporations also are subject to certain limitations based on the type of property contributed. In the case of a charitable contribution of short-term gain property, inventory, or other ordinary income property, the amount of the deduction generally is limited to the taxpayer's basis (generally, cost) in the property. However, special rules in the Code provide an augmented deduction for certain corporate contributions. Under these special rules, the amount of the augmented deduction is equal to the lesser of (1) the basis of the donated property plus one-half of the amount of ordinary income that would have been realized if the property had been sold, or (2) twice the basis of the donated property.

Section 170(e)(6) allows corporate taxpayers an augmented deduction for qualified contributions of computer technology and

equipment (i.e., computer software, computer or peripheral equipment, and fiber optic cable related to computer use) to be used within the United States for educational purposes in grades K–12. Eligible donees are: (1) any educational organization that normally maintains a regular faculty and curriculum and has a regularly enrolled body of pupils in attendance at the place where its educational activities are regularly carried on; and (2) tax-exempt charitable organizations that are organized primarily for purposes of supporting elementary and secondary education. A private foundation also is an eligible donee, provided that, within 30 days after receipt of the contribution, the private foundation contributes the property to an eligible donee described above.

Qualified contributions are limited to gifts made no later than two years after the date the taxpayer acquired or substantially completed the construction of the donated property. In addition, the original use of the donated property must commence with the donor or the donee. Accordingly, qualified contributions generally are limited to property that is no more than two years old. Such donated property could be computer technology or equipment that is inventory or depreciable trade or business property in the hands of the donor.

Donee organizations are not permitted to transfer the donated property for money or services (e.g., a donee organization cannot sell the computers). However, a donee organization may transfer the donated property in furtherance of its exempt purposes and be reimbursed for shipping, installation, and transfer costs. For example, if a corporation contributes computers to a charity that subsequently distributes the computers to several elementary schools in a given area, the charity could be reimbursed by the elementary schools for shipping, transfer, and installation costs.

The special treatment applies only to donations made by C corporations. S corporations, personal holding companies, and service organizations are not eligible donors.

The provision is scheduled to expire for contributions made in taxable years beginning after December 31, 2000.

HOUSE BILL

No provision.

SENATE AMENDMENT

No provision. However, S. 3152 includes a provision that extends the current enhanced deduction for donations of computer technology and equipment through December 31, 2003. In addition, S. 3152 expands the enhanced deduction to include donations to public libraries.

Effective date.—The provision is effective upon the date of enactment.

CONFERENCE AGREEMENT

The conference agreement follows S. 3152 with a modification that qualified contributions include gifts made no later than three years after the date the taxpayer acquired or substantially completed the construction of the donated property.

Effective date.—The provision is effective for contributions made after December 31, 2000.

F. SETTLEMENT OF CERTAIN DISCRIMINATION CLAIMS BROUGHT BY FARMERS AGAINST THE DEPARTMENT OF AGRICULTURE (SEC. 716 OF THE BILL)

PRESENT LAW

Income tax

Gross income means ''income from whatever source derived'' except for certain items specifically excluded by statute.[61] Sources of income include compensation for services, interest, dividends, capital gains, rents, royalties, gross profits from a trade or business, income from the discharge of indebtedness, and income from S corporations, partnerships, trusts, and estates. In determining taxable income, a taxpayer's gross income is reduced by exemptions and deductions. Absent any applicable exemption or exclusion, an amount received by an individual in the settlement of a lawsuit generally is includible in gross income.

HOUSE BILL

No provision. However, H.R. 2233 excludes from gross income any cash received or cancellation of indebtedness income as a result of the settlement of certain claims brought by certain farmers against the Department of Agriculture for discrimination in farm credit and benefit programs. The bill further provides that such amounts are not included in the gross estate of any qualified person for estate tax purposes. Finally, the bill provides that these amounts are not to be (1) considered income or resources in determining eligibility for, (2) used to deny or reduce funds under, or (3) used as a basis for determining the amount of assistance under, any program funded in whole or in part with Federal funds. The bill is limited to certified members of the plaintiff class in the settlement of two consolidated class action suits. The two suits are *Pigford, et al.* v. *Glickman* No. 97–1978 (D.D.C.)(PLF) and *Brewington, et al.* v. *Glickman* No. 98–1693 (D.D.C.)(PLF).

Effective date.—The provision is effective after the date of enactment.

SENATE AMENDMENT

No provision.

CONFERENCE AGREEMENT

The conference agreement follows the provision of H.R. 2233, with modifications. The conference agreement provision provides an exclusion of certain amounts from gross income for purposes of Subtitle A of the Internal Revenue Code. This exclusion applies to any (1) cash payment received before, on, or after the date of enactment by or made on behalf of, a person under the settlement of these two claims or (2) cancellation of indebtedness income pursuant to the settlement of these two claims. The conference agreement does not include the provision of H.R. 2233 that provides an exclusion of amounts from the gross estate of any qualified person, for estate tax purposes. Further, the conference agreement does not include the provision of H.R. 2233 providing that amounts are not to be (1) considered income or resources in determining eligibility for, (2) used to deny or reduce funds under, or (3) used as a basis for determining the amount of assistance under, any program funded in whole or in part with Federal funds.

G. EXTENSION OF THE ADOPTION TAX CREDIT (SEC. 717 OF THE BILL AND SEC. 23 OF THE CODE)

PRESENT LAW

Taxpayers are entitled to a maximum nonrefundable credit against income tax liability of $5,000 per child for qualified adoption expenses paid or incurred by the taxpayer (sec. 23). In the case of a special needs adoption, the maximum credit amount is $6,000. A special needs child is a child who is a citizen or resident of the United States and who the State has determined: (1) cannot or should not be returned to the home of the birth parents, and (2) has a specific factor or condition because of which the child cannot be placed with adoptive parents without adoption assistance. The adoption of a child who is not a citizen or a resident of the United States is a foreign adoption.

Qualified adoption expenses are reasonable and necessary adoption fees, court costs, attorneys' fees, and other expenses that are directly related to the legal adoption of an eligible child. All reasonable and necessary expenses required by a State as a condition of adoption are qualified adoption expenses. Otherwise qualified adoption expenses paid or incurred in one taxable year are not taken into account for purposes of the credit until the next taxable year unless the expenses are paid or incurred in the year the adoption becomes final.

An eligible child is an individual (1) who has not attained age 18 or (2) who is physically or mentally incapable of caring for himself or herself. After December 31, 2001, the credit will be available only for special needs adoptions.

No credit is allowed for expenses incurred (1) in violation of State or Federal law, (2) in carrying out any surrogate parenting arrangement, (3) in connection with the adoption of a child of the taxpayer's spouse, (4) that are reimbursed under an employer adoption assistance program or otherwise, or (5) for a foreign adoption that is not finalized.

The credit is phased out ratably for taxpayers with modified AGI above $75,000, and is fully phased out at $115,000 of modified AGI. For these purposes modified AGI is computed by increasing the taxpayer's AGI by the amount otherwise excluded from gross income under Code sections 911, 931, or 933.

HOUSE BILL

No provision.

SENATE AMENDMENT

No provision. However, S. 3152 extends the adoption credit for the adoption of non- special needs children for two years through December 31, 2003.

Effective date.—The provision is effective on the date of enactment.

CONFERENCE AGREEMENT

The conference agreement extends the credit for nonspecial needs adoptions to include qualified adoption expenses paid or incurred prior to December 31, 2005, and increases the maximum credit by $1,000 per year beginning for taxable years beginning after December 31, 2000 and until the maximum credit reaches $10,000 per year for taxable years beginning after December 31, 2004. In the case of special needs adoptions, the maximum credit is increased by $2,000 per year for taxable years beginning after December 31, 2000 until the maximum credit reaches $12,000 per year for taxable years beginning after December 31, 2002.

Additionally, for taxable years beginning after December 31, 2000, the income limitation for the credit is increased to $150,000 of modified AGI, and is phased out ratably for taxpayers with modified AGI between $150,000 and $190,000.

Effective date.—The provision is effective for taxable years beginning after December 31, 2000.

H. STUDY OF TAX TREATMENT WITH RESPECT TO CERTAIN OFFSHORE INSURANCE COMPANIES (SEC. 718 OF THE BILL)

PRESENT LAW

Under present law, under the rules of subchapter L of the Code, a life insurance company is subject to tax on its life insurance company taxable income. Similarly, a property and casualty insurance company is subject to tax on its taxable income, which is

[61] Section 61.

calculated by taking into account the company's underwriting income and investment income, as well as gains and other income items. An insurance company may enter into a reinsurance contract or agreement with another insurer, whereby risks, or portions of risks, are transferred from one insurer to another or are shared or allocated among insurers.

Present law provides rules governing allocation in the case of reinsurance agreements that involve tax avoidance or evasion. Under this rule, in the case of two or more related persons that are parties to a reinsurance agreement (or an agent of a party to a reinsurance agreement), the Treasury Secretary may allocate between or among such persons income (whether investment income, premium or otherwise), deductions, assets, reserves, credits, and other items related to the agreement. The Treasury Secretary may also recharacterize any such items or make any other adjustment. The Secretary may make the allocation, recharacterization or adjustment if he determines that it is necessary to reflect the proper source and character of the taxable income (or other item) of each related person or agent.[62]

Other rules also provide for the allocation of income and deductions among taxpayers. In any case of two or more organizations owned or controlled directly or indirectly by the same interests, the Treasury Secretary may distribute, apportion, or allocate gross income, deductions, credits, or allowances between or among the organizations, if he determines that it is necessary in order to prevent evasion of taxes or clearly to reflect the income of the organizations.

HOUSE BILL

No provision.

SENATE AMENDMENT

No provision.

CONFERENCE AGREEMENT

The conference agreement provides that the Secretary of the Treasury is to conduct a study on the extent to which U. S. tax on investment income of U.S. insurance companies is being avoided through the use of affiliated corporations in Bermuda or other offshore locations. In conducting the study, the Treasury Secretary is to address issues concerning the application of current U.S. tax law in preventing such avoidance, changes to U.S. tax law that may be needed to prevent such avoidance, and is to make appropriate recommendations. The Treasury Secretary is to submit the study and recommendations to the House Committee on Ways and Means and the Senate Committee on Finance no later than December 31, 2001.

I. TREATMENT OF INDIAN TRIBES AS NON-PROFIT ORGANIZATIONS AND STATE OR LOCAL GOVERNMENTS FOR PURPOSES OF THE FEDERAL UNEMPLOYMENT TAX (''FUTA'') (SEC. 719 OF THE BILL AND SEC. 3306 OF THE CODE)

PRESENT LAW

Present law imposes a net tax on employers equal to 0.8 percent of the first $7,000 paid annually to each employee. The current gross FUTA tax is 6.2 percent, but employers in States meeting certain requirements and having no delinquent loans are eligible for a 5.4 percent credit making the net Federal tax rate 0.8 percent. Both non-profit organizations and State and local governments are not required to pay FUTA taxes. Instead they may elect to reimburse the unemployment compensation system for unemployment compensation benefits actually paid to their former employees. Generally, Indian tribes are not eligible for the reimbursement treatment allowable to non-profit organizations and State and local governments.

HOUSE BILL

No provision.

SENATE AMENDMENT

No provision. However, S. 3152 provides that an Indian tribe (including any subdivision, subsidiary, or business enterprise chartered and wholly owned by an Indian tribe) is treated like a non-profit organization or State or local government for FUTA purposes (i.e., given an election to choose the reimbursement treatment).

Effective date.—The provision generally is effective with respect to service performed beginning on or after the date of enactment. Under a transition rule, service performed in the employ of an Indian tribe is not treated as employment for FUTA purposes if: (1) it is service which is performed before the date of enactment and with respect to which FUTA tax has not been paid; and (2) such Indian tribe reimburses a State unemployment fund for unemployment benefits paid for service attributable to such tribe for such period.

CONFERENCE AGREEMENT

The conference agreement follows the provision of S. 3152.

Subtitle C. Tax Technical Corrections

HOUSE BILL

No provision.

SENATE AMENDMENT

No provision.

CONFERENCE AGREEMENT

The conference agreement includes tax technical corrections.[63] Except as otherwise provided, the technical corrections contained in the bill generally are effective as if included in the originally enacted related legislation. The provisions under the IRS Restructuring Act of 1998 relating to innocent spouse and to procedural and administrative issues (other than the provision relating to clarification of Tax Court authority to issue appealable decisions) are effective upon the date of enactment of the bill.

Amendments Relating to the Ticket to Work and Work Incentives Improvement Act of 1999 (sec. 721 of the bill)

Research credit.—The provision clarifies the anti-double dip rule coordinating the research credit (sec. 41) and the Puerto Rico economic activity credit (sec. 30A). It is arguable that the present-law provisions could be construed so that the amount of wages on which a taxpayer could claim the section 30A credit is reduced only by the amount of credit claimed under section 41, rather than by the amount of wages upon which the section 41 credit is based. This result is inconsistent with the legislative history of the original provisions. The provision deletes the words ''or credit'' after ''deduction'' in section 280C(c)(1), and adds a new subsection in section 30A specifying that wages or other expenses taken into account for section 30A may not be taken into account for section 41.

Taxable REIT subsidiaries.—The provision clarifies that a REIT's redetermined rents (described in sec. 857(b)(7)(B)) that are subject to tax under section 857(b)(7)(A) do not include amounts received from a taxable REIT subsidiary that would be excluded from unrelated business taxable income (under sec. 512(b)(3), relating to certain rents, if received by certain types of organizations described in sec. 511(a)(2)).

Partnership basis adjustments.—The provision provides that the rule in the consolidated return regulations (Treas. Reg. sec. 1.1502–34) aggregating stock ownership for purposes of section 332 (relating to complete liquidation of a subsidiary that is a controlled corporation) also applies for purposes of section 732(f) (relating to basis adjustments to assets of a controlled corporation received in a partnership distribution).

Amendments related to the Tax and Trade Relief Extension Act of 1998 (sec. 722 of the bill)

Exempt organizations.—The provision clarifies that nonexempt charitable trusts and nonexempt private foundations are subject to the public disclosure requirements of section 6104(d).

Capital gains.—The provision clarifies that if (1) a charitable remainder trust sold section 1250 property after July 28, 1997, and before January 1, 1998, (2) the property was held more than one year but not more than 18 months, and (3) the capital gain is distributed after December 31, 1997, then any capital gain attributable to depreciation will be taxed at 25 percent (rather than 28 percent). Treasury has published a notice (Notice 99–17, 1999–14 I.R.B., April 5, 1999) providing that the gain is taxed at 25 percent.

Amendments related to the Internal Revenue Service Restructuring and Reform Act of 1998 (sec. 723 of the bill)

Innocent spouse

Timing of request for relief.—Confusion currently exists as to the appropriate point at which a request for innocent spouse relief should be made by the taxpayer and considered by the IRS. Some have read the statute to prohibit consideration by the IRS of requests for relief until after an assessment has been made, i.e., after the examination has been concluded, and if challenged, judicially determined. Others have read the statute to permit claims for relief from deficiencies to be made upon the filing of the return before any preliminary determination as to whether a deficiency exists or whether the return will be examined. The consideration of innocent spouse relief requires that the IRS focus on the particular items causing a deficiency; until such items are identified, the IRS cannot consider these claims. Congress did not intend that taxpayers be prohibited from seeking innocent spouse relief until after an assessment has been made; Congress intended the proper time to raise

[62] H.R. 4192 (106th Cong., 2d. Sess.,) introduced April 5, 2000, would modify these rules relating to reinsurance transactions. That bill would provide that if a domestic person directly or indirectly reinsurances a U.S. risk with a related foreign reinsurer, then the investment income of the domestic person would be increased by the product of (1) the reserves or liabilities related to the U.S. risk ceded to the foreign reinsurer, and (2) the average applicable Federal mid-term rate.

[63] In addition to other tax technical corrections, the bill contains the technical corrections contained in H.R. 2488, the Financial Freedom Act of 1999 (106th Cong., 1st Sess., reported by the House Committee on Ways and Means, H. Rept. 106–238, July 16, 1999, 393–397), as passed by the House, and S. 1429, the Taxpayer Refund Act of 1999 (reported by the Senate Committee on Finance, S. Rept. 106–120, July 23, 1999, 221–225), as passed by the Senate. (The technical corrections were not included in the conference agreement to H.R. 2488, the Taxpayer Refund and Relief Act of 1999 (106th Cong., 1st Sess., H. Rept. 106–289, Aug. 4, 1999, 542–543). The Taxpayer Refund and Relief Act of 1999 was vetoed by President Clinton.) However, the bill does not include the following provisions enacted in other legislation: sections 1601(b)(2) and (c) of H.R. 2488 (and section 504(c) of S. 1429), relating to the Vaccine Trust Fund, which were enacted in the ''Ticket to Work and Work Incentives Improvement Act of 1999'' (P.L. 106–170, sec. 523(b)).

and have the IRS consider a claim to be at the same point where a deficiency is being considered and asserted by the IRS. This is the least disruptive for both the taxpayer and the IRS since it allows both to focus on the innocent spouse issue while also focusing on the items that might cause a deficiency. It also permits every issue, including the innocent spouse issue, to be resolved in single administrative and judicial process. The bill clarifies the intended time by permitting the election under (b) and (c) to be made at any point after a deficiency has been asserted by the IRS. A deficiency is considered to have been asserted by the IRS at the time the IRS states that additional taxes may be owed. Most commonly, this occurs during the Examination process. It does not require an assessment to have been made, nor does it require the exhaustion of administrative remedies in order for a taxpayer to be permitted to request innocent spouse relief.

Allowance of refunds.—The current placement in the statute of the provision for allowance of refunds may inappropriately suggest that the provision applies only to the United States Tax Court, whereas it was intended to apply administratively and in all courts. The bill clarifies this by moving the provision to its own subsection.

Non-exclusivity of judicial remedy.—Some have suggested that the IRS Restructuring Act administrative and judicial process for innocent spouse relief was intended to be the exclusive avenue by which relief could be sought. The bill clarifies Congressional intent that the procedures of section 6015(e) were intended to be additional, non-exclusive avenues by which innocent spouse relief could be considered.

Time for filing a petition with the Tax Court.—As enacted, the time period for seeking a redetermination in the Tax Court of innocent spouse relief begins on the date of the determination as opposed to the day after the determination. This period is one day shorter than that generally applicable to petition the Tax Court with respect to a deficiency notice (sec. 6213) and the period during which collection activities are prohibited and the limitations period is suspended. The bill clarifies the computation of this period and conforms it to the generally applicable 90–day period for petitioning the Tax Court. Conforming amendments are made as to the period for which collection activities are prohibited and collection limitations suspended.

Waiver of final determination upon agreement as to relief.—Congress intended in enacting section 6015 to provide a simple and efficient procedure by which the IRS could consider relief, and if relief was denied (in whole or in part) and the spouse requesting such relief did not agree with such denial, such issue could be considered by the Tax Court. Congress did not intend to require a rigid formal process when the IRS and the spouse requesting relief agreed on the extent of relief to be granted. However, the provisions of section 6015(e) have been interpreted as requiring the issuance in all circumstances of a formal ''Notice of Determination,'' which contains a statement of the time period within which a petition may be filed with the Tax Court and which delays final resolution of the request for relief until the expiration of the period for filing a petition with the Tax Court. The issuance of the Notice of Determination is confusing to the taxpayer when the requested relief was fully granted or when the IRS and the taxpayer otherwise agreed on the application of the innocent spouse provisions to the taxpayer's case. It also may cause unnecessary filings with the Tax Court and delay the closing of the case until the time for filing with the Tax Court expires.

Congress has addressed the analogous situation in the deficiency context in section 6213(d). In such situations, upon written agreement, the IRS may adjust the taxpayer's liability as agreed, and no additional formal notice is necessary. The bill reflects that an analogous waiver was intended to apply in the innocent spouse context. The bill consequently permits taxpayers and the IRS to enter into a similar written agreement in innocent spouse cases, which allows for the taxpayer's liability to be immediately adjusted as agreed, and makes unnecessary a formal Notice of Determination or Tax Court review. This written agreement is to specify the details of the agreement between the IRS and the taxpayer as to the nature and extent of innocent spouse relief that will be provided. Conforming amendments are made as to the period for which collection activities are prohibited and collection limitations suspended.

Procedural and administrative issues

Disputes involving $50,000 or less.—The provision clarifies that the small case procedures of the Tax Court are available with respect to innocent spouse disputes and disputes continuing from the pre-levy administrative due process hearing. The small case procedures provide an accessible forum for taxpayers who have small claims with less formal rules of evidence and procedure. Use of the procedure is optional to the taxpayer, with the concurrence of the Tax Court. In view of the recent enactment of the innocent spouse and pre-levy administrative due process hearing provisions, it is anticipated that the Tax Court will give careful consideration to (1) a motion by the Commissioner of Internal Revenue to remove the small case designation (as authorized by Rules 172 and 173 of the Tax Court Rules) when the orderly conduct of the work of the Court or the administration of the tax laws would be better served by a regular trial of the case, as well as (2) the financial impact upon the taxpayer, including additional legal fees and costs, of not utilizing small case treatment. For example, removing the small case designation may be appropriate when a decision in the case will provide a precedent for the disposition of a substantial number of other cases. It is anticipated that motions by the Commissioner to remove the small case designation will be made infrequently.

Authority to enjoin collection actions.—While a dispute is pending under the pre-levy administrative due process hearing procedures, levy action is statutorily suspended for that period. The Tax Court and district courts are expressly granted authority to enjoin improper levy action in general, but that authority does not explicitly extend to improper levy action that occurs during the period when levy action is statutorily suspended under the administrative due process provisions. The provision clarifies the ability of the courts (including the Tax Court) to enjoin levy during the period that levy is required to be suspended with respect to a dispute under the pre-levy administrative due process hearing procedures.

Clarification of permissible extension of limitations period for installment agreements.—Uncertainty exists as to whether the permissible extension of the period of limitations in the context of installment agreements is governed by reference to an agreement of the parties pursuant to section 6502 or by reference to the period of time during which the installment agreement is in effect pursuant to sections 6331(k)(3) and (i)(5). The provision clarifies that the permissible extension of the period of limitations in the context of installment agreements is governed by the pertinent provisions of section 6502.

Clarification of Tax Court authority to issue appealable decisions.—The statutory provision for judicial review of a dispute concerning the pre-levy administrative due process hearing may be unclear as to whether a determination of the Tax Court is an appealable decision. The provision clarifies that the determination of the Tax Court (other than under the small case procedures) in a dispute concerning the pre-levy administrative due process hearing is a decision of the Tax Court and would be reviewable as such.

Other issues

IRS restructuring.—When the Office of the Chief Inspector was replaced by the Treasury Inspector General for Tax Administration (TIGTA) under the IRS Restructuring and Reform Act of 1998, Inspection's responsibilities were assigned to the TIGTA. TIGTA personnel are Treasury, rather than IRS, personnel. TIGTA personnel still need to make investigative disclosures to carry out the duties they took over from Inspection and their additional tax administration responsibilities. However, section 6103(k)(6) refers only to ''internal revenue'' personnel. The provision clarifies that section 6103(k)(6) permits TIGTA personnel to make investigative disclosures.

Compliance.—Section 3509 of the IRS Restructuring and Reform Act of 1998 expanded the disclosure rules of section 6110 to also cover Chief Counsel advice (sec. 6110(i)). This is a conforming change related to ongoing investigations. The provision adds to section 6110(g)(5)(A), after the words technical advice memorandum, ''or Chief Counsel advice.''

Amendments related to the Taxpayer Relief Act of 1997 (sec. 724 of the bill)

Deficiency created by overstatement of refundable child credit.—The provision treats the refundable portion of the child credit under section 24(d) as part of a ''deficiency.'' Thus, the usual assessment procedures applicable to income taxes will apply to both the nonrefundable and the refundable portions of the child credit. (This will reverse the conclusion reached by Internal Revenue Service Chief Counsel Memorandum 199948027 interpreting present law.)

Roth IRAs.—Code section 3405 provides for withholding with respect to designated distributions from certain tax-favored arrangements, including IRAs. In general, section 3405(e)(1)(B)(ii) excludes from the definition of a designated distribution the portion of any distribution which it is reasonable to believe is excludable from gross income. However, all distributions from IRAs are treated as includible in income. The exception was consistent with prior law when all IRA distributions were taxable, but does not account for the tax-free nature of certain Roth IRA distributions. The provision extends the exception to Roth IRAs.

Capital gain election.—The provision provides that an election to recognize gain or loss made pursuant to section 311(e) of the Taxpayer Relief Act of 1997 does not apply to assets disposed of in a recognition transaction within one year of the date the election would otherwise have been effective. Thus, for example, if an asset is sold in 2001, no election may be made with respect to that asset. In addition, it is clarified that the deemed sale and repurchase by reason of

the election is not taken into account in applying the wash sale rules of section 1091.

Straight-line depreciation under AMT.—The provision clarifies that the Taxpayer Relief Act of 1997 did not change the requirement that the straight-line method of depreciation be used in computing the alternative minimum tax (''AMT'') depreciation allowance for section 1250 property. It is arguable that the changes made by that Act could be read as inadvertently allowing accelerated depreciation under the AMT for section 1250 property which is allowed accelerated depreciation under the regular tax.

Transportation benefits.—Under present law, salary reduction amounts are generally treated as compensation for purposes of the limits on contributions and benefits under qualified plans. In addition, an employer can elect whether or not to include such amounts for nondiscrimination testing purposes. The IRS Reform Act permitted employers to offer a cash option in lieu of qualified transportation benefits. The provision treats salary reduction amounts used for qualified transportation benefits the same as other salary reduction amounts for purposes of defining compensation under the qualified plan rules.

Tax Court jurisdiction.—The Tax Court recently held that its jurisdiction pursuant to section 7436 extends only to employment status, not to the amount of employment tax in dispute (*Henry Randolph Consulting* v. *Comm'r*, 112 T.C. #1, Jan. 6, 1999). The provision provides that the Tax Court also has jurisdiction over the amount.

Amendments related to the Balanced Budget Act of 1997 (sec. 725 of the bill)

Tobacco floor stocks tax.—The provision clarifies that the floor stocks taxes imposed on January 1, 2000, and January 1, 2002, apply only to cigarettes rather than to all tobacco products. As enacted, the law could be construed as ambiguous, referring to imposition on all tobacco products but imposing liability only with respect to cigarettes.

Tobacco excise tax.—Conforming amendments are provided to two provisions to reflect the fact that the tax on cigarette papers is not imposed on ''books'' of papers since January 1, 2000.

Coordination of trade rules and tobacco excise tax.—Clarification is provided that the penalty on reimporting cigarettes other than for return to a manufacturer (effective January 1, 2000) does not apply to cigarettes re-imported by individuals to the extent those cigarettes can be entered into the U.S. without duty or tax under the Harmonized Tariff Schedule.

Amendment related to the Small Business Job Protection Act of 1996 (sec. 726 of the bill)

Work opportunity tax credit.—Section 51(d)(2) refers to eligibility for the work opportunity tax credit with respect to certain welfare recipients without taking into account the enactment of the temporary assistance for needy families (''TANF'') program. The provisions conform references in the work opportunity tax credit to the operation of TANF.

Electing small business trusts holding S corporation stock.—The provision allows an electing small business trust (sec. 1361(e)) to have an organization described in section 170(c)(1) (relating to State and local governments) as a beneficiary if the organization holds a contingent interest and is not a potential current beneficiary.

Definition of lump-sum distribution.—Section 1401(b) of the Small Business Job Protection Act of 1996 Act repealed 5-year averaging for lump-sum distributions. The definition of lump-sum distribution was preserved for other provisions, primarily those relating to NUA in employer securities. The definition was moved from section 402(d)(4)(A) to section 402(e)(4)(D)(i). This definition included the following sentence: ''A distribution of an annuity contract from a trust or annuity plan referred to in the first sentence of this subparagraph shall be treated as a lump sum distribution.'' The provision adds this language back into the definition of lump-sum distribution. The sentence is relevant to section 401(k)(10)(B), which permits certain distributions if made as a ''lump-sum distribution.''

IRAs for nonworking spouses.—Section 1427 of the Small Business Job Protection Act of 1996 expanded the IRA deduction for nonworking spouses. The maximum permitted IRA contributions is generally limited by the individual's earned income. However, under present law, it is possible for a nonworking (or lesser earning) spouse to make IRA contributions in excess of the couple's combined earned income. The following example illustrates present law.

Example: Suppose H and W retire in the middle of January, 1999. In that year, H earns $1,000 and W earns $500. Both are active participants in an employer-sponsored retirement plan. Their modified AGI is $60,000. They make no Roth IRA contributions. Before application of the income phase-out rules, the maximum deductible IRA contribution that H can make is $1,000 (sec. 219(b)(1)). After application of the income phase-out rule in section 219(g), H's maximum contribution is $200, and H contributes that amount to an IRA. Under 408(o)(2)(B), H can make nondeductible contributions of $800 ($1,000 – $200).

W's maximum permitted deductible contribution under section 219(c)(1)(B), before the income phase-out, is $1,300 (the sum of H and W's earned income ($1,500), less H's deductible IRA contribution ($200)). Under the income phase-out, W's deductible contribution is limited to $200, and she can make a nondeductible contribution of $1,000 ($1,300 – $200).

The total permitted contributions for H and W are $2,300 ($1,000 for H plus $1,300 for W). The combined contribution should be limited to $1,500, their combined earned income.

The provision provides that the contributions for the spouse with the lesser income cannot exceed the combined earned income of the spouses.

Amendment related to the Revenue Reconciliation Act of 1990 (sec. 727 of the bill)

Qualified tertiary injectant expenses.—The provision clarifies that the enhanced oil recovery credit (sec. 43) applies with respect to qualified tertiary injectant expenses described in section 193(b) that are paid or incurred in connection with a qualified enhanced oil recovery project, and that are deductible for the taxable year (regardless of the provision allowing the deduction). Purchased and self-produced injectants are treated the same for purposes of the section 43 credit.

Amendments to other acts (sec. 728 of the bill)

Insurance.—The legislative history of section 7702A(a) (enacted in the Technical and Miscellaneous Revenue Act of 1988) indicated that if a life insurance contract became a modified endowment contract (''MEC''), then the MEC status could not be eliminated by exchanging the MEC for another contract. Section 7702A(a)((2), however, arguably might be read to allow a policyholder to exchange a MEC for a contract that does not fail the 7–pay test of section 7702A(b), then exchange the second contract for a third contract, which would not literally have been received in exchange for a contract that failed to meet the 7–pay test. The provision clarifies section 7702A(a)(2) to correspond to the legislative history, effective as if enacted with the Technical and Miscellaneous Revenue Act of 1988 (generally, for contracts entered into on or after June 21, 1988).

Insurance.—Under section 7702A, if a life insurance contract that is not a modified endowment contract is actually or deemed exchanged for a new life insurance contract, then the 7–pay limit under the new contract is first be computed without reference to the premium paid using the cash surrender value of the old contract, and then would be reduced by 1/7 of the premium paid taking into account the cash surrender value of the old contract. For example, if the old contract had a cash surrender value of $14,000 and the 7–pay premium on the new contract would equal $10,000 per year but for the fact that there was an exchange, the 7–pay premium on the new contract would equal $8,000 ($10,000–$14,000/7). However, section 7702A(c)(3)(A) arguably might be read to suggest that if the cash surrender value on the new contract was $0 in the first two years (due to surrender charges), then the 7–pay premium might be $10,000 in this example, unintentionally permitting policyholders to engage in a series of ''material changes'' to circumvent the premium limitations in section 7702A. The provision clarifies section 7702A(c)(3)(A) to refer to the cash surrender value of the old contract, effective as if enacted with the Technical and Miscellaneous Revenue Act of 1988 (generally, for contracts entered into on or after June 21, 1988).

Worthless securities.—Section 165(g)(3) provides a special rule for worthless securities of an affiliated corporation. The test for affiliation in section 165(g)(3)(A) is the 80–percent vote test for affiliated groups under section 1504(a) that was in effect prior to 1984. When section 1504(a) was amended in the Deficit Reduction Act of 1984 to adopt the vote and value test of present law, no corresponding change was made to section 165(g)(3)(A), even though the tests had been identical until then. The provision conforms the affiliation test of section 165(g)(3)(A) to the test in section 1504(a)(2), effective for taxable years beginning after December 31, 1984.

Exception for certain annuities under OID rules.—The Deficit Reduction Act of 1984 expanded the prior-law rules for inclusion in income of original issue discount (''OID'') on debt instruments. That Act provided an exception from the definition of a debt instrument for certain annuity contracts, including any annuity contract to which section 72 applies and that is issued by an insurance company subject to tax under subchapter L of the Code (and meets certain other requirements) (sec. 1275(a)(1)(B)(ii)). The provision clarifies that an annuity contract otherwise meeting the applicable requirements also comes within the exception of section 1275(a)(1)(B)(ii) if it is issued by an entity described in section 501(c) and exempt from tax under section 501(a), that would be subject to tax as an insurance company under subchapter L if it were not exempt under section 501(a). For example, the provision clarifies that an annuity contract otherwise meeting the requirements that is issued by a fraternal beneficiary society which is exempt from Federal income tax under section

501(a), and which is described in section 501(c)(8), comes within the exception under section 1275(a)(1)(B)(ii). However, an annuity contract issued by a foreign insurer that is not subject to tax in the U.S. as an insurance company under subchapter L with respect to the contract does not come within the exception under section 1275(a)(1)(B)(ii). It is understood that charitable gift annuities (as defined in sec. 501(m)) depend (in whole or in substantial part) on the life expectancy of one or more individuals, and thus come within the exception under section 1275(a)(1)(B)(i). The provision is effective as if included with section 41 of the Deficit Reduction Act of 1984 (i.e., for taxable years ending after July 18, 1984).

Losses from section 1256 contracts.—Section 6411 allows tentative refunds for NOL carrybacks, business credit carrybacks and, for corporations only, capital loss carrybacks. Individuals normally cannot carry back a capital loss. However, section 1212(c) does allow a carryback of section 1256 losses, if elected by the taxpayer. The provision amends section 6411(a) by including a reference to section 1212(c), effective as if included with section 504 of the Economic Recovery Tax Act of 1981.

Highway Trust Fund.—The provision modifies administrative procedures of the Highway Trust Fund to conform to the 1993 repeal of the special tax rate applicable to ethanol prior to 1994. The provision is effective for taxes received after the date of enactment. This ensures that retroactive adjustments, if any, are not made to the Highway Trust Fund.

Conforming amendment for expenditures from Vaccine Injury Compensation Trust Fund.—The provision makes a conforming amendment to the expenditure purposes of the Vaccine Injury Compensation Trust Fund to enable certain payments to be made from the Trust Fund.

Clerical changes (sec. 729 of the bill)

The bill makes a number of clerical and typographical amendments to the Code.

EXCLUSION FROM PAYGO SCORECARD

PRESENT LAW

Under the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, tax reduction legislation is subject to a ''pay-as-you-go'' (PAYGO) requirement. The PAYGO system tracks legislation that may increase budget deficits using a ''scorecard'' (estimated by the Office of Management and Budget). Any revenue loss would have to be offset by other revenue increases, reductions in direct spending or a combination of the two.

HOUSE BILL

No provision.

SENATE AMENDMENT

No provision.

CONFERENCE AGREEMENT

The conference agreement provides that, upon enactment of the Act, the Director of the Office of Management and Budget shall not make any estimate of the changes in direct spending outlays and receipts under section 252(d) of the Balanced Budget and Emergency Deficit Control Act of 1985 resulting from the enactment of the Act.

TAX COMPLEXITY ANALYSIS

The following tax complexity analysis is provided pursuant to section 4022(b) of the Internal Revenue Service Reform and Restructuring Act of 1998, which requires the staff of the Joint Committee on Taxation (in consultation with the Internal Revenue Service (''IRS'') and the Treasury Department) to provide a complexity analysis of tax legislation reported by the House Committee on Ways and Means, the Senate Committee on Finance, or a Conference Report containing tax provisions. The complexity analysis is required to report on the complexity and administrative issues raised by provisions that directly or indirectly amend the Internal Revenue Code and that have widespread applicability to individuals or small businesses. For each such provision identified by the staff of the Joint Committee on Taxation, a summary description of the provision is provided, along with an estimate of the number of affected taxpayers, and a discussion regarding the relevant complexity and administrative issues. Time constraints prevented the staff of the Joint Committee on Taxation from consulting with the IRS regarding the provisions in the conference agreement that have widespread applicability.

1. Increase deduction for business meals (sec. 204 of the conference agreement)

Summary description of provision

The provision increases the deductible percentage of business meal (food and beverage) expenses to 70 percent, effective for taxable years beginning after December 31, 2000.

Number of affected taxpayers

It is estimated that almost all small businesses will be affected by the provision.

Discussion

Because the provision increases the percentage deduction only with respect to meals and not entertainment, small businesses may have to keep additional records to distinguish between the two types of expenditures. The provision may lead to additional disputes between small businesses and the IRS regarding the nature of an expenditure, particularly in business situations where the meal and entertainment is provided as a package for a single price. No new regulatory changes would be needed to implement the provision (although a conforming change to regulations to reflect the increasing percentage would be appropriate).

2. Accelerate 100-percent self-employed health insurance deduction (sec. 301 of the conference agreement)

Summary description of provision

The provision accelerates the increase in the deduction for health insurance expenses of self-employed individuals so that the deduction is 100 percent in years beginning after December 31, 2000.

Number of affected taxpayers

It is estimated that the provision will affect three million small businesses.

Discussion

It is not anticipated that individuals or small businesses will need to keep additional records due to the provision. It is not anticipated that the provision will result in an increase in disputes with the IRS, or increase tax return preparation costs. It is not anticipated that regulatory guidance will be needed to implement the provision. Accelerating the 100-percent deduction may simplify the preparation of tax returns for self-employed individuals, because they will no longer need to keep track of the percent of health insurance expenses that are deductible, and will need to perform one less calculation.

ESTIMATED REVENUE EFFECTS OF THE "TAXPAYER RELIEF ACT OF 2000"

Fiscal Years 2001 - 2010

[Millions of Dollars]

Provision	Effective	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2001-05	2001-10
Extraterritorial Income Exclusion; FSC Repeal (H.R. 4986)	generally Ta 9/30/00	-153	-315	-348	-384	-423	-466	-514	-566	-623	-687	-1,623	-4,479
Small Business Tax Relief Provisions													
A. Extend the Work Opportunity Tax Credit Through 6/30/04 [1]	wpoifibwa 12/31/01	---	-119	-317	-379	-267	-126	-45	-12	-2	---	-1,081	-1,267
B. Increase Maximum Reforestation Expenses Qualifying for Amortization and Credit from $10,000 to $25,000; Remove Cap on Amortization of Reforestation Costs in 2001 Through 2003; Clarify Capital Gains Treatment of Sales of Timber	tyba 12/31/00 & sa DOE	-5	-15	-22	-27	-29	-32	-34	-33	-29	-25	-98	-250
C. Increase Section 179 Expensing to $35,000	tyba 12/31/00	-558	-866	-561	-473	-405	-354	-347	-362	-369	-372	-2,863	-4,667
D. Increase Business Meals Deduction (Excluding Entertainment Expenses) to 70% in 2001 and Thereafter	tyba 12/31/00	-1,129	-2,207	-2,304	-2,404	-2,508	-2,620	-2,736	-2,858	-2,987	-3,124	-10,553	-24,876
E. 80% Business Meals Deduction for Workers Subject to DOT Hours of Service Limitation	tyba 12/31/00	-39	-70	-64	-55	-47	-37	-26	-13	---	---	-276	-351
F. Permit Installment Method for Accrual Basis Taxpayers	iso/a 12/17/99	-1,120	-394	-249	-70	-8	-20	-34	-47	-60	-76	-1,841	-2,078
G. Coordinate Farmer Income Averaging and the AMT and Provide the Same Income Averaging Relief to Commercial Fishermen	tyba 12/31/00	-1	-2	-2	-2	-3	-3	-4	-5	-6	-7	-9	-33
H. Repeal the Occupational Taxes Relating to Distilled Spirits, Wine, and Beer	7/1/01	-64	-75	-75	-75	-75	-75	-75	-75	-75	-75	-364	-739
I. Exclusion from Gross Income for Certain Forgiven Mortgage Obligations	doia 12/31/00	-2	-6	-6	-6	-7	-7	-7	-7	-8	-8	-27	-64
J. Clarification of Cash Accounting Rules for Small Businesses	tyba DOE	-61	-212	-224	-289	-238	-223	-127	-79	-58	-44	-1,024	-1,555
K. Authorize Payment of Interest on Business Checking Accounts	DOE & 2ya DOE	*Negligible Effect*											
Total of Small Business Tax Relief Provisions		-2,979	-3,966	-3,824	-3,780	-3,587	-3,497	-3,435	-3,491	-3,594	-3,731	-18,136	-35,880
Health Insurance and Long-Term Care Provisions													
A. Accelerate 100% Self-Employed Health Insurance Deduction and Extend Eligibility to Those Who Choose Not to Participate in Employer-Subsidized Health Plans	tyba 12/31/00	-274	-1,053	-697	[2]	[2]	[2]	[2]	[2]	[2]	[2]	-2,024	-2,024

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Provision	Effective	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2001-05	2001-10
B. Provide an Above-the-Line Deduction for Health Insurance Expenses for Which the Taxpayer Pays At Least 50%, Phased in as Follows: 25% in 2001 through 2003, 35% in 2004, 65% in 2005, and 100% thereafter	tyba 12/31/00	-456	-1,555	-1,667	-2,000	-3,410	-6,418	-9,209	-9,743	-10,303	-10,920	-9,088	-55,682
C. Provide an Above-the-Line Deduction for Long-Term Care Insurance Expenses for Which the Taxpayer Pays At Least 50%, Phased in as Follows: 25% in 2001 through 2003, 35% in 2004, 65% in 2005, and 100% thereafter	tyba 12/31/00	-41	-280	-333	-394	-641	-1,250	-1,934	-2,055	-2,174	-2,295	-1,688	-11,396
D. Two-Year Extension of Medical Savings Accounts	DOE	[2]	-3	-4	-4	-4	-4	-4	-3	-3	-3	-16	-33
E. Additional Consumer Protections for Long-Term Care Insurance	pimt 1ya DOE	*Negligible Revenue Effect*											
F. Provide an Additional Personal Deduction to Caretakers of Family Members - $3,000 in 2001 increasing by $1,000 per year to a maximum of $10,000 in 2008	tyba 12/31/00	-447	-899	-1,208	-1,492	-1,813	-2,127	-2,456	-2,769	-2,909	-3,033	-5,859	-19,152
Total of Health Insurance and Long-Term Care Provisions		**-1,218**	**-3,790**	**-3,909**	**-3,890**	**-5,868**	**-9,799**	**-13,603**	**-14,570**	**-15,389**	**-16,251**	**-18,675**	**-88,287**
Pensions and Individual Retirement Arrangement Provisions													
A. Individual Retirement Arrangement Provisions													
1. Modification of IRA Contribution Limits - increase the maximum contribution limit for traditional and Roth IRAs to: $3,000 in 2001, $4,000 in 2002, $5,000 in 2003, and index for inflation thereafter	tyba 12/31/00	-395	-1,194	-2,013	-2,726	-3,404	-3,983	-4,389	-4,815	-5,289	-5,827	-9,733	-34,037
2. IRA Catch-Up Contributions - increase maximum contribution limits for traditional and Roth IRAs for individuals age 50 and above; the catch-up amount is $500 in 2001, $1,000 in 2002, and $1,500 in 2003, with indexing thereafter in $500 increments	tyba 12/31/00	-71	-154	-163	-155	-147	-151	-172	-183	-189	-209	-690	-1,595
3. Increase AGI limits for deductible IRA contributions, including for married filing separately	tyba 12/31/00	-103	-357	-475	-411	-276	-160	-124	-103	-106	-109	-1,621	-2,222
4. Increase income limits for contributions to Roth IRAs for joint filers to twice the limits for single filers	tyba 12/31/00	-9	-54	-128	-216	-316	-425	-540	-657	-779	-910	-723	-4,033
5. Increase the income limit for conversions of an IRA to a Roth IRA to $200,000 for joint filers	tyba 12/31/00	400	1,046	719	166	-724	-1,317	-1,060	-614	-142	-150	1,607	-1,676
6. Deemed IRAs under employer plans	tyba 12/31/01	*Negligible Revenue Effect*											
7. Allow tax-free withdrawals from IRAs for charitable purposes; the exclusion is available only with respect to distributions made to an organization to which deductible contributions can be made	tyba 12/31/00	-133	-267	-270	-273	-276	-279	-282	-285	-288	-291	-1,217	-2,641
Total of Individual Retirement Arrangement Provisions		-311	-980	-2,330	-3,615	-5,143	-6,315	-6,567	-6,657	-6,793	-7,496	-12,377	-46,204

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Provision	Effective	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2001-05	2001-10
B. Provisions for Expanding Coverage													
1. Increase contribution and benefit limits:													
a. Increase limitation on exclusion for elective deferrals to: $11,000 in 2001, $12,000 in 2002, $13,000 in 2003, $14,000 in 2004, and $15,000 in 2005; index thereafter [3] [4]	yba 12/31/00	-130	-310	-452	-557	-640	-698	-747	-796	-846	-895	-2,089	-6,070
b. Increase limitation on SIMPLE elective contributions to: $7,000 in 2001, $8,000 in 2002, $9,000 in 2003, and $10,000 in 2004; index thereafter [3] [4]	yba 12/31/00	-4	-14	-21	-26	-28	-28	-29	-31	-32	-34	-93	-246
c. Increase defined benefit dollar limit to $160,000	yba 12/31/00	-18	-31	-40	-45	-48	-50	-53	-55	-57	-59	-182	-454
d. Lower early retirement age to 62; lower normal retirement age to 65	yba 12/31/00	-3	-4	-4	-4	-5	-5	-5	-5	-5	-5	-21	-45
e. Increase limitation for defined contribution plans to $40,000 with indexing in $1,000 increments [3]	yba 12/31/00	-6	-12	-14	-15	-16	-17	-19	-20	-21	-23	-63	-163
f. Increase qualified plan compensation limit to $200,000 [3]	yba 12/31/00	-43	-74	-84	-91	-99	-107	-115	-122	-131	-139	-391	-1,004
g. Increase limits on deferrals under deferred compensation plans of State and local governments and tax-exempt organizations to: $11,000 in 2001, $12,000 in 2002, $13,000 in 2003, $14,000 in 2004, and $15,000 in 2005; index thereafter [3] [4]	yba 12/31/00	-52	-91	-104	-114	-125	-134	-142	-151	-159	-167	-486	-1,238
2. Plan loans for S corporation owners, partners, and sole proprietors	yba 12/31/00	-18	-30	-33	-35	-37	-39	-42	-44	-47	-49	-153	-374
3. Modification of top-heavy rules; compensation limit for officers is $115,000 (indexed)	yba 12/31/00	-3	-7	-9	-10	-11	-12	-14	-15	-17	-18	-40	-116
4. Elective deferrals not taken into account for purposes of deduction limits	yba 12/31/00	-40	-75	-87	-94	-101	-108	-115	-122	-129	-135	-396	-1,004
5. Repeal of coordination requirements for deferred compensation plans of State and local governments and tax-exempt organizations	yba 12/31/00	-16	-22	-22	-22	-22	-23	-24	-25	-26	-27	-104	-228
6. Elimination of user fee for certain requests regarding small employer pension plans; waiver applies only for request made during first 5 plan years or the remedial amendment period beginning within the first 5 plan years [5]	rma 12/31/00	-7	-8	-9	---	---	---	---	---	---	---	-24	-24
7. Definition of compensation for purposes of deduction limits [3]	yba 12/31/00	-1	-2	-3	-3	-3	-3	-3	-3	-3	-3	-12	-28
8. Option to treat elective deferrals as after-tax contributions	tyba 12/31/00	50	100	131	144	89	-2	-104	-218	-345	-485	514	-640
9. Increase stock bonus and profit sharing plan deduction limit from 15% to 25%	tyba 12/31/00	-6	-12	-14	-15	-16	-18	-19	-20	-22	-23	-63	-165
Total of Provisions for Expanding Coverage		-297	-592	-765	-887	-1,062	-1,244	-1,431	-1,627	-1,840	-2,062	-3,603	-11,799

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Provision	Effective	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2001-05	2001-10
C. Provisions for Enhancing Fairness for Women													
1. Additional catch-up contributions for individuals age 50 and above - increase the otherwise applicable contribution limit phased in by $1,000 a year until it is $5,000 in 2005, with indexing thereafter in $500 increments; nondiscrimination rules apply	tyba 12/31/00	-13	-32	-45	-53	-57	-59	-61	-63	-67	-70	-200	-521
2. Equitable treatment for contributions of employees to defined contribution plans [3]	yba 12/31/00	-51	-78	-84	-91	-97	-104	-111	-118	-124	-131	-401	-989
3. Faster vesting of certain employer matching contributions	ci pyba 12/31/00	*Negligible Revenue Effect*											
4. Simplify and update the minimum distribution rules - modify post-death distribution rules, reduce the excise tax on failures to make minimum distributions to 10%, and direct the Treasury to simplify and finalize regulations relating to the minimum distribution rules	yba 12/31/00	-118	-212	-239	-268	-297	-330	-366	-402	-441	-484	-1,135	-3,157
5. Clarification of tax treatment of division of section 457 plan benefits upon divorce	tdapma 12/31/00	*Negligible Revenue Effect*											
6. Modification of safe harbor relief for hardship withdrawals from 401(k) plans; modify definition of hardship for rollover purposes	yba 12/31/00	*Negligible Revenue Effect*											
7. Eliminate the excise tax on employers who make nondeductible contributions to all types of plans on behalf of domestic and similar workers	tyba 12/31/00	[2]	[2]	-1	-3	-4	-6	-8	-10	-12	-14	-8	-57
Total of Provisions for Enhancing Fairness for Women		-182	-322	-369	-415	-455	-499	-546	-593	-644	-699	-1,744	-4,724
D. Provisions for Increasing Portability for Participants													
1. Rollovers allowed among governmental section 457 plans, section 403(b) plans, and qualified plans	dma 12/31/00	26	-5	-5	-5	-5	-5	-5	-6	-6	-6	6	-22
2. Rollovers of IRAs to workplace retirement plans	dma 12/31/00	*Negligible Revenue Effect*											
3. Rollovers of after-tax retirement plan contributions	dma 12/31/01	*Negligible Revenue Effect*											
4. Waiver of 60-day rule	dma 12/31/00	*Negligible Revenue Effect*											
5. Treatment of forms of qualified plan distributions	yba 12/31/00	*Negligible Revenue Effect*											
6. Rationalization of restrictions on distributions	da 12/31/00	*Negligible Revenue Effect*											
7. Purchase of service credit in governmental defined benefit plans	ta 12/31/00	*Negligible Revenue Effect*											
8. Employers may disregard rollovers for cash-out amounts	da 12/31/00	*Negligible Revenue Effect*											
9. Minimum distribution and inclusion requirements for section 457 plans	da 12/31/00	*Considered in Other Provisions*											
Total of Provisions for Increasing Portability for Participants		26	-5	-5	-5	-5	-5	-5	-6	-6	-6	6	-22
E. Provisions for Strengthening Pension Security and Enforcement													
1. Phase in repeal of 155% of current liability funding limit; extend maximum deduction rule	pyba 12/31/00	---	-14	-20	-36	-36	-38	-38	-39	-41	-42	-106	-304
2. Excise tax relief for sound pension funding	yba 12/31/00	-2	-3	-3	-3	-3	-3	-3	-3	-3	-3	-14	-29
3. Notice of significant reduction in plan benefit accruals; notice is required with respect to the elimination or reduction of early retirement benefit or retirement-type subsidy	pateo/a DOE	*Negligible Revenue Effect*											

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Provision	Effective	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2001-05	2001-10
4. Repeal 100% of compensation limit for multiemployer plans	yba 12/31/00	-2	-4	-4	-4	-4	-4	-5	-5	-5	-5	-19	-42
5. Modification of section 415 aggregation rules for multiemployer plans	yba 12/31/00	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-4	-8
6. Prohibited allocations of stock in an ESOP of an S corporation	[6]	1	4	5	6	8	8	9	10	10	10	24	72
7. Investment of employee contributions in 401(k) plans	aiii TRA'97	*Negligible Revenue Effect*											
8. Periodic pension benefit statements	pyba 12/31/00	*No Revenue Effect*											
Total of Provisions for Strengthening Pension Security and Enforcement		-4	-18	-23	-38	-36	-38	-38	-38	-40	-41	-119	-311
F. Provisions for Reducing Regulatory Burdens													
1. Modification of timing of plan valuations	pyba 12/31/00	*Negligible Revenue Effect*											
2. ESOP dividends may be reinvested without loss of dividend deduction; modify present-law antiabuse rule to permit the Secretary to disallow the deduction in the case of any dividend that constitutes the avoidance or evasion of taxation	tyba 12/31/00	-19	-44	-56	-61	-63	-66	-69	-71	-74	-77	-243	-600
3. Repeal transition rule relating to certain highly compensated employees	pyba 12/31/00	-2	-3	-3	-3	-3	-3	-4	-4	-4	-4	-13	-32
4. Employees of tax-exempt entities	DOE	*Negligible Revenue Effect*											
5. Treatment of employer-provided retirement advice	tyba 12/31/00	*Negligible Revenue Effect*											
6. Pension plan reporting simplification [7]	1/1/01	*Negligible Revenue Effect*											
7. Improvement to Employee Plans Compliance Resolution System [7]	DOE	*Negligible Revenue Effect*											
8. Repeal of the multiple use test	yba 12/31/00	*Considered in Other Provisions*											
9. Flexibility in nondiscrimination, coverage, and line of business rules [7]	DOE	*Negligible Revenue Effect*											
10. Extension to all governmental plans of moratorium on application of certain nondiscrimination rules applicable to State and local government plans	yba 12/31/00	*Negligible Revenue Effect*											
11. Notice and consent period regarding distributions; and notice regarding optional forms of benefit	yba 12/31/00	*No Revenue Effect*											
12. Annual report dissemination	yba 12/31/99	*No Revenue Effect*											
13. Amendments to the SAVER Act	DOE	*No Revenue Effect*											
14. Require Secretary of Treasury to study and report on the effect of the bill on pension coverage	DOE	*No Revenue Effect*											
Total of Provisions for Reducing Regulatory Burdens		-21	-47	-59	-64	-66	-69	-73	-75	-78	-81	-256	-632
G. ERISA Provisions													
1. Extension of PBGC missing plan participants program [5]	[8]	---	[9]	[9]	[9]	[9]	[9]	[9]	[9]	[9]	[9]	[2]	-1
2. Reduce PBGC premium for new plans of small employers [5]	pea 12/31/00	---	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	-2	-4
3. Phase-in additional PBGC premium for new plans; include additional variable premium relief for small employers [5]	ya 12/31/00	---	-3	-3	-3	-3	-3	-3	-4	-4	-4	-13	-30
4. Authorization for PBGC to pay interest on premium overpayment refunds [5]	iafpbo/a DOE	---	-3	-3	-3	-3	-3	-3	-3	-3	-3	-12	-27

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Provision	Effective	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2001-05	2001-10
5. Rules for substantial owner benefits in terminated plans [5]	noitta 12/31/00	---	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	-2	-5
6. Increase in multiemployer plan benefits guarantee [5]	bpa DOE	---	---	---	[2]	[2]	[2]	[2]	[2]	[2]	[2]	-1	-2
7. Civil penalties for breach of fiduciary duty [10]	[11]	No Revenue Effect											
8. Benefit suspension notice	pyba 12/31/00	No Revenue Effect											
Total of ERISA Provisions		---	-7	-7	-7	-7	-7	-7	-8	-8	-8	-30	-68
H. Provisions Relating to Plan Amendments	DOE	No Revenue Effect											
Total of Pensions and Individual Retirement Arrangement Provisions		**-789**	**-1,971**	**-3,558**	**-5,031**	**-6,774**	**-8,177**	**-8,667**	**-9,004**	**-9,409**	**-10,393**	**-18,123**	**-63,760**
School Construction Provisions													
A. Small Governmental Unit Arbitrage Rebate Exception - increase arbitrage rebate exception for governmental bonds used to finance qualified school construction from $10 million to $15 million	bia 12/31/00	[2]	-3	-5	-6	-11	-14	-15	-16	-17	-18	-24	-104
B. Liberalize Construction Bond Expenditure Rule for Public School Bonds - provide new 4-year expenditure schedule for bonds for public school construction under the arbitrage rebate rules	bia 12/31/00	-16	-139	-262	-296	-312	-328	-331	-326	-320	-312	-1,027	-2,644
C. Modify Special Provision for a Permanent University Fund	1/1/01	[2]	-1	-1	-1	-1	[12]	[2]	-1	-1	[2]	-3	-4
D. Issuance of Private Activity Bonds for Public School Facilities - issuance of tax-exempt private activity bonds for qualified education facilities with annual volume cap the greater of $10 per resident or $5 million	bia 12/31/00	-6	-19	-37	-57	-83	-113	-146	-178	-210	-241	-202	-1,090
E. Tax-Credit Bonds													
1. Extend authority to issue QZABs for an additional 2 years (through 2003) at present-law $400 million per year authorized issuance levels; with certain modifications	bia 12/31/01	---	[2]	-2	-8	-17	-24	-25	-25	-25	-25	-28	-154
2. School Construction QZABs - authorize issuance of a new sub-category of QZABs for construction, renovation, and repair of public schools of $5 billion annually for 2001, 2002, and 2003; private investment not required; modified targeting criteria and administrative rules; unused bond authority from any year to carry forward for up to 2 years, used on a FIFO basis; additional $200 million for construction of tribal schools on Indian reservations	bia 12/31/00	-14	-68	-181	-335	-470	-542	-558	-558	-558	-558	-1,068	-3,843
Total School Construction Provisions		**-36**	**-230**	**-488**	**-703**	**-894**	**-1,021**	**-1,075**	**-1,104**	**-1,131**	**-1,154**	**-2,352**	**-7,839**

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Provision	Effective	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2001-05	2001-10
Community Revitalization Provisions													
A. Tax Incentives for Renewal Communities and Empowerment Zones													
1. Designate 40 renewal communities,12 of which are in rural areas, to receive the following tax benefits: a wage credit of 15% on first $10,000 of qualified wages; an additional $35,000 of section 179 expensing; deduction for qualified revitalization expenditures, capped at $12 million per community; and 0% capital gains tax rate on qualifying assets held more than 5 years	DOE [13]	---	-360	-583	-557	-571	-614	-691	-899	-942	-371	-2,070	-5,588
2. Designate 9 new empowerment zones, extend present-law empowerment zone designations through 12/31/09, expand the 20% wage credit to all empowerment zones, increase the additional section 179 expensing to $35,000 for all empowerment zones including D.C. in 2002, and extend the more favorable round II tax exempt financing rules to all existing and new empowerment zones excluding D.C.	DOE [14]	---	-243	-470	-470	-537	-592	-599	-615	-783	-239	-1,721	-4,548
3. Capital gain rollover of empowerment zone assets and increased exclusion of gain on sale of certain empowerment zone investments	ima DOE	[2]	-3	-15	-32	-52	-71	-93	-118	-152	-202	-102	-738
B. New Markets Tax Credit - provide new markets tax credit with allocation authority of $1.0 billion in 2001, $1.5 billion in 2002 and 2003, $2.0 billion in 2004 and 2005, and $3.5 billion in 2006 and 2007	ima 12/31/00	-2	-18	-115	-246	-365	-531	-725	-813	-828	-747	-747	-4,391
C. Increase the Low-Income Housing Tax Credit and Make Other Modifications - increase per capita credit to $1.50 in 2001, $1.75 in 2002, and indexed for inflation thereafter; $2 million small State minimum in 2001 and 2002 and index for inflation thereafter; modify stacking rules and credit allocation rules; certain Native American housing assistance disregarded in determining whether building is Federally subsidized for purposes of the low-income housing credit	generally cyba 12/31/00	-9	-52	-148	-282	-433	-598	-779	-976	-1188	-1416	-924	-5,880
D. Other Provisions													
1. Private Activity Bond State Volume Limits - increase annual State volume cap to the greater of: $62.50 per resident or $187.5 million in 2001, and $75 per resident or $225 million in 2002; index for inflation thereafter	cyba 12/31/00	-16	-95	-195	-284	-361	-425	-473	-513	-557	-600	-951	-3,519
2. Expensing of Environmental Remediation Expenditures and Expansion of Qualifying Sites - for expenditures incurred before 2004 ("Brownfields")	DOE & epoia DOE	-13	-97	-225	-165	-39	-1	5	17	17	12	-538	-489
3. Extend the D.C. Homebuyer Credit Through 12/31/03	DOE	[12]	-7	-25	-14	[2]	[2]	[2]	[2]	[2]	[2]	-46	-46
Total of Community Revitalization Provisions		**-40**	**-875**	**-1,776**	**-2,050**	**-2,358**	**-2,832**	**-3,355**	**-3,917**	**-4,433**	**-3,563**	**-7,099**	**-25,199**

Provision	Effective	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2001-05	2001-10
Administrative, Miscellaneous, and Technical Provisions													
A. Administrative Provisions													
1. Exempt Certain Reports From Elimination Under the Federal Reports Elimination And Sunset Act of 1995	DOE	*No Revenue Effect*											
2. Extension of Deadlines for IRS Compliance with Certain Notice Requirements	DOE	*No Revenue Effect*											
3. 5-Year Extension of Authority for IRS Undercover Operations	1/1/01	[15]	[15]	[15]	[15]	[15]	[15]	[15]	[15]	[15]	[15]	[16]	[17]
4. Confidentiality of Certain Documents Relating to Closing and Similar Agreements and to Agreements with Foreign Governments	DOE	*Negligible Revenue Effect*											
5. Increase in Joint Committee on Taxation Refund Review Threshold	DOE	*Negligible Revenue Effect*											
6. Clarify Dependency Deduction for Kidnapped Children	tyea DOE	*Negligible Revenue Effect*											
7. Conforming Changes to Accommodate Reduced Issuances of Certain Treasury Securities	DOE	*Negligible Revenue Effect*											
8. Authorization to Use Corrected Consumer Price Index:													
a. Tax revenues [18]	DOE	-20	-20	---	---	---	---	---	---	---	---	-40	-40
b. Outlays [5] [19] [20]	DOE	-970	-570	-560	-550	-550	-540	-520	-520	-510	-500	-3,200	-5,790
9. Prevent Duplication or Acceleration of Loss Through Assumption of Certain Liabilities	aolo/a 10/19/99	13	15	17	19	21	23	25	27	29	31	85	220
B. Miscellaneous Provisions													
1. Repeal the 4.3-Cents-Per-Gallon Tax on Railroad Diesel Fuel and Inland Waterway Fuel Currently Paid Into the General Fund	1/1/01	-102	-147	-151	-155	-159	-164	-168	-173	-178	-183	-715	-1,580
2. Repeal of Reduction of Deductions for Mutual Life Insurance Companies and of Policyholder Surplus Accounts of Life Insurance Companies	tyba 12/31/00	-88	-93	-80	-63	-51	-64	-56	-47	-49	-55	-375	-645
3. Tax Credit Bonds for the National Railroad Passenger Corporation ("Amtrak") - $1 billion tax credit bonds per year	bia 9/30/00	-13	-82	-156	-221	-290	-360	-429	-499	-569	-639	-762	-3,259
4. Farm, Fishing, and Ranch Risk Management ("FFARRM") Accounts	tyba 12/31/00	-3	-73	-136	-179	-146	-113	-66	-30	-6	-6	-539	-760
5. Extend present-law section 170(e)(6) relating to corporate contributions of computer equipment through 12/31/03; expand list of eligible donees to include public libraries; expand to include 3-year property	cma 12/31/00	-60	-112	-120	-60	-3	---	---	---	---	---	-355	-355
6. Exemption for Settlement of Discrimination Claims Brought by Certain Farmers Against the Department of Agriculture	aoty	-325	-13	---	---	---	---	---	---	---	---	-338	-338

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Provision	Effective	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2001-05	2001-10
7. Adoption Credit - extend through 12/31/05 for non-special needs adoptions, with an increase in the qualified expenses level to $10,000 for non-special needs adoptions and $12,000 for special needs adoption, phased in by $1,000 a year and $2,000 a year, respectively; phaseout starting point increased to $150,000 of AGI, fully phased out at $190,000 of AGI	tyba 12/31/00	-21	-156	-386	-480	-567	-469	-113	-96	-79	-58	-1,610	-2,426
8. Study on Bermuda Insurance Companies	DOE	No Revenue Effect											
9. Treatment of Indian tribes as Non-Profit Organizations and State or Local Governments for Purposes of the Federal Unemployment Tax [5]	[21]	-20	-10	-9	25	2	2	[2]	2	1	[12]	-14	-9
C. Technical Correction Provisions	---	No Revenue Effect											
Total of Administrative, Miscellaneous, and Technical Provisions		**-1,609**	**-1,261**	**-1,581**	**-1,664**	**-1,743**	**-1,685**	**-1,327**	**-1,336**	**-1,361**	**-1,410**	**-7,861**	**-14,977**
NET TOTAL		**-6,824**	**-12,407**	**-15,483**	**-17,501**	**-21,646**	**-27,476**	**-31,975**	**-33,987**	**-35,939**	**-37,188**	**-73,868**	**-240,421**
Repeal the Federal Communications Excise Tax (included in the Treasury Appropriations bill)	**10/1/00**	**-4,328**	**-4,562**	**-4,799**	**-5,043**	**-5,303**	**-5,578**	**-5,868**	**-6,174**	**-6,502**	**-6,852**	**-24,035**	**-55,009**

Joint Committee on Taxation

NOTE: Details may not add to totals due to rounding.

Legend for "Effective" column:

aiii TRA'97 = as if included in the Taxpayer Relief Act of 1997
aolo/a = assumption of liabilities on or after
aoty = all open taxable years
bia = bonds issued after
bpa = benefits payable after
ci = contributions in
cma = contributions made after
cyba = calendar years beginning after
da = distributions after
dma = distributions made after
DOE = date of enactment
doia = discharges of indebtedness after
epoia = expenditures paid or incurred after
ima = investments made after
iafpbo/a = interest accruing for periods beginning on or after
iso/a = installment sales on or after
noitta = notice of intent to terminate after
pateo/a = plan amendments taking effect on or after
pea = plans established after
pimt = policies issued more than
pyba = plan years beginning after
rma = requests made after
sa = sales after
ta = transfers after
Ta = transactions after
tdapma = transfers, distributions, and payments made after
tyba = taxable years beginning after
tyea = taxable years ending after
wpoifibwa = wages paid or incurred for individuals beginning work after
ya = years after
yba = years beginning after
1ya = 1 year after
2ya = 2 years after

[1] Estimate includes interaction with certain Tax Incentives for Renewal Communities and Empowerment Zones provisions.
[2] Loss of less than $500,000.
[3] Estimate includes interaction with other provisions in Provisions for Expanding Coverage.
[4] Estimate includes interaction with the Individual Retirement Arrangement provisions.
[5] Estimate provided by the Congressional Budget Office.
[6] Generally effective with respect to years beginning after December 31, 2001. In the case of an ESOP established after July 11, 2000, or an ESOP established on or before such date if the employer maintaining the plan was not an S corporation on such date, the proposal would be effective with respect to plan years ending after July 11, 2000.

[Footnotes for the Table are continued on the following page]

Footnotes for the Table continued:

[7] Directs the Secretary of the Treasury to modify rules through regulations.
[8] Effective for distributions from terminating plans that occur after the PBGC has adopted final regulations implementing provision.
[9] Loss of less than $100,000.
[10] Department of Labor penalties.
[11] In general, the proposal would apply to any breach of fiduciary responsibility or other violation of part 4 of Subtitle B. of the Title I. and ERISA occurring on or after the date of enactment.
[12] Gain of less than $500,000.
[13] The Secretary of Housing and Urban Development must prescribe regulations for the nomination process no later than 4 months after the date of enactment. The tax benefits for the designated communities generally are effective beginning on 1/1/02, and terminating on 12/31/09.
[14] Area may be designated as an empowerment zone any time after the date of enactment and before 1/1/02. The tax benefits generally become effective after 12/31/01 and terminate on 12/31/09.
[15] Gain of less than $1 million.
[16] Gain of less than $5 million.
[17] Gain of less than $10 million.
[18] Estimate for fiscal year 2002 includes an increase in EIC outlays of $17 million.
[19] Negative numbers indicate a increase in Federal outlays.
[20] Estimate includes a loss of $4,100 million over the Federal fiscal year period 2001 - 2010 to the Social Security trust fund.
[21] The proposal generally would be effective with respect to service performed beginning on or after the date of enactment. Under a transition rule, service performed in the employ of an Indian tribe would not be treated as employment for FUTA purposes if: (1) it is service which is performed before the date of enactment and with respect to which FUTA tax has not been paid; and (2) such Indian tribe reimburses a State unemployment fund for unemployment benefits paid for service attributable to such tribe for such period.

MEDICARE, MEDICAID, AND SCHIP BENEFITS IMPROVEMENT AND PROTECTION ACT OF 2000

The conference agreement would enact the provisions of H.R. 5543, as introduced on October 25, 2000. The text of that bill follows:

SECTION 1. SHORT TITLE; AMENDMENTS TO SOCIAL SECURITY ACT; REFERENCES TO OTHER ACTS; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000''.

(b) AMENDMENTS TO SOCIAL SECURITY ACT.—Except as otherwise specifically provided, whenever in this Act an amendment 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 that section or other provision of the Social Security Act.

(c) REFERENCES TO OTHER ACTS.—In this Act:

(1) BALANCED BUDGET ACT OF 1997.—The term ''BBA'' means the Balanced Budget Act of 1997 (Public Law 105–33; 111 Stat. 251).

(2) MEDICARE, MEDICAID, AND SCHIP BALANCED BUDGET REFINEMENT ACT OF 1999.—The term ''BBRA'' means the Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 1999 (Appendix F, 113 Stat. 1501A–321), as enacted into law by section 1000(a)(6) of Public Law 106–113.

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

Sec. 1. Short title; amendments to Social Security Act; references to other Acts; table of contents.

TITLE I—MEDICARE BENEFICIARY IMPROVEMENTS

Subtitle A—Improved Preventive Benefits

Sec. 101. Coverage of biennial screening pap smear and pelvic exams.
Sec. 102. Coverage of screening for glaucoma.
Sec. 103. Coverage of screening colonoscopy for average risk individuals.
Sec. 104. Modernization of screening mammography benefit.
Sec. 105. Coverage of medical nutrition therapy services for beneficiaries with diabetes or a renal disease.

Subtitle B—Other Beneficiary Improvements

Sec. 111. Acceleration of reduction of beneficiary copayment for hospital outpatient department services.
Sec. 112. Preservation of coverage of drugs and biologicals under part B of the medicare program.
Sec. 113. Elimination of time limitation on medicare benefits for immunosuppressive drugs.
Sec. 114. Imposition of billing limits on prescription drugs.

Subtitle C—Demonstration Projects and Studies

Sec. 121. Demonstration project for disease management for severely chronically ill medicare beneficiaries.
Sec. 122. Cancer prevention and treatment demonstration for ethnic and racial minorities.
Sec. 123. Study on medicare coverage of routine thyroid screening.
Sec. 124. MedPAC study on consumer coalitions.
Sec. 125. Study on limitation on State payment for medicare cost-sharing affecting access to services for qualified medicare beneficiaries.
Sec. 126. Institute of Medicine study on waiver of 24-month waiting period for medicare disability eligibility for amyotrophic lateral sclerosis (ALS) and other devastating diseases.
Sec. 127. Studies on preventive interventions in primary care for older Americans.
Sec. 128. MedPAC study and report on medicare coverage of cardiac and pulmonary rehabilitation therapy services.

TITLE II—RURAL HEALTH CARE IMPROVEMENTS

Subtitle A—Critical Access Hospital Provisions

Sec. 201. Clarification of no beneficiary cost-sharing for clinical diagnostic laboratory tests furnished by critical access hospitals.
Sec. 202. Assistance with fee schedule payment for professional services under all-inclusive rate.
Sec. 203. Exemption of critical access hospital swing beds from SNF PPS.
Sec. 204. Payment in critical access hospitals for emergency room on-call physicians.
Sec. 205. Treatment of ambulance services furnished by certain critical access hospitals.
Sec. 206. GAO study on certain eligibility requirements for critical access hospitals.

Subtitle B—Other Rural Hospitals Provisions

Sec. 211. Equitable treatment for rural disproportionate share hospitals.
Sec. 212. Option to base eligibility for medicare dependent, small rural hospital program on discharges during 2 of the 3 most recently audited cost reporting periods.
Sec. 213. Extension of option to use rebased target amounts to all sole community hospitals.
Sec. 214. MedPAC analysis of impact of volume on per unit cost of rural hospitals with psychiatric units.

Subtitle C—Other Rural Provisions

Sec. 221. Assistance for providers of ambulance services in rural areas.
Sec. 222. Payment for certain physician assistant services.
Sec. 223. Revision of medicare reimbursement for telehealth services.
Sec. 224. Expanding access to rural health clinics.
Sec. 225. MedPAC study on low-volume, isolated rural health care providers.

TITLE III—PROVISIONS RELATING TO PART A

Subtitle A—Inpatient Hospital Services

Sec. 301. Revision of acute care hospital payment update for 2001.
Sec. 302. Additional modification in transition for indirect medical education (IME) percentage adjustment.
Sec. 303. Decrease in reductions for disproportionate share hospital (DSH) payments.
Sec. 304. Wage index improvements.
Sec. 305. Payment for inpatient services of rehabilitation hospitals.
Sec. 306. Payment for inpatient services of psychiatric hospitals.
Sec. 307. Payment for inpatient services of long-term care hospitals.

Subtitle B—Adjustments to PPS Payments for Skilled Nursing Facilities

Sec. 311. Elimination of reduction in skilled nursing facility (SNF) market basket update in 2001.
Sec. 312. Increase in nursing component of PPS Federal rate.
Sec. 313. Application of SNF consolidated billing requirement limited to part A covered stays.
Sec. 314. Adjustment of rehabilitation RUGs to correct anomaly in payment rates.
Sec. 315. Establishment of process for geographic reclassification.

Subtitle C—Hospice Care

Sec. 321. Full market basket increase for 2001.
Sec. 322. Clarification of physician certification.
Sec. 323. MedPAC report on access to, and use of, hospice benefit.

Subtitle D—Other Provisions

Sec. 331. Relief from medicare part A late enrollment penalty for group buy-in for State and local retirees.
Sec. 332. Posting of information on nursing facility staffing.

TITLE IV—PROVISIONS RELATING TO PART B

Subtitle A—Hospital Outpatient Services

Sec. 401. Revision of hospital outpatient PPS payment update.
Sec. 402. Clarifying process and standards for determining eligibility of devices for pass-through payments under hospital outpatient PPS.
Sec. 403. Application of OPD PPS transitional corridor payments to certain hospitals that did not submit a 1996 cost report.
Sec. 404. Application of rules for determining provider-based status for certain entities.
Sec. 405. Treatment of children's hospitals under prospective payment system.
Sec. 406. Inclusion of temperature monitored cryoablation in transitional pass-through for certain medical devices, drugs, and biologicals under OPD PPS.

Subtitle B—Provisions Relating to Physicians' Services

Sec. 411. GAO studies relating to physicians' services.
Sec. 412. Physician group practice demonstration.
Sec. 413. Study on enrollment procedures for groups that retain independent contractor physicians.

Subtitle C—Other Services

Sec. 421. 1-year extension of moratorium on therapy caps; report on standards for supervision of physical therapy assistants.
Sec. 422. Update in renal dialysis composite rate.
Sec. 423. Payment for ambulance services.
Sec. 424. Ambulatory surgical centers.
Sec. 425. Full update for durable medical equipment.
Sec. 426. Full update for orthotics and prosthetics.
Sec. 427. Establishment of special payment provisions and requirements for prosthetics and certain custom fabricated orthotic items.
Sec. 428. Replacement of prosthetic devices and parts.
Sec. 429. Revised part B payment for drugs and biologicals and related services.
Sec. 430. Contrast enhanced diagnostic procedures under hospital prospective payment system.
Sec. 431. Qualifications for community mental health centers.
Sec. 432. Modification of medicare billing requirements for certain Indian providers.
Sec. 433. GAO study on coverage of surgical first assisting services of certified registered nurse first assistants.
Sec. 434. MedPAC study and report on medicare reimbursement for services provided by certain providers.
Sec. 435. MedPAC study and report on medicare coverage of services provided by certain nonphysician providers.

Sec. 436. GAO study and report on the costs of emergency and medical transportation services.
Sec. 437. GAO studies and reports on medicare payments.
Sec. 438. MedPAC study on access to outpatient pain management services.

TITLE V—PROVISIONS RELATING TO PARTS A AND B

Subtitle A—Home Health Services

Sec. 501. 1-year additional delay in application of 15 percent reduction on payment limits for home health services.
Sec. 502. Restoration of full home health market basket update for home health services for fiscal year 2001.
Sec. 503. Temporary two-month extension of periodic interim payments.
Sec. 504. Use of telehealth in delivery of home health services.
Sec. 505. Study on costs to home health agencies of purchasing nonroutine medical supplies.
Sec. 506. Treatment of branch offices; GAO study on supervision of home health care provided in isolated rural areas.
Sec. 507. Clarification of the homebound definition under the medicare home health benefit.

Subtitle B—Direct Graduate Medical Education

Sec. 511. Increase in floor for direct graduate medical education payments.
Sec. 512. Change in distribution formula for Medicare+Choice-related nursing and allied health education costs.

Subtitle C—Changes in Medicare Coverage and Appeals Process

Sec. 521. Revisions to medicare appeals process.
Sec. 522. Revisions to medicare coverage process.

Subtitle D—Improving Access to New Technologies

Sec. 531. Reimbursement improvements for new clinical laboratory tests and durable medical equipment.
Sec. 532. Retention of HCPCS level III codes.
Sec. 533. Recognition of new medical technologies under inpatient hospital PPS.

Subtitle E—Other Provisions

Sec. 541. Increase in reimbursement for bad debt.
Sec. 542. Treatment of certain physician pathology services under medicare.
Sec. 543. Extension of advisory opinion authority.
Sec. 544. Change in annual MedPAC reporting.
Sec. 545. Development of patient assessment instruments.
Sec. 546. GAO report on impact of the Emergency Medical Treatment and Active Labor Act (EMTALA) on hospital emergency departments.

TITLE VI—PROVISIONS RELATING TO PART C (MEDICARE+CHOICE PROGRAM) AND OTHER MEDICARE MANAGED CARE PROVISIONS

Subtitle A—Medicare+Choice Payment Reforms

Sec. 601. Increase in minimum payment amount.
Sec. 602. Increase in minimum percentage increase.
Sec. 603. 10-year phase-in of risk adjustment.
Sec. 604. Transition to revised Medicare+Choice payment rates.
Sec. 605. Revision of payment rates for ESRD patients enrolled in Medicare+Choice plans.
Sec. 606. Permitting premium reductions as additional benefits under Medicare+Choice plans.
Sec. 607. Full implementation of risk adjustment for congestive heart failure enrollees for 2001.
Sec. 608. Expansion of application of Medicare+Choice new entry bonus.
Sec. 609. Report on inclusion of certain costs of the Department of Veterans Affairs and military facility services in calculating Medicare+Choice payment rates.

Subtitle B—Other Medicare+Choice Reforms

Sec. 611. Payment of additional amounts for new benefits covered during a contract term.
Sec. 612. Restriction on implementation of significant new regulatory requirements mid-year.
Sec. 613. Timely approval of marketing material that follows model marketing language.
Sec. 614. Avoiding duplicative regulation.
Sec. 615. Election of uniform local coverage policy for Medicare+Choice plan covering multiple localities.
Sec. 616. Eliminating health disparities in Medicare+Choice program.
Sec. 617. Medicare+Choice program compatibility with employer or union group health plans.
Sec. 618. Special medigap enrollment anti-discrimination provision for certain beneficiaries.
Sec. 619. Restoring effective date of elections and changes of elections of Medicare+Choice plans.
Sec. 620. Permitting ESRD beneficiaries to enroll in another Medicare+Choice plan if the plan in which they are enrolled is terminated.
Sec. 621. Providing choice for skilled nursing facility services under the Medicare+Choice program.
Sec. 622. Providing for accountability of Medicare+Choice plans.

Subtitle C—Other Managed Care Reforms

Sec. 631. 1-year extension of social health maintenance organization (SHMO) demonstration project.
Sec. 632. Revised terms and conditions for extension of medicare community nursing organization (CNO) demonstration project.
Sec. 633. Extension of medicare municipal health services demonstration projects.
Sec. 634. Service area expansion for medicare cost contracts during transition period.

TITLE VII—MEDICAID

Sec. 701. DSH payments.
Sec. 702. New prospective payment system for Federally-qualified health centers and rural health clinics.
Sec. 703. Streamlined approval of continued State-wide section 1115 medicaid waivers.
Sec. 704. Medicaid county-organized health systems.
Sec. 705. Deadline for issuance of final regulation relating to medicaid upper payment limits.
Sec. 706. Alaska FMAP.

TITLE VIII—STATE CHILDREN'S HEALTH INSURANCE PROGRAM

Sec. 801. Special rule for redistribution and availability of unused fiscal year 1998 and 1999 SCHIP allotments.
Sec. 802. Authority to pay medicaid expansion SCHIP costs from title XXI appropriation.

TITLE IX—OTHER PROVISIONS

Subtitle A—PACE Program

Sec. 901. Extension of transition for current waivers.
Sec. 902. Continuing of certain operating arrangements permitted.
Sec. 903. Flexibility in exercising waiver authority.

Subtitle B—Outreach to Eligible Low-Income Medicare Beneficiaries

Sec. 911. Outreach on availability of medicare cost-sharing assistance to eligible low-income medicare beneficiaries.

Subtitle C—Maternal and Child Health Block Grant

Sec. 921. Increase in authorization of appropriations for the maternal and child health services block grant.

Subtitle D—Diabetes

Sec. 931. Increase in appropriations for special diabetes programs for type I diabetes and Indians.
Sec. 932. Appropriations for Ricky Ray Hemophilia Relief Fund.

TITLE I—MEDICARE BENEFICIARY IMPROVEMENTS

Subtitle A—Improved Preventive Benefits

SEC. 101. COVERAGE OF BIENNIAL SCREENING PAP SMEAR AND PELVIC EXAMS.

(a) IN GENERAL.—

(1) BIENNIAL SCREENING PAP SMEAR.—Section 1861(nn)(1) (42 U.S.C. 1395x(nn)(1)) is amended by striking ''3 years'' and inserting ''2 years''.

(2) BIENNIAL SCREENING PELVIC EXAM.—Section 1861(nn)(2) (42 U.S.C. 1395x(nn)(2)) is amended by striking ''3 years'' and inserting ''2 years''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) apply to items and services furnished on or after July 1, 2001.

SEC. 102. COVERAGE OF SCREENING FOR GLAUCOMA.

(a) COVERAGE.—Section 1861(s)(2) (42 U.S.C. 1395x(s)(2)) is amended—

(1) by striking ''and'' at the end of subparagraph (S);

(2) by inserting ''and'' at the end of subparagraph (T); and

(3) by adding at the end the following:

''(U) screening for glaucoma (as defined in subsection (uu)) for individuals determined to be at high risk for glaucoma, individuals with a family history of glaucoma and individuals with diabetes;''.

(b) SERVICES DESCRIBED.—Section 1861 (42 U.S.C. 1395x) is amended by adding at the end the following new subsection:

''Screening for Glaucoma

''(uu) The term 'screening for glaucoma' means a dilated eye examination with an intraocular pressure measurement, and a direct ophthalmoscopy or a slit-lamp biomicroscopic examination for the early detection of glaucoma which is furnished by or under the direct supervision of an optometrist or ophthalmologist who is legally authorized to furnish such services under State law (or the State regulatory mechanism provided by State law) of the State in which the services are furnished, as would otherwise be covered if furnished by a physician or as an incident to a physician's professional service, if the individual involved has not had such an examination in the preceding year.''.

(c) CONFORMING AMENDMENT.—Section 1862(a)(1)(F) (42 U.S.C. 1395y(a)(1)(F)) is amended—

(1) by striking ''and,''; and

(2) by adding at the end the following: ''and, in the case of screening for glaucoma, which is performed more frequently than is provided under section 1861(uu),''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to services furnished on or after January 1, 2002.

SEC. 103. COVERAGE OF SCREENING COLONOSCOPY FOR AVERAGE RISK INDIVIDUALS.

(a) IN GENERAL.—Section 1861(pp) (42 U.S.C. 1395x(pp)) is amended—

(1) in paragraph (1)(C), by striking ''In the case of an individual at high risk for colorectal cancer, screening colonoscopy'' and inserting ''Screening colonoscopy''; and

(2) in paragraph (2), by striking ''In paragraph (1)(C), an'' and inserting ''An''.

(b) FREQUENCY LIMITS FOR SCREENING COLONOSCOPY.—Section 1834(d) (42 U.S.C. 1395m(d)) is amended—

(1) in paragraph (2)(E)(ii), by inserting before the period at the end the following: ''or, in the case of an individual who is not at high risk for colorectal cancer, if the procedure is performed within the 119 months after a previous screening colonoscopy'';

(2) in paragraph (3)—

(A) in the heading by striking ''FOR INDIVIDUALS AT HIGH RISK FOR COLORECTAL CANCER'';

(B) in subparagraph (A), by striking ''for individuals at high risk for colorectal cancer (as defined in section 1861(pp)(2))'';

(C) in subparagraph (E), by inserting before the period at the end the following: ''or for other individuals if the procedure is performed within the 119 months after a previous screening colonoscopy or within 47 months after a previous screening flexible sigmoidoscopy''.

(c) EFFECTIVE DATE.—The amendments made by this section apply to colorectal cancer screening services provided on or after July 1, 2001.

SEC. 104. MODERNIZATION OF SCREENING MAMMOGRAPHY BENEFIT.

(a) INCLUSION IN PHYSICIAN FEE SCHEDULE.—Section 1848(j)(3) (42 U.S.C. 1395w–4(j)(3)) is amended by inserting ''(13),'' after ''(4),''.

(b) CONFORMING AMENDMENT.—Section 1834(c) (42 U.S.C. 1395m(c)) is amended to read as follows:

''(c) PAYMENT AND STANDARDS FOR SCREENING MAMMOGRAPHY.—

''(1) IN GENERAL.—With respect to expenses incurred for screening mammography (as defined in section 1861(jj)), payment may be made only—

''(A) for screening mammography conducted consistent with the frequency permitted under paragraph (2); and

''(B) if the screening mammography is conducted by a facility that has a certificate (or provisional certificate) issued under section 354 of the Public Health Service Act.

''(2) FREQUENCY COVERED.—

''(A) IN GENERAL.—Subject to revision by the Secretary under subparagraph (B)—

''(i) no payment may be made under this part for screening mammography performed on a woman under 35 years of age;

''(ii) payment may be made under this part for only one screening mammography performed on a woman over 34 years of age, but under 40 years of age; and

''(iii) in the case of a woman over 39 years of age, payment may not be made under this part for screening mammography performed within 11 months following the month in which a previous screening mammography was performed.

''(B) REVISION OF FREQUENCY.—

''(i) REVIEW.—The Secretary, in consultation with the Director of the National Cancer Institute, shall review periodically the appropriate frequency for performing screening mammography, based on age and such other factors as the Secretary believes to be pertinent.

''(ii) REVISION OF FREQUENCY.—The Secretary, taking into consideration the review made under clause (i), may revise from time to time the frequency with which screening mammography may be paid for under this subsection.''.

(c) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) apply with respect to screening mammographies furnished on or after January 1, 2002.

(d) PAYMENT FOR NEW TECHNOLOGIES.—

(1) TESTS FURNISHED IN 2001.—

(A) SCREENING.—For a screening mammography (as defined in section 1861(jj) of the Social Security Act (42 U.S.C. 1395(jj))) furnished during the period beginning on April 1, 2001, and ending on December 31, 2001, that uses a new technology, payment for such screening mammography shall be made as follows:

(i) In the case of a technology which directly takes a digital image (without involving film) and subsequently analyzes such resulting image with software to identify possible problem areas, in an amount equal to 150 percent of the amount of payment under section 1848 of such Act (42 U.S.C. 1395w–4) for a bilateral diagnostic mammography (under HCPCS code 76091) for such year.

(ii) In the case of a technology which allows conversion of a standard film mammogram into a digital image and subsequently analyzes such resulting image with software to identify possible problem areas, in an amount equal to the limit that would otherwise be applied under section 1834(c)(3) of such Act (42 U.S.C. 1395m(c)(3)) for 2001, increased by $15.

(B) BILATERAL DIAGNOSTIC MAMMOGRAPHY.—For a bilateral diagnostic mammography (under HCPCS code 76091) furnished during the period beginning on April 1, 2001, and ending on December 31, 2001, that uses a new technology described in subparagraph (A)(i), payment for such mammography shall be the amount of payment provided for under such subparagraph.

The Secretary of Health and Human Services may implement the provisions of this paragraph by program memorandum or otherwise.

(2) CONSIDERATION OF NEW HCPCS CODE FOR NEW TECHNOLOGIES AFTER 2001.—The Secretary shall determine, for such screening mammographies performed after 2001, whether the assignment of a new HCPCS code is appropriate for screening mammography that uses a new technology. If the Secretary determines that a new code is appropriate for such screening mammography, the Secretary shall provide for such new code for such tests furnished after 2001.

(3) NEW TECHNOLOGY DESCRIBED.—For purposes of this subsection, a new technology with respect to a screening mammography is an advance in technology with respect to the test or equipment that results in the following:

(A) A significant increase or decrease in the resources used in the test or in the manufacture of the equipment.

(B) A significant improvement in the performance of the test or equipment.

(C) A significant advance in medical technology that is expected to significantly improve the treatment of medicare beneficiaries.

(4) HCPCS CODE DEFINED.—The term ''HCPCS code'' means an alphanumeric code under the Health Care Financing Administration Common Procedure Coding System (HCPCS).

SEC. 105. COVERAGE OF MEDICAL NUTRITION THERAPY SERVICES FOR BENEFICIARIES WITH DIABETES OR A RENAL DISEASE.

(a) COVERAGE.—Section 1861(s)(2) (42 U.S.C. 1395x(s)(2)), as amended by section 102(a), is amended—

(1) in subparagraph (T), by striking ''and'' at the end;

(2) in subparagraph (U), by inserting ''and'' at the end; and

(3) by adding at the end the following new subparagraph:

''(V) medical nutrition therapy services (as defined in subsection (vv)(1)) in the case of a beneficiary with diabetes or a renal disease who—

''(i) has not received diabetes outpatient self-management training services within a time period determined by the Secretary; and

''(ii) meets such other criteria determined by the Secretary after consideration of protocols established by dietitian or nutrition professional organizations;''.

(b) SERVICES DESCRIBED.—Section 1861 (42 U.S.C. 1395x), as amended by section 102(b), is amended by adding at the end the following:

''Medical Nutrition Therapy Services; Registered Dietitian or Nutrition Professional

''(vv)(1) The term 'medical nutrition therapy services' means nutritional diagnostic, therapy, and counseling services for the purpose of disease management which are furnished by a registered dietitian or nutrition professional (as defined in paragraph (2)) pursuant to a referral by a physician (as defined in subsection (r)(1)).

''(2) Subject to paragraph (3), the term 'registered dietitian or nutrition professional' means an individual who—

''(A) holds a baccalaureate or higher degree granted by a regionally accredited college or university in the United States (or an equivalent foreign degree) with completion of the academic requirements of a program in nutrition or dietetics, as accredited by an appropriate national accreditation organization recognized by the Secretary for this purpose;

''(B) has completed at least 900 hours of supervised dietetics practice under the supervision of a registered dietitian or nutrition professional; and

''(C)(i) is licensed or certified as a dietitian or nutrition professional by the State in which the services are performed; or

''(ii) in the case of an individual in a State that does not provide for such licensure or certification, meets such other criteria as the Secretary establishes.

''(3) Subparagraphs (A) and (B) of paragraph (2) shall not apply in the case of an individual who, as of the date of the enactment of this subsection, is licensed or certified as a dietitian or nutrition professional by the State in which medical nutrition therapy services are performed.''.

(c) PAYMENT.—Section 1833(a)(1) (42 U.S.C. 1395l(a)(1)) is amended—

(1) by striking ''and'' before ''(S)''; and

(2) by inserting before the semicolon at the end the following: '', and (T) with respect to medical nutrition therapy services (as defined in section 1861(vv)), the amount paid shall be 80 percent of the lesser of the actual charge for the services or 85 percent of the amount determined under the fee schedule established under section 1848(b) for the same services if furnished by a physician''.

(d) APPLICATION OF LIMITS ON BILLING.—Section 1842(b)(18)(C) (42 U.S.C. 1395u(b)(18)(C)) is amended by adding at the end the following new clause:

''(vi) A registered dietitian or nutrition professional.''.

(e) EFFECTIVE DATE.—The amendments made by this section apply to services furnished on or after January 1, 2002.

(f) STUDY.—Not later than July 1, 2003, the Secretary of Health and Human Services shall submit to Congress a report that contains recommendations with respect to the expansion to other medicare beneficiary populations of the medical nutrition therapy services benefit (furnished under the amendments made by this section).

Subtitle B—Other Beneficiary Improvements

SEC. 111. ACCELERATION OF REDUCTION OF BENEFICIARY COPAYMENT FOR HOSPITAL OUTPATIENT DEPARTMENT SERVICES.

(a) REDUCING THE UPPER LIMIT ON BENEFICIARY COPAYMENT.—

(1) IN GENERAL.—Section 1833(t)(8)(C) (42 U.S.C. 1395l(t)(8)(C)) is amended to read as follows:

''(C) LIMITATION ON COPAYMENT AMOUNT.—

''(i) TO INPATIENT HOSPITAL DEDUCTIBLE AMOUNT.—In no case shall the copayment amount for a procedure performed in a year exceed the amount of the inpatient hospital deductible established under section 1813(b) for that year.

''(ii) TO SPECIFIED PERCENTAGE.—The Secretary shall reduce the national unadjusted copayment amount for a covered OPD service (or group of such services) furnished in a year in a manner so that the effective copayment rate (determined on a national unadjusted basis) for that service in the year does not exceed the following percentage:

''(I) For procedures performed in 2001, 60 percent.

''(II) For procedures performed in 2002 or 2003, 55 percent.

''(III) For procedures performed in 2004, 50 percent.

''(IV) For procedures performed in 2005, 45 percent.

''(V) For procedures performed in 2006 and thereafter, 40 percent.''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) applies with respect to services furnished on or after January 1, 2001.

(b) CONSTRUCTION REGARDING LIMITING INCREASES IN COST-SHARING.—Nothing in this Act or the Social Security Act shall be construed as preventing a hospital from waiving the amount of any coinsurance for outpatient hospital services under the medicare program under title XVIII of the Social Security Act that may have been increased as a result of the implementation of the prospective payment system under section 1833(t) of the Social Security Act (42 U.S.C. 1395l(t)).

(c) GAO STUDY OF REDUCTION IN MEDIGAP PREMIUM LEVELS RESULTING FROM REDUCTIONS IN COINSURANCE.—The Comptroller General of the United States shall work, in concert with the National Association of Insurance Commissioners, to evaluate the extent to which the premium levels for medicare supplemental policies reflect the reductions in coinsurance resulting from the amendment made by subsection (a). Not later than April 1, 2004, the Comptroller General shall submit to Congress a report on such evaluation and the extent to which the reductions in beneficiary coinsurance effected by such amendment have resulted in actual savings to medicare beneficiaries.

SEC. 112. PRESERVATION OF COVERAGE OF DRUGS AND BIOLOGICALS UNDER PART B OF THE MEDICARE PROGRAM.

(a) IN GENERAL.—Section 1861(s)(2) (42 U.S.C. 1395x(s)(2)) is amended, in each of subparagraphs (A) and (B), by striking ''(including drugs and biologicals which cannot, as determined in accordance with regulations, be self-administered)'' and inserting ''(including drugs and biologicals which are not usually self-administered by the patient)''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) applies to drugs and biologicals administered on or after the date of the enactment of this Act.

SEC. 113. ELIMINATION OF TIME LIMITATION ON MEDICARE BENEFITS FOR IMMUNOSUPPRESSIVE DRUGS.

(a) IN GENERAL.—Section 1861(s)(2)(J) (42 U.S.C. 1395x(s)(2)(J)) is amended by striking '', but only'' and all that follows up to the semicolon at the end.

(b) CONFORMING AMENDMENTS.—

(1) EXTENDED COVERAGE.—Section 1832 (42 U.S.C. 1395k) is amended—

(A) by striking subsection (b); and

(B) by redesignating subsection (c) as subsection (b).

(2) PASS-THROUGH; REPORT.—Section 227 of BBRA is amended by striking subsection (d).

(c) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to drugs furnished on or after the date of the enactment of this Act.

SEC. 114. IMPOSITION OF BILLING LIMITS ON PRESCRIPTION DRUGS.

(a) IN GENERAL.—Section 1842(o) (42 U.S.C. 1395u(o)) is amended by adding at the end the following new paragraph:

''(3)(A) Payment for a charge for any drug or biological for which payment may be made under this part may be made under this part only on an assignment-related basis.

''(B) The provisions of subsection (b)(18)(B) shall apply to charges for such drugs or biologicals in the same manner as they apply to services furnished by a practitioner described in subsection (b)(18)(C).''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to items furnished on or after January 1, 2001.

Subtitle C—Demonstration Projects and Studies

SEC. 121. DEMONSTRATION PROJECT FOR DISEASE MANAGEMENT FOR SEVERELY CHRONICALLY ILL MEDICARE BENEFICIARIES.

(a) IN GENERAL.—The Secretary of Health and Human Services shall conduct a demonstration project under this section (in this section referred to as the ''project'') to demonstrate the impact on costs and health outcomes of applying disease management to medicare beneficiaries with diagnosed, advanced-stage congestive heart failure, diabetes, or coronary heart disease. In no case may the number of participants in the project exceed 30,000 at any time.

(b) VOLUNTARY PARTICIPATION.—

(1) ELIGIBILITY.—Medicare beneficiaries are eligible to participate in the project only if—

(A) they meet specific medical criteria demonstrating the appropriate diagnosis and the advanced nature of their disease;

(B) their physicians approve of participation in the project; and

(C) they are not enrolled in a Medicare+Choice plan.

(2) BENEFITS.—A beneficiary who is enrolled in the project shall be eligible—

(A) for disease management services related to their chronic health condition; and

(B) for payment for all costs for prescription drugs without regard to whether or not they relate to the chronic health condition, except that the project may provide for modest cost-sharing with respect to prescription drug coverage.

(c) CONTRACTS WITH DISEASE MANAGEMENT ORGANIZATIONS.—

(1) IN GENERAL.—The Secretary of Health and Human Services shall carry out the project through contracts with up to three disease management organizations. The Secretary shall not enter into such a contract with an organization unless the organization demonstrates that it can produce improved health outcomes and reduce aggregate medicare expenditures consistent with paragraph (2).

(2) CONTRACT PROVISIONS.—Under such contracts—

(A) such an organization shall be required to provide for prescription drug coverage described in subsection (b)(2)(B);

(B) such an organization shall be paid a fee negotiated and established by the Secretary in a manner so that (taking into account savings in expenditures under parts A and B of the medicare program under title XVIII of the Social Security Act) there will be a net reduction in expenditures under the medicare program as a result of the project; and

(C) such an organization shall guarantee, through an appropriate arrangement with a reinsurance company or otherwise, the net reduction in expenditures described in subparagraph (B).

(3) PAYMENTS.—Payments to such organizations shall be made in appropriate proportion from the Trust Funds established under title XVIII of the Social Security Act.

(d) APPLICATION OF MEDIGAP PROTECTIONS TO DEMONSTRATION PROJECT ENROLLEES.—(1) Subject to paragraph (2), the provisions of section 1882(s)(3) (other than clauses (i) through (iv) of subparagraph (B)) and 1882(s)(4) of the Social Security Act shall apply to enrollment (and termination of enrollment) in the demonstration project under this section, in the same manner as they apply to enrollment (and termination of enrollment) with a Medicare+Choice organization in a Medicare+Choice plan.

(2) In applying paragraph (1)—

(A) any reference in clause (v) or (vi) of section 1882(s)(3)(B) of such Act to 12 months is deemed a reference to the period of the demonstration project; and

(B) the notification required under section 1882(s)(3)(D) of such Act shall be provided in a manner specified by the Secretary of Health and Human Services.

(e) DURATION.—The project shall last for not longer than 3 years.

(f) WAIVER.—The Secretary of Health and Human Services shall waive such provisions of title XVIII of the Social Security Act as may be necessary to provide for payment for services under the project in accordance with subsection (c)(3).

(g) REPORT.—The Secretary of Health and Human Services shall submit to Congress an interim report on the project not later than 2 years after the date it is first implemented and a final report on the project not later than 6 months after the date of its completion. Such reports shall include information on the impact of the project on costs and health outcomes and recommendations on the cost-effectiveness of extending or expanding the project.

SEC. 122. CANCER PREVENTION AND TREATMENT DEMONSTRATION FOR ETHNIC AND RACIAL MINORITIES.

(a) DEMONSTRATION.—

(1) IN GENERAL.—The Secretary of Health and Human Services (in this section referred to as the ''Secretary'') shall conduct demonstration projects (in this section referred to as ''demonstration projects'') for the purpose of developing models and evaluating methods that—

(A) improve the quality of items and services provided to target individuals in order to facilitate reduced disparities in early detection and treatment of cancer;

(B) improve clinical outcomes, satisfaction, quality of life, and appropriate use of medicare-covered services and referral patterns among those target individuals with cancer;

(C) eliminate disparities in the rate of preventive cancer screening measures, such as pap smears and prostate cancer screenings, among target individuals; and

(D) promote collaboration with community-based organizations to ensure cultural competency of health care professionals and linguistic access for persons with limited English proficiency.

(2) TARGET INDIVIDUAL DEFINED.—In this section, the term ''target individual'' means an individual of a racial and ethnic minority group, as defined by section 1707 of the Public Health Service Act, who is entitled to benefits under part A, and enrolled under part B, of title XVIII of the Social Security Act.

(b) PROGRAM DESIGN.—

(1) INITIAL DESIGN.—Not later than 1 year after the date of the enactment of this Act, the Secretary shall evaluate best practices in the private sector, community programs, and academic research of methods that reduce disparities among individuals of racial and ethnic minority groups in the prevention and treatment

of cancer and shall design the demonstration projects based on such evaluation.

(2) NUMBER AND PROJECT AREAS.—Not later than 2 years after the date of the enactment of this Act, the Secretary shall implement at least 9 demonstration projects, including the following:

(A) 2 projects for each of the 4 major racial and ethnic minority groups (American Indians (including Alaska Natives, Eskimos, and Aleuts); Asian Americans and Pacific Islanders; Blacks; and Hispanics. The 2 projects must target different ethnic subpopulations.

(B) 1 project within the Pacific Islands.

(C) At least 1 project each in a rural area and inner-city area.

(3) EXPANSION OF PROJECTS; IMPLEMENTATION OF DEMONSTRATION PROJECT RESULTS.—If the initial report under subsection (c) contains an evaluation that demonstration projects—

(A) reduce expenditures under the medicare program under title XVIII of the Social Security Act; or

(B) do not increase expenditures under the medicare program and reduce racial and ethnic health disparities in the quality of health care services provided to target individuals and increase satisfaction of beneficiaries and health care providers;

the Secretary shall continue the existing demonstration projects and may expand the number of demonstration projects.

(c) REPORT TO CONGRESS.—

(1) IN GENERAL.—Not later than 2 years after the date the Secretary implements the initial demonstration projects, and biannually thereafter, the Secretary shall submit to Congress a report regarding the demonstration projects.

(2) CONTENTS OF REPORT.—Each report under paragraph (1) shall include the following:

(A) A description of the demonstration projects.

(B) An evaluation of—

(i) the cost-effectiveness of the demonstration projects;

(ii) the quality of the health care services provided to target individuals under the demonstration projects; and

(iii) beneficiary and health care provider satisfaction under the demonstration projects.

(C) Any other information regarding the demonstration projects that the Secretary determines to be appropriate.

(d) WAIVER AUTHORITY.—The Secretary shall waive compliance with the requirements of title XVIII of the Social Security Act to such extent and for such period as the Secretary determines is necessary to conduct demonstration projects.

(e) FUNDING.—

(1) DEMONSTRATION PROJECTS.—

(A) STATE PROJECTS.—Except as provided in subparagraph (B), the Secretary shall provide for the transfer from the Federal Hospital Insurance Trust Fund and the Federal Supplementary Insurance Trust Fund under title XVIII of the Social Security Act, in such proportions as the Secretary determines to be appropriate, of such funds as are necessary for the costs of carrying out the demonstration projects.

(B) TERRITORY PROJECTS.—In the case of a demonstration project described in subsection (b)(2)(B), amounts shall be available only as provided in any Federal law making appropriations for the territories.

(2) LIMITATION.—In conducting demonstration projects, the Secretary shall ensure that the aggregate payments made by the Secretary do not exceed the sum of the amount which the Secretary would have paid under the program for the prevention and treatment of cancer if the demonstration projects were not implemented, plus $25,000,000.

SEC. 123. STUDY ON MEDICARE COVERAGE OF ROUTINE THYROID SCREENING.

(a) STUDY.—The Secretary of Health and Human Services shall request the National Academy of Sciences, and as appropriate in conjunction with the United States Preventive Services Task Force, to conduct a study on the addition of coverage of routine thyroid screening using a thyroid stimulating hormone test as a preventive benefit provided to medicare beneficiaries under title XVIII of the Social Security Act for some or all medicare beneficiaries. In conducting the study, the Academy shall consider the short-term and long-term benefits, and costs to the medicare program, of such addition.

(b) REPORT.—Not later than 2 years after the date of the enactment of this Act, the Secretary of Health and Human Services shall submit a report on the findings of the study conducted under subsection (a) to the Committee on Ways and Means and the Committee on Commerce of the House of Representatives and the Committee on Finance of the Senate.

SEC. 124. MEDPAC STUDY ON CONSUMER COALITIONS.

(a) STUDY.—The Medicare Payment Advisory Commission shall conduct a study that examines the use of consumer coalitions in the marketing of Medicare+Choice plans under the medicare program under title XVIII of the Social Security Act. The study shall examine—

(1) the potential for increased efficiency in the medicare program through greater beneficiary knowledge of their health care options, decreased marketing costs of Medicare+Choice organizations, and creation of a group market;

(2) the implications of Medicare+Choice plans and medicare supplemental policies (under section 1882 of the Social Security Act (42 U.S.C. 1395ss)) offering medicare beneficiaries in the same geographic location different benefits and premiums based on their affiliation with a consumer coalition;

(3) how coalitions should be governed, how they should be accountable to the Secretary of Health and Human Services, and how potential conflicts of interest in the activities of consumer coalitions should be avoided; and

(4) how such coalitions should be funded.

(b) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Commission shall submit to Congress a report on the study conducted under subsection (a). The report shall include a recommendation on whether and how a demonstration project might be conducted for the operation of consumer coalitions under the medicare program.

(c) CONSUMER COALITION DEFINED.—For purposes of this section, the term ''consumer coalition'' means a nonprofit, community-based group of organizations that—

(1) provides information to medicare beneficiaries about their health care options under the medicare program; and

(2) negotiates benefits and premiums for medicare beneficiaries who are members or otherwise affiliated with the group of organizations with Medicare+Choice organizations offering Medicare+Choice plans, issuers of medicare supplemental policies, issuers of long-term care coverage, and pharmacy benefit managers.

SEC. 125. STUDY ON LIMITATION ON STATE PAYMENT FOR MEDICARE COST-SHARING AFFECTING ACCESS TO SERVICES FOR QUALIFIED MEDICARE BENEFICIARIES.

(a) IN GENERAL.—The Secretary of Health and Human Services shall conduct a study to determine if access to certain services (including mental health services) for qualified medicare beneficiaries has been affected by limitations on a State's payment for medicare cost-sharing for such beneficiaries under section 1902(n) of the Social Security Act (42 U.S.C. 1396a(n)). As part of such study, the Secretary shall analyze the effect of such payment limitation on providers who serve a disproportionate share of such beneficiaries.

(b) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Secretary shall submit to Congress a report on the study under subsection (a). The report shall include recommendations regarding any changes that should be made to the State payment limits under section 1902(n) for qualified medicare beneficiaries to ensure appropriate access to services.

SEC. 126. INSTITUTE OF MEDICINE STUDY ON WAIVER OF 24-MONTH WAITING PERIOD FOR MEDICARE DISABILITY ELIGIBILITY FOR AMYOTROPHIC LATERAL SCLEROSIS (ALS) AND OTHER DEVASTATING DISEASES.

(a) STUDY.—The Secretary of Health and Human Services shall enter into a contract with the Institute of Medicine to conduct a study that examines the appropriateness of waiving the 24-month waiting period for eligibility for benefits under the medicare program under title XVIII of the Social Security Act applicable under section 226(b) of such Act (42 U.S.C. 426(b)) for individuals with a devastating disease. For purposes of this section, the term ''devastating disease'' means amyotrophic lateral sclerosis (ALS) and includes any other disease that is as rapidly debilitating as ALS.

(b) REPORT.—The contract shall provide for the submission to Congress and the Secretary of a report on the study conducted under subsection (a) by not later than 18 months after the date of the enactment of this Act.

SEC. 127. STUDIES ON PREVENTIVE INTERVENTIONS IN PRIMARY CARE FOR OLDER AMERICANS.

(a) STUDIES.—The Secretary of Health and Human Services, acting through the United States Preventive Services Task Force, shall conduct a series of studies designed to identify preventive interventions that can be delivered in the primary care setting and that are most valuable to older Americans.

(b) MISSION STATEMENT.—The mission statement of the United States Preventive Services Task Force is amended to include the evaluation of services that are of particular relevance to older Americans.

(c) REPORT.—Not later than 1 year after the date of the enactment of this Act, and annually thereafter, the Secretary of Health and Human Services shall submit to Congress a report on the conclusions of the studies conducted under subsection (a), together with recommendations for such legislation and administrative actions as the Secretary considers appropriate.

SEC. 128. MEDPAC STUDY AND REPORT ON MEDICARE COVERAGE OF CARDIAC AND PULMONARY REHABILITATION THERAPY SERVICES.

(a) STUDY.—

(1) IN GENERAL.—The Medicare Payment Advisory Commission shall conduct a study on coverage of cardiac and pulmonary rehabilitation therapy services under the medicare program under title XVIII of the Social Security Act.

(2) FOCUS.—In conducting the study under paragraph (1), the Commission shall focus on the appropriate—

(A) qualifying diagnoses required for coverage of cardiac and pulmonary rehabilitation therapy services;

(B) level of physician direct involvement and supervision in furnishing such services; and

(C) level of reimbursement for such services.

(b) REPORT.—Not later than 18 months after the date of the enactment of this Act, the Commission shall submit to Congress a report on the study conducted under subsection (a) together with such recommendations for legislation and administrative action as the Commission determines appropriate.

TITLE II—RURAL HEALTH CARE IMPROVEMENTS

Subtitle A—Critical Access Hospital Provisions

SEC. 201. CLARIFICATION OF NO BENEFICIARY COST-SHARING FOR CLINICAL DIAGNOSTIC LABORATORY TESTS FURNISHED BY CRITICAL ACCESS HOSPITALS.

(a) PAYMENT CLARIFICATION.—Section 1834(g) (42 U.S.C. 1395m(g)) is amended by adding at the end the following new paragraph:

''(4) NO BENEFICIARY COST-SHARING FOR CLINICAL DIAGNOSTIC LABORATORY SERVICES.—No coinsurance, deductible, copayment, or other cost-sharing otherwise applicable under this part shall apply with respect to clinical diagnostic laboratory services furnished as an outpatient critical access hospital service. Nothing in this title shall be construed as providing for payment for clinical diagnostic laboratory services furnished as part of outpatient critical access hospital services, other than on the basis described in this subsection.''.

(b) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) Paragraphs (1)(D)(i) and (2)(D)(i) of section 1833(a) (42 U.S.C. 1395l(a)) are each amended by striking ''or which are furnished on an outpatient basis by a critical access hospital''.

(2) Section 403(d)(2) of BBRA (113 Stat. 1501A–371) is amended by striking ''The amendment made by subsection (a) shall apply'' and inserting ''Paragraphs (1) through (3) of section 1834(g) of the Social Security Act (as amended by paragraph (1)) apply''.

(c) EFFECTIVE DATES.—The amendment made—

(1) by subsection (a) applies to services furnished on or after the date of the enactment of BBRA;

(2) by subsection (b)(1) applies as if included in the enactment of section 403(e)(1) of BBRA (113 Stat. 1501A–371); and

(3) by subsection (b)(2) applies as if included in the enactment of section 403(d)(2) of BBRA (113 Stat. 1501A–371).

SEC. 202. ASSISTANCE WITH FEE SCHEDULE PAYMENT FOR PROFESSIONAL SERVICES UNDER ALL-INCLUSIVE RATE.

(a) IN GENERAL.—Section 1834(g)(2)(B) (42 U.S.C. 1395m(g)(2)(B)) is amended by inserting ''115 percent of'' before ''such amounts''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) applies with respect to items and services furnished on or after April 1, 2001.

SEC. 203. EXEMPTION OF CRITICAL ACCESS HOSPITAL SWING BEDS FROM SNF PPS.

(a) IN GENERAL.—Section 1888(e)(7) (42 U.S.C. 1395yy(e)(7)) is amended—

(1) in the heading, by striking ''TRANSITION FOR'' and inserting ''TREATMENT OF'';

(2) in subparagraph (A), by striking ''IN GENERAL.—The'' and inserting ''TRANSITION.—Subject to subparagraph (C), the'';

(3) in subparagraph (A), by inserting ''(other than critical access hospitals)'' after ''facilities described in subparagraph (B)'';

(4) in subparagraph (B), by striking '', for which payment'' and all that follows before the period; and

(5) by adding at the end the following new subparagraph:

''(C) EXEMPTION FROM PPS OF SWING-BED SERVICES FURNISHED IN CRITICAL ACCESS HOSPITALS.—The prospective payment system established under this subsection shall not apply to services furnished by a critical access hospital pursuant to an agreement under section 1883.''.

(b) PAYMENT ON A REASONABLE COST BASIS FOR SWING BED SERVICES FURNISHED BY CRITICAL ACCESS HOSPITALS.—Section 1883(a) (42 U.S.C. 1395tt(a)) is amended—

(1) in paragraph (2)(A), by inserting ''(other than a critical access hospital)'' after ''any hospital''; and

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

''(3) Notwithstanding any other provision of this title, a critical access hospital shall be paid for covered skilled nursing facility services furnished under an agreement entered into under this section on the basis of the reasonable costs of such services (as determined under section 1861(v)).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to cost reporting periods beginning on or after the date of the enactment of this Act.

SEC. 204. PAYMENT IN CRITICAL ACCESS HOSPITALS FOR EMERGENCY ROOM ON-CALL PHYSICIANS.

(a) IN GENERAL.—Section 1834(g) (42 U.S.C. 1395m(g)), as amended by section 201(a), is further amended by adding at the end the following new paragraph:

''(5) COVERAGE OF COSTS FOR EMERGENCY ROOM ON-CALL PHYSICIANS.—In determining the reasonable costs of outpatient critical access hospital services under paragraphs (1) and (2)(A), the Secretary shall recognize as allowable costs, amounts (as defined by the Secretary) for reasonable compensation and related costs for emergency room physicians who are on-call (as defined by the Secretary) but who are not present on the premises of the critical access hospital involved, and are not otherwise furnishing physicians' services and are not on-call at any other provider or facility.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) applies to cost reporting periods beginning on or after October 1, 2001.

SEC. 205. TREATMENT OF AMBULANCE SERVICES FURNISHED BY CERTAIN CRITICAL ACCESS HOSPITALS.

(a) IN GENERAL.—Section 1834(l) (42 U.S.C. 1395m(l)) is amended by adding at the end the following new paragraph:

''(8) SERVICES FURNISHED BY CRITICAL ACCESS HOSPITALS.—Notwithstanding any other provision of this subsection, the Secretary shall pay the reasonable costs incurred in furnishing ambulance services if such services are furnished—

''(A) by a critical access hospital (as defined in —section 1861(mm)(1)), or

''(B) by an entity that is owned and operated by a —critical access hospital,

but only if the critical access hospital or entity is the –only provider or supplier of ambulance services that is located within a 35-mile drive of such critical access hospital.''.

(b) CONFORMING AMENDMENT.—Section 1833(a)(1)(R) (42 U.S.C. 1395l(a)(1)(R)) is amended—

(1) by striking ''ambulance service,'' and inserting ''ambulance services, (i)''; and

(2) by inserting before the comma at the end the –following: ''and (ii) with respect to ambulance services described in section 1834(l)(8), the amounts paid shall be the amounts determined under section 1834(g) for outpatient critical access hospital services''.

(c) EFFECTIVE DATE.—The amendments made by this section apply to services furnished on or after the date of the enactment of this Act.

SEC. 206. GAO STUDY ON CERTAIN ELIGIBILITY REQUIREMENTS FOR CRITICAL ACCESS HOSPITALS.

(a) STUDY.—The Comptroller General of the United States shall conduct a study on the eligibility requirements for critical access hospitals under section 1820(c) of the Social Security Act (42 U.S.C. 1395i–4(c)) with respect to limitations on average length of stay and number of beds in such a hospital, including an analysis of—

(1) the feasibility of having a distinct part unit as part of a critical access hospital for purposes of the medicare program under title XVIII of such Act, and

(2) the effect of seasonal variations in patient admissions on critical access hospital eligibility requirements with respect to limitations on average annual length of stay and number of beds.

(b) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Comptroller General shall submit to Congress a report on the study conducted under subsection (a) together with recommendations regarding—

(1) whether distinct part units should be permitted as part of a critical access hospital under the medicare program;

(2) if so permitted, the payment methodologies that should apply with respect to services provided by such units;

(3) whether, and to what extent, such units should be included in or excluded from the bed limits applicable to critical access hospitals under the medicare program; and

(4) any adjustments to such eligibility requirements to account for seasonal variations in patient admissions.

Subtitle B—Other Rural Hospitals Provisions

SEC. 211. EQUITABLE TREATMENT FOR RURAL DISPROPORTIONATE SHARE HOSPITALS.

(a) APPLICATION OF UNIFORM THRESHOLD.—Section 1886(d)(5)(F)(v) (42 U.S.C. 1395ww(d)(5)(F)(v)) is amended—

(1) in subclause (II), by inserting ''(or 15 percent, for discharges occurring on or after April 1, 2001)'' after ''30 percent'';

(2) in subclause (III), by inserting ''(or 15 percent, for discharges occurring on or after April 1, 2001)'' after ''40 percent''; and

(3) in subclause (IV), by inserting ''(or 15 percent, for discharges occurring on or after April 1, 2001)'' after ''45 percent''.

(b) ADJUSTMENT OF PAYMENT FORMULAS.—

(1) SOLE COMMUNITY HOSPITALS.—Section 1886(d)(5)(F) (42 U.S.C. 1395ww(d)(5)(F)) is amended—

(A) in clause (iv)(VI), by inserting after ''10 percent'' the following: ''or, for discharges occurring on or after April 1, 2001, is equal to the percent determined in accordance with clause (x)''; and

(B) by adding at the end the following new clause:

''(x) For purposes of clause (iv)(VI) (relating to sole community hospitals), in the case of a hospital for a cost reporting period with a disproportionate patient percentage (as defined in clause (vi)) that—

''(I) is less than 17.3, the disproportionate share adjustment percentage is determined in accordance with the following formula: (P–15)(.65) + 2.5;

''(II) is equal to or exceeds 17.3, but is less than 30.0, such adjustment percentage is equal to 4 percent; or

''(III) is equal to or exceeds 40, such adjustment percentage is equal to 5 percent,

where 'P' is the hospital's disproportionate patient percentage (as defined in clause (vi)).''.

(2) RURAL REFERRAL CENTERS.—Such section is further amended—

(A) in clause (iv)(V), by inserting after ''clause (viii)'' the following: ''or, for discharges occurring on or after April 1, 2001, is equal to the percent determined in accordance with clause (xi)''; and

(B) by adding at the end the following new clause:

''(xi) For purposes of clause (iv)(V) (relating to rural referral centers), in the case of a hospital for a cost reporting period with a disproportionate patient percentage (as defined in clause (vi)) that—

''(I) is less than 17.3, the disproportionate share adjustment percentage is determined in accordance with the following formula: (P–15)(.65) + 2.5;

''(II) is equal to or exceeds 17.3, but is less than 30.0, such adjustment percentage is equal to 4 percent; or

''(III) is equal to or exceeds 30, such adjustment percentage is determined in accordance with the following formula: (P–30)(.6) + 4,

where 'P' is the hospital's disproportionate patient percentage (as defined in clause (vi)).''.

(3) SMALL RURAL HOSPITALS GENERALLY.—Such section is further amended—

(A) in clause (iv)(III), by inserting after ''4 percent'' the following: ''or, for discharges occurring on or after April 1, 2001, is equal to the percent determined in accordance with clause (xii)''; and

(B) by adding at the end the following new clause:

''(xii) For purposes of clause (iv)(III) (relating to small rural hospitals generally), in the case of a hospital for a cost reporting period with a disproportionate patient percentage (as defined in clause (vi)) that—

''(I) is less than 17.3, the disproportionate share adjustment percentage is determined in accordance with the following formula: (P–15)(.65) + 2.5;

''(II) is equal to or exceeds 17.3, such adjustment percentage is equal to 4 percent,

where 'P' is the hospital's disproportionate patient percentage (as defined in clause (vi)).''.

(4) HOSPITALS THAT ARE BOTH SOLE COMMUNITY HOSPITALS AND RURAL REFERRAL CENTERS.—Such section is further amended, in clause (iv)(IV), by inserting after ''clause (viii)'' the following: ''or, for discharges occurring on or after April 1, 2001, the greater of the percentages determined under clause (x) or (xi)''.

(5) URBAN HOSPITALS WITH LESS THAN 100 BEDS.—Such section is further amended—

(A) in clause (iv)(II), by inserting after ''5 percent'' the following: ''or, for discharges occurring on or after April 1, 2001, is equal to the percent determined in accordance with clause (xiii)''; and

(B) by adding at the end the following new clause:

''(xiii) For purposes of clause (iv)(II) (relating to urban hospitals with less than 100 beds), in the case of a hospital for a cost reporting period with a disproportionate patient percentage (as defined in clause (vi)) that—

''(I) is less than 17.3, the disproportionate share adjustment percentage is determined in accordance with the following formula: (P–15)(.65) + 2.5;

''(II) is equal to or exceeds 17.3, but is less than 40.0, such adjustment percentage is equal to 4 percent; or

''(III) is equal to or exceeds 40, such adjustment percentage is equal to 5 percent,

where 'P' is the hospital's disproportionate patient percentage (as defined in clause (vi)).''.

SEC. 212. OPTION TO BASE ELIGIBILITY FOR MEDICARE DEPENDENT, SMALL RURAL HOSPITAL PROGRAM ON DISCHARGES DURING 2 OF THE 3 MOST RECENTLY AUDITED COST REPORTING PERIODS.

(a) IN GENERAL.—Section 1886(d)(5)(G)(iv)(IV) (42 U.S.C. 1395ww(d)(5)(G)(iv)(IV)) is amended by inserting '', or 2 of the 3 most recently audited cost reporting periods for which the Secretary has a settled cost report,'' after ''1987''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply with respect to cost reporting periods beginning on or after April 1, 2001.

SEC. 213. EXTENSION OF OPTION TO USE REBASED TARGET AMOUNTS TO ALL SOLE COMMUNITY HOSPITALS.

(a) IN GENERAL.—Section 1886(b)(3)(I)(i) (42 U.S.C. 1395ww(b)(3)(I)(i)) is amended—

(1) in the matter preceding subclause (I), by striking ''that for its cost reporting period beginning during 1999'' and all that follows through ''for such target amount'' and inserting ''there shall be substituted for the amount otherwise determined under subsection (d)(5)(D)(i), if such substitution results in a greater amount of payment under this section for the hospital'';

(2) in subclause (I), by striking ''target amount otherwise applicable'' and all that follows through ''target amount')'' and inserting ''the amount otherwise applicable to the hospital under subsection (d)(5)(D)(i) (referred to in this clause as the 'subsection (d)(5)(D)(i) amount')''; and

(3) in each of subclauses (II) and (III), by striking ''subparagraph (C) target amount'' and inserting ''subsection (d)(5)(D)(i) amount''.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the enactment of section 405 of BBRA (113 Stat. 1501A–372).

SEC. 214. MEDPAC ANALYSIS OF IMPACT OF VOLUME ON PER UNIT COST OF RURAL HOSPITALS WITH PSYCHIATRIC UNITS.

The Medicare Payment Advisory Commission, in its study conducted pursuant to subsection (a) of section 411 of BBRA (113 Stat. 1501A–377), shall include—

(1) in such study an analysis of the impact of volume on the per unit cost of rural hospitals with psychiatric units; and

(2) in its report under subsection (b) of such section a recommendation on whether special treatment for such hospitals may be warranted.

Subtitle C—Other Rural Provisions

SEC. 221. ASSISTANCE FOR PROVIDERS OF AMBULANCE SERVICES IN RURAL AREAS.

(a) TRANSITIONAL ASSISTANCE IN CERTAIN MILEAGE RATES.—Section 1834(l) (42 U.S.C. 1395m(l)) is amended by adding at the end the following new paragraph:

''(8) TRANSITIONAL ASSISTANCE FOR RURAL PROVIDERS.—In the case of ground ambulance services furnished on or after the date on which the Secretary implements the fee schedule under this subsection and before January 1, 2004, for which the transportation originates in a rural area (as defined in section 1886(d)(2)(D)) or in a rural census tract of a metropolitan statistical area (as determined under the most recent modification of the Goldsmith Modification, originally published in the Federal Register on February 27, 1992 (57 Fed. Reg. 6725)), the fee schedule established under this subsection shall provide that, with respect to the payment rate for mileage for a trip above 17 miles, and up to 50 miles, the rate otherwise established shall be increased by not less than ½ of the additional payment per mile established for the first 17 miles of such a trip originating in a rural area.''.

(b) GAO STUDIES ON THE COSTS OF AMBULANCE SERVICES FURNISHED IN RURAL AREAS.—

(1) STUDY.—The Comptroller General of the United States shall conduct a study on each of the matters described in paragraph (2).

(2) MATTERS DESCRIBED.—The matters referred to in paragraph (1) are the following:

(A) The cost of efficiently providing ambulance services for trips originating in rural areas, with special emphasis on collection of cost data from rural providers.

(B) The means by which rural areas with low population densities can be identified for the purpose of designating areas in which the cost of providing ambulance services would be expected to be higher than similar services provided in more heavily populated areas because of low usage. Such study shall also include an analysis of the additional costs of providing ambulance services in areas designated under the previous sentence.

(3) REPORT.—Not later than June 30, 2002, the Comptroller General shall submit to Congress a report on the results of the studies conducted under paragraph (1) and shall include recommendations on steps that should be taken to assure access to ambulance services in rural areas.

(c) ADJUSTMENT IN RURAL RATES.—In providing for adjustments under subparagraph (D) of section 1834(l)(2) of the Social Security Act (42 U.S.C. 1395m(l)(2)) for years beginning with 2004, the Secretary of Health and Human Services shall take into consideration the recommendations contained in the report under subsection (b)(2) and shall adjust the fee schedule payment rates under such section for ambulance services provided in low density rural areas based on the increased cost (if any) of providing such services in such areas.

(d) EFFECTIVE DATE.—The amendment made by subsection (a) applies to services furnished on or after the date the Secretary implements the fee schedule under section 1834(l) of the Social Security Act (42 U.S.C. 1395m(l)). In applying such amendment to services furnished on or after such date and before January 1, 2002, the amount of the rate increase provided under such amendment shall be equal to $1.25 per mile.

SEC. 222. PAYMENT FOR CERTAIN PHYSICIAN ASSISTANT SERVICES.

(a) PAYMENT FOR CERTAIN PHYSICIAN ASSISTANT SERVICES.—Section 1842(b)(6)(C) (42 U.S.C. 1395u(b)(6)(C)) is amended—

(1) by striking ''for such services provided before January 1, 2003,''; and

(2) by striking the semicolon at the end and inserting a comma.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on the date of the enactment of this Act.

SEC. 223. REVISION OF MEDICARE REIMBURSEMENT FOR TELEHEALTH SERVICES.

(a) TIME LIMIT FOR BBA PROVISION.—Section 4206(a) of BBA (42 U.S.C. 1395l note) is amended by striking ''Not later than January 1, 1999'' and inserting ''For services furnished on and after January 1, 1999, and before July 1, 2001''.

(b) EXPANSION OF MEDICARE PAYMENT FOR TELEHEALTH SERVICES.—Section 1834 (42 U.S.C. 1395m) is amended by adding at the end the following new subsection:

''(m) PAYMENT FOR TELEHEALTH SERVICES.—

''(1) IN GENERAL.—The Secretary shall pay for telehealth services that are furnished via a telecommunications system by a physician (as defined in section 1861(r)) or a practitioner (described in section 1842(b)(18)(C)) to an eligible telehealth individual enrolled under this part notwithstanding that the individual physician or practitioner providing the telehealth service is not at the same location as the beneficiary. For purposes of the preceding sentence, in the case of any Federal telemedicine demonstration program conducted in Alaska or Hawaii, the term 'telecommunications system' includes store-and-forward technologies that provide for the asynchronous transmission of health care information in single or multimedia formats.

''(2) PAYMENT AMOUNT.—

''(A) DISTANT SITE.—The Secretary shall pay to a physician or practitioner located at a distant site that furnishes a telehealth service to an eligible telehealth individual an amount equal to the amount that such physician or practitioner would have been paid under this title had such service been furnished without the use of a telecommunications system.

''(B) FACILITY FEE FOR ORIGINATING SITE.—With respect to a telehealth service, subject to section 1833(a)(1)(U), there shall be paid to the originating site a facility fee equal to—

''(i) for the period beginning on July 1, 2001, and ending on December 31, 2001, and for 2002, $20; and

''(ii) for a subsequent year, the facility fee specified in clause (i) or this clause for the preceding year increased by the percentage increase in the MEI (as defined in section 1842(i)(3)) for such subsequent year.

''(C) TELEPRESENTER NOT REQUIRED.—Nothing in this subsection shall be construed as requiring an eligible telehealth individual to be presented by a physician or practitioner at the originating site for the furnishing of a service via a telecommunications system, unless it is medically necessary (as determined by the physician or practitioner at the distant site).

''(3) LIMITATION ON BENEFICIARY CHARGES.—

''(A) PHYSICIAN AND PRACTITIONER.—The provisions of section 1848(g) and subparagraphs (A) and (B) of section 1842(b)(18) shall apply to a physician or practitioner receiving payment under this subsection in the same manner as they apply to physicians or practitioners under such sections.

''(B) ORIGINATING SITE.—The provisions of section 1842(b)(18) shall apply to originating sites receiving a facility fee in the same manner as they apply to practitioners under such section.

''(4) DEFINITIONS.—For purposes of this subsection:

''(A) DISTANT SITE.—The term 'distant site' means the site at which the physician or practitioner is located at the time the service is provided via a telecommunications system.

''(B) ELIGIBLE TELEHEALTH INDIVIDUAL.—The term 'eligible telehealth individual' means an individual enrolled under this part who receives a telehealth service furnished at an originating site.

''(C) ORIGINATING SITE.—

''(i) IN GENERAL.—The term 'originating site' means only those sites described in clause (ii) at which the eligible telehealth individual is located at the time the service is furnished via a telecommunications system and only if such site is located—

''(I) in an area that is designated as a rural health professional shortage area under section 332(a)(1)(A) of the Public Health Service Act (42 U.S.C. 254e(a)(1)(A));

''(II) in a county that is not included in a Metropolitan Statistical Area; or

''(III) from an entity that participates in a Federal telemedicine demonstration project that has been approved by (or receives funding from) the Secretary of Health and Human Services as of December 31, 2000.

''(ii) SITES DESCRIBED.—The sites referred to in clause (i) are the following sites:

''(I) The office of a physician or practitioner.

''(II) A critical access hospital (as defined in section 1861(mm)(1)).

''(III) A rural health clinic (as defined in section 1861(aa)(s)).

''(IV) A Federally qualified health center (as defined in section 1861(aa)(4)).

''(V) A hospital (as defined in section 1861(e)).

''(D) PHYSICIAN.—The term ''physician'' has the meaning given that term in section 1861(r).

''(E) PRACTITIONER.—The term 'practitioner' has the meaning given that term in section 1842(b)(18)(C).

''(F) TELEHEALTH SERVICE.—

''(i) IN GENERAL.—The term 'telehealth service' means professional consultations, office visits, and office psychiatry services (identified as of July 1, 2000, by HCPCS codes 99241–99275, 99201–99215, 90804–90809, and 90862 (and as subsequently modified by the Secretary)), and any additional service specified by the Secretary.

''(ii) YEARLY UPDATE.—The Secretary shall establish a process that provides, on an annual basis, for the addition or deletion of services (and HCPCS codes), as appropriate, to those specified in clause (i) for authorized payment under paragraph (1).''.

(c) CONFORMING AMENDMENT.—Section 1833(a)(1) (42 U.S.C. 1395l(1)), as amended by section 105(c), is further amended—

(1) by striking ''and (T)'' and inserting ''(T)''; and

(2) by inserting before the semicolon at the end the following: '', and (U) with respect to facility fees described in section 1834(m)(2)(B), the amounts paid shall be 80 percent of the lesser of the actual charge or the amounts specified in such section''.

(d) STUDY AND REPORT ON ADDITIONAL COVERAGE.—

(1) STUDY.—The Secretary of Health and Human Services shall conduct a study to identify—

(A) settings and sites for the provision of telehealth services that are in addition to those permitted under section 1834(m) of the Social Security Act, as added by subsection (b);

(B) practitioners that may be reimbursed under such section for furnishing telehealth services that are in addition to the practitioners that may be reimbursed for such services under such section; and

(C) geographic areas in which telehealth services may be reimbursed that are in addition to the geographic areas where such services may be reimbursed under such section.

(2) REPORT.—Not later than 2 years after the date of the enactment of this Act, the Secretary shall submit to Congress a report on the study conducted under paragraph (1) together with such recommendations for legislation that the Secretary determines are appropriate.

(e) EFFECTIVE DATE.—The amendments made by subsections (b) and (c) shall be effective for services furnished on or after July 1, 2001.

SEC. 224. EXPANDING ACCESS TO RURAL HEALTH CLINICS.

(a) IN GENERAL.—The matter in section 1833(f) (42 U.S.C. 1395l(f)) preceding paragraph (1) is amended by striking ''rural hospitals'' and inserting ''hospitals''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to services furnished on or after July 1, 2001.

SEC. 225. MEDPAC STUDY ON LOW-VOLUME, ISOLATED RURAL HEALTH CARE PROVIDERS.

(a) STUDY.—The Medicare Payment Advisory Commission shall conduct a study on the effect of low patient and procedure volume on the financial status of low-volume, isolated rural health care providers participating in the medicare program under title XVIII of the Social Security Act.

(b) REPORT.—Not later than 18 months after the date of the enactment of this Act, the Commission shall submit to Congress a report on the study conducted under subsection (a) indicating—

(1) whether low-volume, isolated rural health care providers are having, or may have, significantly decreased medicare margins or other financial difficulties resulting from any of the payment methodologies described in subsection (c);

(2) whether the status as a low-volume, isolated rural health care provider should be designated under the medicare program and any criteria that should be used to qualify for such a status; and

(3) any changes in the payment methodologies described in subsection (c) that are necessary to provide appropriate reimbursement under the medicare program to low-volume, isolated rural health care providers (as designated pursuant to paragraph (2)).

(c) PAYMENT METHODOLOGIES DESCRIBED.—The payment methodologies described in this subsection are the following:

(1) The prospective payment system for hospital outpatient department services under section 1833(t) of the Social Security Act (42 U.S.C. 1395l(t)).

(2) The fee schedule for ambulance services under section 1834(l) of such Act (42 U.S.C. 1395m(l)).

(3) The prospective payment system for inpatient hospital services under section 1886 of such Act (42 U.S.C. 1395ww).

(4) The prospective payment system for routine service costs of skilled nursing facilities under section 1888(e) of such Act (42 U.S.C. 1395yy(e)).

(5) The prospective payment system for home health services under section 1895 of such Act (42 U.S.C. 1395fff).

TITLE III—PROVISIONS RELATING TO PART A

Subtitle A—Inpatient Hospital Services

SEC. 301. REVISION OF ACUTE CARE HOSPITAL PAYMENT UPDATE FOR 2001.

(a) IN GENERAL.—Section 1886(b)(3)(B)(i) (42 U.S.C. 1395ww(b)(3)(B)(i)) is amended—

(1) in subclause (XVI), by striking ''minus 1.1 percentage points for hospitals (other than sole community hospitals) in all areas, and the market basket percentage increase for sole community hospitals,'' and inserting ''for hospitals in all areas,'';

(2) in subclause (XVII)—

(A) by striking ''minus 1.1 percentage points'' and inserting ''minus 0.55 percentage points; and

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

(3) by redesignating subclause (XVIII) as subclause (XIX);

(4) in subclause (XIX), as so redesignated, by striking ''fiscal year 2003'' and inserting ''fiscal year 2004''; and

(5) by inserting after subclause (XVII) the following new subclause:

''(XVIII) for fiscal year 2003, the market basket percentage increase minus 0.55 percentage points for hospitals in all areas, and''.

(b) SPECIAL RULE FOR PAYMENT FOR FISCAL YEAR 2001.—Notwithstanding the amendment made by subsection (a), for purposes of making payments for fiscal year 2001 for inpatient hospital services furnished by subsection (d) hospitals (as defined in section 1886(d)(1)(B) of the Social Security Act (42 U.S.C. 1395ww(d)(1)(B)), the ''applicable percentage increase'' referred to in section 1886(b)(3)(B)(i) of such Act (42 U.S.C. 1395ww(b)(3)(B)(i))—

(1) for discharges occurring on or after October 1, 2000, and before April 1, 2001, shall be determined in accordance with subclause (XVI) of such section as in effect on the day before the date of the enactment of this Act; and

(2) for discharges occurring on or after April 1, 2001, and before October 1, 2001, shall be equal to—

(A) the market basket percentage increase plus 1.1 percentage points for hospitals (other than sole community hospitals) in all areas; and

(B) the market basket percentage increase for sole community hospitals.

(c) CONSIDERATION OF PRICE OF BLOOD AND BLOOD PRODUCTS IN MARKET BASKET INDEX.—The Secretary of Health and Human Services shall, when next (after the date of the enactment of this Act) rebasing and revising the hospital market basket index (as defined in section 1886(b)(3)(B)(iii) of the Social Security Act (42 U.S.C. 1395ww(b)(3)(B)(iii))), consider the prices of blood and blood products purchased by hospitals and determine whether those prices are adequately reflected in such index.

(d) MEDPAC STUDY AND REPORT REGARDING CERTAIN HOSPITAL COSTS.—

(1) STUDY.—The Medicare Payment Advisory Commission shall conduct a study on—

(A) any increased costs incurred by subsection (d) hospitals (as defined in paragraph (1)(B) of section 1886(d) of the Social Security Act (42 U.S.C. 1395ww(d))) in providing inpatient hospital services to medicare beneficiaries under title XVIII of such Act during the period beginning on October 1, 1983, and ending on September 30, 1999, that were attributable to—

(i) complying with new blood safety measure requirements; and

(ii) providing such services using new technologies;

(B) the extent to which the prospective payment system for such services under such section provides adequate and timely recognition of such increased costs;

(C) the prospects for (and to the extent practicable, the magnitude of) cost increases that hospitals will incur in providing such services that are attributable to complying with new blood safety measure requirements and providing such services using new technologies during the 10 years after the date of the enactment of this Act; and

(D) the feasibility and advisability of establishing mechanisms under such payment system to provide for more timely and accurate recognition of such cost increases in the future.

(2) CONSULTATION.—In conducting the study under this subsection, the Commission shall consult with representatives of the blood community, including—

(A) hospitals;

(B) organizations involved in the collection, processing, and delivery of blood; and

(C) organizations involved in the development of new blood safety technologies.

(3) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Commission shall submit to Congress a report on the study conducted under paragraph (1) together with such recommendations for legislation and administrative action as the Commission determines appropriate.

(e) ADJUSTMENT FOR INPATIENT CASE MIX CHANGES.—

(1) IN GENERAL.—Section 1886(d)(3)(A) (42 U.S.C. 1395ww(d)(3)(A)) is amended by adding at the end the following new clause:

''(vi) Insofar as the Secretary determines that the adjustments under paragraph (4)(C)(i) for a previous fiscal year (or estimates that such adjustments for a future fiscal year) did (or are likely to) result in a change in aggregate payments under this subsection during the fiscal year that are a result of changes in the coding or classification of discharges that do not reflect real changes in case mix, the Secretary may adjust the average standardized amounts computed under this paragraph for subsequent fiscal years so as to eliminate the effect of such coding or classification changes.''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) applies to discharges occurring on or after October 1, 2001.

SEC. 302. ADDITIONAL MODIFICATION IN TRANSITION FOR INDIRECT MEDICAL EDUCATION (IME) PERCENTAGE ADJUSTMENT.

(a) IN GENERAL.—Section 1886(d)(5)(B)(ii) (42 U.S.C. 1395ww(d)(5)(B)(ii)) is amended—

(1) in subclause (V) by striking ''and'' at the end;

(2) by redesignating subclause (VI) as subclause (VII);

(3) in subclause (VII) as so redesignated, by striking ''2001'' and inserting ''2002''; and

(4) by inserting after subclause (V) the following new subclause:

''(VI) during fiscal year 2002, 'c' is equal to 1.57; and''.

(b) SPECIAL RULE FOR PAYMENT FOR FISCAL YEAR 2001.—Notwithstanding paragraph (5)(B)(ii)(V) of section 1886(d) of the Social Security Act (42 U.S.C. 1395ww(d)(5)(B)(ii)(V)), for purposes of making payments for subsection (d) hospitals (as defined in paragraph (1)(B) of such section) with indirect costs of medical education, the indirect teaching adjustment factor referred to in paragraph (5)(B)(ii) of such section shall be determined, for discharges occurring on or after April 1, 2001, and before October 1, 2001, as if ''c'' in paragraph (5)(B)(ii)(V) of such section equalled 1.66 rather than 1.54.

(c) CONFORMING AMENDMENT RELATING TO DETERMINATION OF STANDARDIZED AMOUNT.—Section 1886(d)(2)(C)(i) (42 U.S.C. 1395ww(d)(2)(C)(i)) is amended by inserting ''or of section 302 of the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000'' after ''Balanced Budget Refinement Act of 1999''.

(d) CLERICAL AMENDMENTS.—Section 1886(d)(5)(B) (42 U.S.C. 1395ww(d)(5)(B)), as amended by subsection (a), is further amended by moving the indentation of each of the following 2 ems to the left:

(1) Clauses (ii), (v), and (vi).

(2) Subclauses (I) (II), (III), (IV), (V), and (VII) of clause (ii).

(3) Subclauses (I) and (II) of clause (vi) and the flush sentence at the end of such clause.

SEC. 303. DECREASE IN REDUCTIONS FOR DISPROPORTIONATE SHARE HOSPITAL (DSH) PAYMENTS.

(a) IN GENERAL.—Section 1886(d)(5)(F)(ix) (42 U.S.C. 1395ww(d)(5)(F)(ix)) is amended—

(1) in subclause (III), by striking ''each of'' and by inserting ''and 2 percent, respectively'' after ''3 percent''; and

(2) in subclause (IV), by striking ''4 percent'' and inserting ''3 percent''.

(b) SPECIAL RULE FOR PAYMENT FOR FISCAL YEAR 2001.—Notwithstanding the amendment made by subsection (a)(1), for purposes of making disproportionate share payments for subsection (d) hospitals (as defined in section 1886(d)(1)(B) of the Social Security Act (42 U.S.C. 1395ww(d)(1)(B)) for fiscal year 2001, the additional payment amount otherwise determined under clause (ii) of section 1886(d)(5)(F) of the Social Security Act (42 U.S.C. 1395ww(d)(5)(F))—

(1) for discharges occurring on or after October 1, 2000, and before April 1, 2001, shall be adjusted as provided by clause (ix)(III) of such section as in effect on the day before the date of the enactment of this Act; and

(2) for discharges occurring on or after April 1, 2001, and before October 1, 2001, shall, instead of being reduced by 3 percent as provided by clause (ix)(III) of such section as in effect after the date of the enactment of this Act, be reduced by 1 percent.

(c) CONFORMING AMENDMENTS RELATING TO DETERMINATION OF STANDARDIZED AMOUNT.—Section 1886(d)(2)(C)(iv) (42 U.S.C. 1395ww(d)(2)(C)(iv)), is amended—

(1) by striking ''1989 or'' and inserting ''1989,''; and

(2) by inserting '', or the enactment of section 303 of the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000'' after ''Omnibus Budget Reconciliation Act of 1990''.

(d) TECHNICAL AMENDMENT.—

(1) IN GENERAL.—Section 1886(d)(5)(F)(i) (42 U.S.C. 1395ww(d)(5)(F)(i)) is amended by striking ''and before October 1, 1997,''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) is effective as if included in the enactment of BBA.

(e) REFERENCE TO CHANGES IN DSH FOR RURAL HOSPITALS.—For additional changes in the DSH program for rural hospitals, see section 211.

SEC. 304. WAGE INDEX IMPROVEMENTS.

(a) DURATION OF WAGE INDEX RECLASSIFICATION; USE OF 3-YEAR WAGE DATA.—Section 1886(d)(10)(D) (42 U.S.C. 1395ww(d)(10)(D)) is amended by adding at the end the following new clauses:

''(v) Any decision of the Board to reclassify a subsection (d) hospital for purposes of the adjustment factor described in subparagraph (C)(i)(II) for fiscal year 2001 or any fiscal year thereafter shall be effective for a period of 3 fiscal years, except that the Secretary shall establish procedures under which a subsection (d) hospital may elect to terminate such reclassification before the end of such period.

''(vi) Such guidelines shall provide that, in making decisions on applications for reclassification for the purposes described in clause (v) for fiscal year 2003 and any succeeding fiscal year, the Board shall base any comparison of the average hourly wage for the hospital with the average hourly wage for hospitals in an area on—

''(I) an average of the average hourly wage amount for the hospital from the most recently published hospital wage survey data of the Secretary (as of the date on which the hospital applies for reclassification) and such amount from each of the two immediately preceding surveys; and

''(II) an average of the average hourly wage amount for hospitals in such area from the most recently published hospital wage survey data of the Secretary (as of the date on which the hospital applies for reclassification) and such amount from each of the two immediately preceding surveys.''.

(b) PROCESS TO PERMIT STATEWIDE WAGE INDEX CALCULATION AND APPLICATION.—

(1) IN GENERAL.—The Secretary of Health and Human Services shall establish a process (based on the voluntary process utilized by the Secretary of Health and Human Services under section 1848 of the Social Security Act (42 U.S.C. 1395w–4) for purposes of computing and applying a statewide geographic wage index) under which an appropriate statewide entity may apply to have all the geographic areas in a State treated as a single geographic area for purposes of computing and applying the area wage index under section 1886(d)(3)(E) of such Act (42 U.S.C. 1395ww(d)(3)(E)). Such process shall be established by October 1, 2001, for reclassifications beginning in fiscal year 2003.

(2) PROHIBITION ON INDIVIDUAL HOSPITAL RECLASSIFICATION.—Notwithstanding any other provision of law, if the Secretary applies a statewide geographic wage index under paragraph (1) with respect to a State, any application submitted by a hospital in that State under section 1886(d)(10) of the Social Security Act (42 U.S.C. 1395ww(d)(10)) for geographic reclassification shall not be considered.

(c) COLLECTION OF INFORMATION ON OCCUPATIONAL MIX.—

(1) IN GENERAL.—The Secretary of Health and Human Services shall provide for the collection of data every 3 years on occupational mix for employees of each subsection (d) hospital (as defined in section 1886(d)(1)(D) of the Social Security Act (42 U.S.C. 1395ww(d)(1)(D))) in the provision of inpatient hospital services, in order to construct an occupational mix adjustment in the hospital area wage index applied under section 1886(d)(3)(E) of such Act (42 U.S.C. 1395ww(d)(3)(E)).

(2) APPLICATION.—The third sentence of section 1886(d)(3)(E) (42 U.S.C. 1395ww(d)(3)(E)) is amended by striking ''To the extent determined feasible by the Secretary, such survey shall measure'' and inserting ''Not less often than once every 3 years the Secretary (through such survey or otherwise) shall measure''.

(3) EFFECTIVE DATE.—By not later than September 30, 2003, for application beginning October 1, 2004, the Secretary shall first complete—

(A) the collection of data under paragraph (1); and

(B) the measurement under the third sentence of section 1886(d)(3)(E), as amended by paragraph (2).

SEC. 305. PAYMENT FOR INPATIENT SERVICES OF REHABILITATION HOSPITALS.

(a) ASSISTANCE WITH ADMINISTRATIVE COSTS ASSOCIATED WITH COMPLETION OF PATIENT ASSESSMENT.—Section 1886(j)(3)(B) (42 U.S.C.

1395ww(j)(3)(B)) is amended by striking ''98 percent'' and inserting ''98 percent for fiscal year 2001 and 100 percent for fiscal year 2002''.

(b) ELECTION TO APPLY FULL PROSPECTIVE PAYMENT RATE WITHOUT PHASE-IN.—

(1) IN GENERAL.—Paragraph (1) of section 1886(j) (42 U.S.C. 1395ww(j)) is amended—

(A) in subparagraph (A), by inserting ''other than a facility making an election under subparagraph (F)'' before ''in a cost reporting period'';

(B) in subparagraph (B), by inserting ''or, in the case of a facility making an election under subparagraph (F), for any cost reporting period described in such subparagraph,'' after ''2002,''; and

(C) by adding at the end the following new subparagraph:

''(F) ELECTION TO APPLY FULL PROSPECTIVE PAYMENT SYSTEM.—A rehabilitation facility may elect, not later than 30 days before its first cost reporting period for which the payment methodology under this subsection applies to the facility, to have payment made to the facility under this subsection under the provisions of subparagraph (B) (rather than subparagraph (A)) for each cost reporting period to which such payment methodology applies.''.

(2) CLARIFICATION.—Paragraph (3)(B) of such section is amended by inserting ''but not taking into account any payment adjustment resulting from an election permitted under paragraph (1)(F)'' after ''paragraphs (4) and (6)''.

(c) EFFECTIVE DATE.—The amendments made by this section take effect as if included in the enactment of BBA.

SEC. 306. PAYMENT FOR INPATIENT SERVICES OF PSYCHIATRIC HOSPITALS.

With respect to hospitals described in clause (i) of section 1886(d)(1)(B) of the Social Security Act (42 U.S.C. 1395ww(d)(1)(B)) and psychiatric units described in the matter following clause (v) of such section, in making incentive payments to such hospitals under section 1886(b)(1)(A) of such Act (42 U.S.C. 1395ww(b)(1)(A)) for cost reporting periods beginning on or after October 1, 2000, and before October 1, 2001, the Secretary of Health and Human Services, in clause (ii) of such section, shall substitute ''3 percent'' for ''2 percent''.

SEC. 307. PAYMENT FOR INPATIENT SERVICES OF LONG-TERM CARE HOSPITALS.

(a) INCREASED TARGET AMOUNTS AND CAPS FOR LONG-TERM CARE HOSPITALS BEFORE IMPLEMENTATION OF THE PROSPECTIVE PAYMENT SYSTEM.—

(1) IN GENERAL.—Section 1886(b)(3) (42 U.S.C. 1395ww(b)(3)) is amended—

(A) in subparagraph (H)(ii)(III), by inserting ''subject to subparagraph (J),'' after ''2002,''; and

(B) by adding at the end the following new subparagraph:

''(J) For cost reporting periods beginning during fiscal year 2001, for a hospital described in subsection (d)(1)(B)(iv)—

''(i) the limiting or cap amount otherwise determined under subparagraph (H) shall be increased by 2 percent; and

''(ii) the target amount otherwise determined under subparagraph (A) shall be increased by 25 percent (subject to the limiting or cap amount determined under subparagraph (H), as increased by clause (i)).''.

(2) APPLICATION.—The amendments made by subsection (a) and by section 122 of BBRA (113 Stat. 1501A–331) shall not be taken into account in the development and implementation of the prospective payment system under section 123 of BBRA (113 Stat. 1501A–331).

(b) IMPLEMENTATION OF PROSPECTIVE PAYMENT SYSTEM FOR LONG-TERM CARE HOSPITALS.—

(1) MODIFICATION OF REQUIREMENT.—In developing the prospective payment system for payment for inpatient hospital services provided in long-term care hospitals described in section 1886(d)(1)(B)(iv) of the Social Security Act (42 U.S.C. 1395ww(d)(1)(B)(iv)) under the medicare program under title XVIII of such Act required under section 123 of BBRA, the Secretary of Health and Human Services shall examine the feasibility and the impact of basing payment under such a system on the use of existing (or refined) hospital diagnosis-related groups (DRGs) that have been modified to account for different resource use of long-term care hospital patients as well as the use of the most recently available hospital discharge data. The Secretary shall examine and may provide for appropriate adjustments to the long-term hospital payment system, including adjustments to DRG weights, area wage adjustments, geographic reclassification, outliers, updates, and a disproportionate share adjustment consistent with section 1886(d)(5)(F) of the Social Security Act (42 U.S.C. 1395ww(d)(5)(F)).

(2) DEFAULT IMPLEMENTATION OF SYSTEM BASED ON EXISTING DRG METHODOLOGY.—If the Secretary is unable to implement the prospective payment system under section 123 of the BBRA by October 1, 2002, the Secretary shall implement a prospective payment system for such hospitals that bases payment under such a system using existing hospital diagnosis-related groups (DRGs), modified where feasible to account for resource use of long-term care hospital patients using the most recently available hospital discharge data for such services furnished on or after that date.

Subtitle B—Adjustments to PPS Payments for Skilled Nursing Facilities

SEC. 311. ELIMINATION OF REDUCTION IN SKILLED NURSING FACILITY (SNF) MARKET BASKET UPDATE IN 2001.

(a) IN GENERAL.—Section 1888(e)(4)(E)(ii) (42 U.S.C. 1395yy(e)(4)(E)(ii)) is amended—

(1) by redesignating subclauses (II) and (III) as subclauses (III) and (IV), respectively;

(2) in subclause (III), as so redesignated—

(A) by striking ''each of fiscal years 2001 and 2002'' and inserting ''each of fiscal years 2002 and 2003''; and

(B) by striking ''minus 1 percentage point'' and inserting ''minus 0.5 percentage points''; and

(3) by inserting after subclause (I) the following new subclause:

''(II) for fiscal year 2001, the rate computed for the previous fiscal year increased by the skilled nursing facility market basket percentage change for the fiscal year;''.

(b) SPECIAL RULE FOR PAYMENT FOR FISCAL YEAR 2001.—Notwithstanding the amendments made by subsection (a), for purposes of making payments for covered skilled nursing facility services under section 1888(e) of the Social Security Act (42 U.S.C. 1395yy(e)) for fiscal year 2001, the Federal per diem rate referred to in paragraph (4)(E)(ii) of such section—

(1) for the period beginning on October 1, 2000, and ending on March 31, 2001, shall be the rate determined in accordance with the law as in effect on the day before the date of the enactment of this Act; and

(2) for the period beginning on April 1, 2001, and ending on September 30, 2001, shall be the rate that would have been determined under such section if ''plus 1 percentage point'' had been substituted for ''minus 1 percentage point'' under subclause (II) of such paragraph (as in effect on the day before the date of the enactment of this Act).

(c) RELATION TO TEMPORARY INCREASE IN BBRA.—The increases provided under section 101 of BBRA (113 Stat. 1501A–325) shall be in addition to any increase resulting from the amendments made by subsection (a).

(d) GAO REPORT ON ADEQUACY OF SNF PAYMENT RATES.—Not later than July 1, 2002, the Comptroller General of the United States shall submit to Congress a report on the adequacy of medicare payment rates to skilled nursing facilities and the extent to which medicare contributes to the financial viability of such facilities. Such report shall take into account the role of private payors, medicaid, and case mix on the financial performance of these facilities, and shall include an analysis (by specific RUG classification) of the number and characteristics of such facilities.

(e) HCFA STUDY OF CLASSIFICATION SYSTEMS FOR SNF RESIDENTS.—

(1) STUDY.—The Secretary of Health and Human Services shall conduct a study of the different systems for categorizing patients in medicare skilled nursing facilities in a manner that accounts for the relative resource utilization of different patient types.

(2) REPORT.—Not later than January 1, 2005, the Secretary shall submit to Congress a report on the study conducted under subsection (a). Such report shall include such recommendations regarding changes in law as may be appropriate.

SEC. 312. INCREASE IN NURSING COMPONENT OF PPS FEDERAL RATE.

(a) IN GENERAL.—The Secretary of Health and Human Services shall increase by 16.66 percent the nursing component of the case-mix adjusted Federal prospective payment rate specified in Tables 3 and 4 of the final rule published in the Federal Register by the Health Care Financing Administration on July 31, 2000 (65 Fed. Reg. 46770), effective for services furnished on or after April 1, 2001, and before October 1, 2002.

(b) GAO AUDIT OF NURSING STAFF RATIOS.—

(1) AUDIT.—The Comptroller General of the United States shall conduct an audit of nursing staffing ratios in a representative sample of medicare skilled nursing facilities. Such sample shall cover selected States and shall include broad representation with respect to size, ownership, location, and medicare volume. Such audit shall include an examination of payroll records and medicaid cost reports of individual facilities.

(2) REPORT.—Not later than August 1, 2002, the Comptroller General shall submit to Congress a report on the audits conducted under paragraph (1). Such report shall include an assessment of the impact of the increased payments under this subtitle on increased nursing staff ratios and shall make recommendations as to whether increased payments under subsection (a) should be continued.

SEC. 313. APPLICATION OF SNF CONSOLIDATED BILLING REQUIREMENT LIMITED TO PART A COVERED STAYS.

(a) IN GENERAL.—Section 1862(a)(18) (42 U.S.C. 1395y(a)(18)) is amended by striking ''or of a part of a facility that includes a skilled nursing facility (as determined under regulations),'' and inserting ''during a period in which the resident is provided covered post-hospital extended care services (or, for services described in section 1861(s)(2)(D), which are furnished to such an individual without regard to such period),''.

(b) CONFORMING AMENDMENTS.—(1) Section 1842(b)(6)(E) (42 U.S.C. 1395u(b)(6)(E)) is amended—

(A) by inserting ''by, or under arrangements made by, a skilled nursing facility'' after ''furnished'';

(B) by striking ''or of a part of a facility that includes a skilled nursing facility (as determined under regulations)''; and

(C) by striking ''(without regard to whether or not the item or service was furnished by the facility, by others under arrangement with them made by the facility, under any other contracting or consulting arrangement, or otherwise)''.

(2) Section 1842(t) (42 U.S.C. 1395u(t)) is amended by striking ''by a physician'' and ''or of a part of a facility that includes a skilled nursing facility (as determined under regulations),''.

(3) Section 1866(a)(1)(H)(ii)(I) (42 U.S.C. 1395cc(a)(1)(H)(ii)(I)) is amended by inserting after ''who is a resident of the skilled nursing facility'' the following: ''during a period in which the resident is provided covered post-hospital extended care services (or, for services described in section 1861(s)(2)(D), that are furnished to such an individual without regard to such period)''.

(c) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) apply to services furnished on or after January 1, 2001.

(d) OVERSIGHT.—The Secretary of Health and Human Services, through the Office of the Inspector General in the Department of Health and Human Services or otherwise, shall monitor payments made under part B of the title XVIII of the Social Security Act for items and services furnished to residents of skilled nursing facilities during a time in which the residents are not being provided medicare covered post-hospital extended care services to ensure that there is not duplicate billing for services or excessive services provided.

SEC. 314. ADJUSTMENT OF REHABILITATION RUGS TO CORRECT ANOMALY IN PAYMENT RATES.

(a) ADJUSTMENT FOR REHABILITATION RUGS.—

(1) IN GENERAL.—For purposes of computing payments for covered skilled nursing facility services under paragraph (1) of section 1888(e) of the Social Security Act (42 U.S.C. 1395yy(e)) for such services furnished on or after April 1, 2001, and before the date described in section 101(c)(2) of BBRA (113 Stat. 1501A–324), the Secretary of Health and Human Services shall increase by 6.7 percent the adjusted Federal per diem rate otherwise determined under paragraph (4) of such section (but for this section) for covered skilled nursing facility services for RUG–III rehabilitation groups described in paragraph (2) furnished to an individual during the period in which such individual is classified in such a RUG–III category.

(2) REHABILITATION GROUPS DESCRIBED.—The RUG–III rehabilitation groups for which the adjustment described in paragraph (1) applies are RUC, RUB, RUA, RVC, RVB, RVA, RHC, RHB, RHA, RMC, RMB, RMA, RLB, and RLA, as specified in Tables 3 and 4 of the final rule published in the Federal Register by the Health Care Financing Administration on July 31, 2000 (65 Fed. Reg. 46770).

(b) CORRECTION WITH RESPECT TO REHABILITATION RUGS.—

(1) IN GENERAL.—Section 101(b) of BBRA (113 Stat. 1501A–324) is amended by striking ''CA1, RHC, RMC, and RMB'' and inserting ''and CA1''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) applies to services furnished on or after April 1, 2001.

(c) REVIEW BY OFFICE OF INSPECTOR GENERAL.—The Inspector General of the Department of Health and Human Services shall review the medicare payment structure for services classified within rehabilitation resource utilization groups (RUGs) (as in effect after the date of the enactment of the BBRA) to assess whether payment incentives exist for the delivery of inadequate care. Not later than October 1, 2001, the Inspector General shall submit to Congress a report on such review.

SEC. 315. ESTABLISHMENT OF PROCESS FOR GEOGRAPHIC RECLASSIFICATION.

(a) IN GENERAL.—The Secretary of Health and Human Services may establish a procedure for the geographic reclassification of a skilled nursing facility for purposes of payment for covered skilled nursing facility services under the prospective payment system established under section 1888(e) of the Social Security Act (42 U.S.C. 1395yy(e)). Such procedure may be based upon the method for geographic reclassifications for inpatient hospitals established under section 1886(d)(10) of the Social Security Act (42 U.S.C. 1395ww(d)(10)).

(b) REQUIREMENT FOR SKILLED NURSING FACILITY WAGE DATA.—In no case may the Secretary implement the procedure under subsection (a) before such time as the Secretary has collected data necessary to establish an area wage index for skilled nursing facilities based on wage data from such facilities.

Subtitle C—Hospice Care

SEC. 321. FULL MARKET BASKET INCREASE FOR 2001.

(a) IN GENERAL.—Section 1814(i)(1)(C)(ii) (42 U.S.C. 1395f(i)(1)(C)(ii)) is amended—

(1) by redesignating subclause (VII) as subclause (IX);

(2) in subclause (VI)—

(A) by striking ''through 2002'' and inserting ''through 2000''; and

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

(3) by inserting after subclause (VI) the following new subclauses:

''(VII) for fiscal year 2001, the market basket percentage increase for the fiscal year;

''(VIII) for fiscal year 2002, the market basket percentage increase for the fiscal year minus 0.25 percentage points; and''.

(b) TRANSITION DURING FISCAL YEAR 2001.—Notwithstanding the amendments made by subsection (a), for purposes of making payments for hospice care under section 1814(i) of the Social Security Act (42 U.S.C. 1395f(i)) for fiscal year 2001, the payment rates referred to in paragraph (1)(C) of such section—

(1) for the period beginning on October 1, 2000, and ending on March 31, 2001, shall be the rate determined in accordance with the law as in effect on the day before the date of the enactment of this Act; and

(2) for the period beginning on April 1, 2001, and ending on September 30, 2001, shall be the rate that would have been determined under paragraph (1) if ''plus 1.0 percentage points'' were substituted for ''minus 1.0 percentage points'' under paragraph (1)(C)(ii)(VI) of such section for fiscal year 2001.

(c) CONFORMING AMENDMENTS TO BBRA.—

(1) IN GENERAL.—Section 131 of BBRA (113 Stat. 1501A–333) is repealed.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect as if included in the enactment of BBRA.

(d) TECHNICAL AMENDMENT.—Section 1814(a)(7)(A)(ii) (42 U.S.C. 1395f(a)(7)(A)(ii)) is amended by striking the period at the end and inserting a semicolon.

SEC. 322. CLARIFICATION OF PHYSICIAN CERTIFICATION.

(a) CERTIFICATION BASED ON NORMAL COURSE OF ILLNESS.—

(1) IN GENERAL.—Section 1814(a) (42 U.S.C. 1395f(a)) is amended by adding at the end the following new sentence: ''The certification regarding terminal illness of an individual under paragraph (7) shall be based on the physician's or medical director's clinical judgment regarding the normal course of the individual's illness.''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) applies to certifications made on or after the date of the enactment of this Act.

(b) STUDY AND REPORT ON PHYSICIAN CERTIFICATION REQUIREMENT FOR HOSPICE BENEFITS.—

(1) STUDY.—The Secretary of Health and Human Services shall conduct a study to examine the appropriateness of the certification regarding terminal illness of an individual under section 1814(a)(7) of the Social Security Act (42 U.S.C. 1395f(a)(7)) that is required in order for such individual to receive hospice benefits under the medicare program under title XVIII of such Act. In conducting such study, the Secretary shall take into account the effect of the amendment made by subsection (a).

(2) REPORT.—Not later than 2 years after the date of the enactment of this Act, the Secretary of Health and Human Services shall submit to Congress a report on the study conducted under paragraph (1), together with any recommendations for legislation that the Secretary deems appropriate.

SEC. 323. MEDPAC REPORT ON ACCESS TO, AND USE OF, HOSPICE BENEFIT.

(a) IN GENERAL.—The Medicare Payment Advisory Commission shall conduct a study to examine the factors affecting the use of hospice benefits under the medicare program under title XVIII of the Social Security Act, including a delay in the time (relative to death) of entry into a hospice program, and differences in such use between urban and rural hospice programs and based upon the presenting condition of the patient.

(b) REPORT.—Not later than 18 months after the date of the enactment of this Act, the Commission shall submit to Congress a report on the study conducted under subsection (a), together with any recommendations for legislation that the Commission deems appropriate.

Subtitle D—Other Provisions

SEC. 331. RELIEF FROM MEDICARE PART A LATE ENROLLMENT PENALTY FOR GROUP BUY-IN FOR STATE AND LOCAL RETIREES.

(a) IN GENERAL.—Section 1818 (42 U.S.C. 1395i–2) is amended—

(1) in subsection (c)(6), by inserting before the semicolon at the end the following: ''and shall be subject to reduction in accordance with subsection (d)(6)''; and

(2) by adding at the end of subsection (d) the following new paragraph:

''(6)(A) In the case where a State, a political subdivision of a State, or an agency or instrumentality of a State or political subdivision thereof determines to pay, for the life of each individual, the monthly premiums due under paragraph (1) on behalf of each of the individuals in a qualified State or local government retiree group who meets the conditions of subsection (a), the amount of any increase otherwise applicable under section 1839(b) (as applied and modified by subsection (c)(6) of this section) with respect to the monthly premium for benefits under this part for an individual who is a member of such group shall be reduced by the total amount of taxes paid under section 3101(b) of the Internal Revenue Code of 1986 by such individual and under section 3111(b) by the employers of such individual on behalf of such individual with respect to employment (as defined in section 3121(b) of such Code).

''(B) For purposes of this paragraph, the term 'qualified State or local government retiree group' means all of the individuals who retire prior to a specified date that is before January 1, 2002, from employment in 1 or more occupations or other broad classes of employees of—

''(i) the State;

''(ii) a political subdivision of the State; or

''(iii) an agency or instrumentality of the State or political subdivision of the State.''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) apply to premiums for months beginning with July 1, 2001.

SEC. 332. POSTING OF INFORMATION ON NURSING FACILITY STAFFING.

(a) MEDICARE.—Section 1819(b) (42 U.S.C. 1395i–3(b)) is amended by adding at the end the following new paragraph:

''(8) INFORMATION ON NURSE STAFFING.—

''(A) IN GENERAL.—A skilled nursing facility shall post daily for each shift the current number of licensed and unlicensed nursing staff directly responsible for resident care in the facility. The information shall be displayed in a uniform manner (as specified by the Secretary) and in a clearly visible place.

''(B) PUBLICATION OF DATA.—A skilled nursing facility shall, upon request, make available to the public the nursing staff data described in subparagraph (A).''.

(b) MEDICAID.—Section 1919(b) (42 U.S.C. 1395r(b)) is amended by adding at the end the following new paragraph:

''(8) INFORMATION ON NURSE STAFFING.—

''(A) IN GENERAL.—A nursing facility shall post daily for each shift the current number of licensed and unlicensed nursing staff directly responsible for resident care in the facility. The information shall be displayed in a uniform manner (as specified by the Secretary) and in a clearly visible place.

''(B) PUBLICATION OF DATA.—A nursing facility shall, upon request, make available to the public the nursing staff data described in subparagraph (A).''.

TITLE IV—PROVISIONS RELATING TO PART B

Subtitle A—Hospital Outpatient Services

SEC. 401. REVISION OF HOSPITAL OUTPATIENT PPS PAYMENT UPDATE.

(a) IN GENERAL.—Section 1833(t)(3)(C)(iii) (42 U.S.C. 1395l(t)(3)(C)(iii)) is amended by striking ''in each of 2000, 2001, and 2002'' and inserting ''in each of 2000 and 2002''.

(b) ADJUSTMENT FOR CASE MIX CHANGES.—

(1) IN GENERAL.—Section 1833(t)(3)(C) (42 U.S.C. 1395l(t)(3)(C)) is amended—

(A) by redesignating clause (iii) as clause (iv); and

(B) by inserting after clause (ii) the following new clause:

''(iii) ADJUSTMENT FOR SERVICE MIX CHANGES.—Insofar as the Secretary determines that the adjustments for service mix under paragraph (2) for a previous year (or estimates that such adjustments for a future year) did (or are likely to) result in a change in aggregate payments under this subsection during the year that are a result of changes in the coding or classification of covered OPD services that do not reflect real changes in service mix, the Secretary may adjust the conversion factor computed under this subparagraph for subsequent years so as to eliminate the effect of such coding or classification changes.''.

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall take effect as if included in the enactment of BBA.

SEC. 402. CLARIFYING PROCESS AND STANDARDS FOR DETERMINING ELIGIBILITY OF DEVICES FOR PASS-THROUGH PAYMENTS UNDER HOSPITAL OUTPATIENT PPS.

(a) IN GENERAL.—Section 1833(t)(6) (42 U.S.C. 1395l(t)(6)) is amended—

(1) by redesignating subparagraphs (C) and (D) as subparagraphs (D) and (E), respectively; and

(2) by striking subparagraph (B) and inserting the following new subparagraphs:

''(B) USE OF CATEGORIES IN DETERMINING ELIGIBILITY OF A DEVICE FOR PASS-THROUGH PAYMENTS.—The following provisions apply for purposes of determining whether a medical device qualifies for additional payments under clause (ii) or (iv) of subparagraph (A):

''(i) ESTABLISHMENT OF INITIAL CATEGORIES.—The Secretary shall initially establish under this clause categories of medical devices based on type of device by April 1, 2001. Such categories shall be established in a manner such that each medical device that meets the requirements of clause (ii) or (iv) of subparagraph (A) as of as of January 1, 2001, is included in such a category and no such device is included in more than one category. For purposes of the preceding sentence, whether a medical device meets such requirements as of such date shall be determined on the basis of the program memoranda issued before such date or if the Secretary determines the medical device would have been included in the program memoranda but for the requirement of subparagraph (A)(iv)(I). The categories may be established under this clause by program memorandum or otherwise, after consultation with groups representing hospitals, manufacturers of medical devices, and other affected parties.

''(ii) ESTABLISHING CRITERIA FOR ADDITIONAL CATEGORIES.—

''(I) IN GENERAL.—The Secretary shall establish criteria that will be used for creation of additional categories (other than those established under clause (i)) through rulemaking (which may include use of an interim final rule with comment period).

''(II) STANDARD.—Such categories shall be established under this clause in a manner such that no medical device is described by more than one category. Such criteria shall include a test of whether the average cost of devices that would be included in a category and are in use at the time the category is established is not insignificant, as described in subparagraph (A)(iv)(II).

''(III) DEADLINE.—Criteria shall first be established under this clause by July 1, 2001. The Secretary may establish in compelling circumstances categories under this clause before the date such criteria are established.

''(IV) ADDING CATEGORIES.—The Secretary shall promptly establish a new category of medical devices under this clause for any medical device that meets the requirements of subparagraph (A)(iv) and for which none of the categories in effect (or that were previously in effect) is appropriate.

''(iii) PERIOD FOR WHICH CATEGORY IS IN EFFECT.—A category of medical devices established under clause (i) or clause (ii) shall be in effect for a period of at least 2 years, but not more than 3 years, that begins—

''(I) in the case of a category established under clause (i), on the first date on which payment was made under this paragraph for any device described by such category (including payments made during the period before April 1, 2001); and

''(II) in the case of any other category, on the first date on which payment is made under this paragraph for any medical device that is described by such category.

''(iv) REQUIREMENTS TREATED AS MET.—A medical device shall be treated as meeting the requirements of subparagraph (A)(iv) if—

''(I) the device is described by a category established and in effect under clause (i); or

''(II) the device is described by a category established and in effect under clause (ii) and an application under section 515 of the Federal Food, Drug, and Cosmetic Act has been approved with respect to the device, or the device has been cleared for market under section 510(k) of such Act, or the device is exempt from the requirements of section 510(k) of such Act pursuant to subsection (l) or (m) of section 510 of such Act or section 520(g) of such Act.

Nothing in this clause shall be construed as requiring an application or prior approval (other than that described in subclause (II)) in order for a covered device to qualify for payment under this paragraph.

''(C) LIMITED PERIOD OF PAYMENT.—

''(i) DRUGS AND BIOLOGICALS.—The payment under this paragraph with respect to a drug or biological shall only apply during a period of at least 2 years, but not more than 3 years, that begins—

''(I) on the first date this subsection is implemented in the case of a drug or biological described in clause (i), (ii), or (iii) of subparagraph (A) and in the case of a drug or biological described in subparagraph (A)(iv) and for which payment under this part is made as an outpatient hospital service before such first date; or

''(II) in the case of a drug or biological described in subparagraph (A)(iv) not described in subclause (I), on the first date on which payment is made under this part for the drug or biological as an outpatient hospital service.

''(ii) MEDICAL DEVICES.—Payment shall be made under this paragraph with respect to a medical device only if such device—

''(I) is described by a category of medical devices established and in effect under subparagraph (B); and

''(II) is provided as part of a service (or group of services) paid for under this subsection and provided during the period for which such category is in effect under such subparagraph.''.

(b) CONFORMING AMENDMENTS.—Section 1833(t) (42 U.S.C. 1395l(t)) is further amended—

(1) in paragraph (6)(A)(iv)(II), by striking ''the cost of the device, drug, or biological'' and inserting ''the cost of the drug or biological or the average cost of the category of devices'';

(2) in paragraph (6)(D) (as redesignated by subsection (a)(1)), by striking ''subparagraph (D)(iii)'' in the matter preceding clause (i) and inserting ''subparagraph (E)(iii)''; and

(3) in paragraph (12)(E), by striking ''additional payments (consistent with paragraph (6)(B))'' and inserting ''additional payments, the determination and deletion of initial and new categories (consistent with subparagraphs (B) and (C) of paragraph (6))''.

(c) EFFECTIVE DATE.—The amendments made by this section take effect on the date of the enactment of this Act.

(d) TRANSITION.—

(1) IN GENERAL.—In the case of a medical device provided as part of a service (or group of services) furnished during the period before initial categories are implemented under subparagraph (B)(i) of section 1833(t)(6) of the Social Security Act (as amended by subsection (a)), payment shall be made for such device under such section in accordance with the provisions in effect before the date of the enactment of this Act, except that, beginning on the date that is 30 days after the date of the enactment of this Act, payment shall also be made for such a device that is not included in a program memorandum described in such subparagraph if the Secretary of Health and Human Services determines that the device is likely to be described by such an initial category or would have been included in such program memoranda but for the requirement of subparagraph (A)(iv)(I) of that section.

(2) APPLICATION OF CURRENT PROCESS.—Notwithstanding any other provision of law, the Secretary shall continue to accept applications with respect to medical devices under the process established pursuant to paragraph (6) of section 1833(t) of the Social Security Act (as in effect on the day before the date of the enactment of this Act) through December 1, 2000, and any device—

(A) with respect to which an application was submitted (pursuant to such process) on or before such date; and

(B) that meets the requirements of clause (ii) or (iv) of subparagraph (A) of such paragraph (as determined pursuant to such process),

shall be treated as a device with respect to which an initial category is required to be established under subparagraph (B)(i) of such paragraph (as amended by subsection (a)(2)).

SEC. 403. APPLICATION OF OPD PPS TRANSITIONAL CORRIDOR PAYMENTS TO CERTAIN HOSPITALS THAT DID NOT SUBMIT A 1996 COST REPORT.

(a) IN GENERAL.—Section 1833(t)(7)(F)(ii)(I) (42 U.S.C. 1395l(t)(7)(F)(ii)(I)) is amended by inserting ''(or in the case of a hospital that did not submit a cost report for such period, during the first subsequent cost reporting period ending before 2001 for which the hospital submitted a cost report)'' after ''1996''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect as if included in the enactment of BBRA.

SEC. 404. APPLICATION OF RULES FOR DETERMINING PROVIDER-BASED STATUS FOR CERTAIN ENTITIES.

(a) GRANDFATHER.—Notwithstanding any other provision of law, for purposes of making determinations of provider-based status under title XVIII of the Social Security Act on or after October 1, 2000, any facility or organization that is treated as provider-based in relation to a hospital or critical access hospital under such title as of October 1, 2000—

(1) shall continue to be treated as provider-based in relation to such hospital or critical access hospital under such title during the 2-year period beginning on October 1, 2000; and

(2) the requirements, limitations, and exclusions specified in paragraphs (d), (e), (f), and (h) of section 413.65 of title 42, Code of Federal Regulations shall not apply to such facility or organization in relation to such hospital or critical access hospital until after the end of such 2-year period.

(b) TEMPORARY CRITERIA.—For purposes of title XVIII of the Social Security Act—

(1) a facility or organization for which a determination of provider-based status in relation to a hospital or critical access hospital is requested on or after October 1, 2000, and before October 1, 2002, may not be treated as not having provider-based status in relation to such a hospital for any period before a determination is made with respect to such status pursuant to such request; and

(2) in making a determination with respect to such status for any facility or organization in relationship to such a hospital on or after October 1, 2000, the following rules apply:

(A) The facility or organization shall be treated as satisfying any requirements and standards for geographic location in relation to such a hospital if the facility or organization—

(i) satisfies the requirements of section 413.65(d)(7) of title 42, Code of Federal Regulations; or

(ii) is located not more than 35 miles from the main campus of the hospital or critical access hospital.

(B) The facility or organization shall be treated as satisfying any of the requirements and standards for geographic location in relation to such a hospital if the facility or organization is owned and operated by a hospital or critical access hospital that—

(i) is owned or operated by a unit of State or local government, is a public or private nonprofit corporation that is formally granted governmental powers by a unit of State or local government, or is a private hospital that has a contract with a State or local government that includes the operation of clinics located off the main campus of the hospital to assure access in a well-defined service area to health care services for low-income individuals who are not entitled to benefits under title XVIII (or medical assistance under a State plan under title XIX) of such Act; and

(ii) has a disproportionate share adjustment percentage (as determined under section 1886(d)(5)(F) of such Act (42 U.S.C. 1395ww(d)(5)(F))) greater than 11.75 percent or is described in clause (i)(II) of such section.

(c) DEFINITIONS.—For purposes of this section, the terms ''hospital'' and ''critical access hospital'' have the meanings given such terms in subsections (e) and (mm)(1), respectively, of section 1861 of the Social Security Act (42 U.S.C. 1395x).

SEC. 405. TREATMENT OF CHILDREN'S HOSPITALS UNDER PROSPECTIVE PAYMENT SYSTEM.

(a) IN GENERAL.—Section 1833(t) (42 U.S.C. 1395l(t)) is amended—

(1) in the heading of paragraph (7)(D)(ii), by inserting ''AND CHILDREN'S HOSPITALS'' after ''CANCER HOSPITALS''; and

(2) in paragraphs (7)(D)(ii) and (11), by striking ''section 1886(d)(1)(B)(v)'' and inserting ''clause (iii) or (v) of section 1886(d)(1)(B)''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) apply as if included in the enactment of section 202 of BBRA (113 Stat. 1501A–342).

SEC. 406. INCLUSION OF TEMPERATURE MONITORED CRYOABLATION IN TRANSITIONAL PASS-THROUGH FOR CERTAIN MEDICAL DEVICES, DRUGS, AND BIOLOGICALS UNDER OPD PPS.

(a) IN GENERAL.—Section 1833(t)(6)(A)(ii) (42 U.S.C. 1395l(t)(6)(A)(ii)) is amended by inserting ''or temperature monitored cryoablation'' after ''device of brachytherapy''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) applies to devices furnished on or after April 1, 2001.

Subtitle B—Provisions Relating to Physicians' Services

SEC. 411. GAO STUDIES RELATING TO PHYSICIANS' SERVICES.

(a) STUDY OF SPECIALIST PHYSICIANS' SERVICES FURNISHED IN PHYSICIANS' OFFICES AND HOSPITAL OUTPATIENT DEPARTMENT SERVICES.—

(1) STUDY.—The Comptroller General of the United States shall conduct a study to examine the appropriateness of furnishing in physicians' offices specialist physicians' services (such as gastrointestinal endoscopic physicians' services) which are ordinarily furnished in hospital outpatient departments. In conducting this study, the Comptroller General shall—

(A) review available scientific and clinical evidence about the safety of performing procedures in physicians' offices and hospital outpatient departments;

(B) assess whether resource-based practice expense relative values established by the Secretary of Health and Human Services under the medicare physician fee schedule under section 1848 of the Social Security Act (42 U.S.C. 1395w–4) for such specialist physicians' services furnished in physicians' offices and hospital outpatient departments create an incentive to furnish such services in physicians' offices instead of hospital outpatient departments; and

(C) assess the implications for access to care for medicare beneficiaries if the medicare program were not to cover such services in physicians' offices.

(2) REPORT.—Not later than July 1, 2001, the Comptroller General shall submit to Congress a report on such study and include such recommendations as the Comptroller General determines to be appropriate.

(b) STUDY OF THE RESOURCE-BASED PRACTICE EXPENSE SYSTEM.—

(1) STUDY.—The Comptroller General of the United States shall conduct a study on the refinements to the practice expense relative value units during the transition to a resource-based practice expense system for physician payments under the medicare program under title XVIII of the Social Security Act. Such study shall examine how the Secretary of Health and Human Services has accepted and used the practice expense data submitted under section 212 of BBRA (113 Stat. 1501A–350).

(2) REPORT.—Not later than July 1, 2001, the Comptroller General shall submit to Congress a report on the study conducted under paragraph (1) together with recommendations regarding—

(A) improvements in the process for acceptance and use of practice expense data under section 212 of BBRA;

(B) any change or adjustment that is appropriate to ensure full access to a spectrum of care for beneficiaries under the medicare program; and

(C) the appropriateness of payments to physicians.

SEC. 412. PHYSICIAN GROUP PRACTICE DEMONSTRATION.

(a) IN GENERAL.—Title XVIII is amended by inserting after section 1866 the following new sections:

''DEMONSTRATION OF APPLICATION OF PHYSICIAN VOLUME INCREASES TO GROUP PRACTICES

''SEC. 1866A. (a) DEMONSTRATION PROGRAM AUTHORIZED.—

''(1) IN GENERAL.—The Secretary shall conduct demonstration projects to test and, if proven effective, expand the use of incentives to health care groups participating in the program under this title that—

''(A) encourage coordination of the care furnished to individuals under the programs under parts A and B by institutional and other providers, practitioners, and suppliers of health care items and services;

''(B) encourage investment in administrative structures and processes to ensure efficient service delivery; and

''(C) reward physicians for improving health outcomes.

Such projects shall focus on the efficiencies of furnishing health care in a group-practice setting as compared to the efficiencies of furnishing health care in other health care delivery systems.

''(2) ADMINISTRATION BY CONTRACT.—Except as otherwise specifically provided, the Secretary may administer the program under this section in accordance with section 1866B.

''(3) DEFINITIONS.—For purposes of this section, terms have the following meanings:

''(A) PHYSICIAN.—Except as the Secretary may otherwise provide, the term 'physician' means any individual who furnishes services which may be paid for as physicians' services under this title.

''(B) HEALTH CARE GROUP.—The term 'health care group' means a group of physicians (as defined in subparagraph (A)) organized at least in part for the purpose of providing physicians' services under this title. As the Secretary finds appropriate, a health care group may include a hospital and any other individual or entity furnishing items or services for which payment may be made under this title that is affiliated with the health care group under an arrangement structured so that such individual or entity participates in a demonstration under this section and will share in any bonus earned under subsection (d).

''(b) ELIGIBILITY CRITERIA.—

''(1) IN GENERAL.—The Secretary is authorized to establish criteria for health care groups eligible to participate in a demonstration under this section, including criteria relating to numbers of health care professionals in, and of patients served by, the group, scope of services provided, and quality of care.

''(2) PAYMENT METHOD.—A health care group participating in the demonstration under this section shall agree with respect to services furnished to beneficiaries within the scope of the demonstration (as determined under subsection (c))—

''(A) to be paid on a fee-for-service basis; and

''(B) that payment with respect to all such services furnished by members of the health care

group to such beneficiaries shall (where determined appropriate by the Secretary) be made to a single entity.

''(3) DATA REPORTING.—A health care group participating in a demonstration under this section shall report to the Secretary such data, at such times and in such format as the Secretary requires, for purposes of monitoring and evaluation of the demonstration under this section.

''(c) PATIENTS WITHIN SCOPE OF DEMONSTRATION.—

''(1) IN GENERAL.—The Secretary shall specify, in accordance with this subsection, the criteria for identifying those patients of a health care group who shall be considered within the scope of the demonstration under this section for purposes of application of subsection (d) and for assessment of the effectiveness of the group in achieving the objectives of this section.

''(2) OTHER CRITERIA.—The Secretary may establish additional criteria for inclusion of beneficiaries within a demonstration under this section, which may include frequency of contact with physicians in the group or other factors or criteria that the Secretary finds to be appropriate.

''(3) NOTICE REQUIREMENTS.—In the case of each beneficiary determined to be within the scope of a demonstration under this section with respect to a specific health care group, the Secretary shall ensure that such beneficiary is notified of the incentives, and of any waivers of coverage or payment rules, applicable to such group under such demonstration.

''(d) INCENTIVES.—

''(1) PERFORMANCE TARGET.—The Secretary shall establish for each health care group participating in a demonstration under this section—

''(A) a base expenditure amount, equal to the average total payments under parts A and B for patients served by the health care group on a fee-for-service basis in a base period determined by the Secretary; and

''(B) an annual per capita expenditure target for patients determined to be within the scope of the demonstration, reflecting the base expenditure amount adjusted for risk and expected growth rates.

''(2) INCENTIVE BONUS.—The Secretary shall pay to each participating health care group (subject to paragraph (4)) a bonus for each year under the demonstration equal to a portion of the medicare savings realized for such year relative to the performance target.

''(3) ADDITIONAL BONUS FOR PROCESS AND OUTCOME IMPROVEMENTS.—At such time as the Secretary has established appropriate criteria based on evidence the Secretary determines to be sufficient, the Secretary shall also pay to a participating health care group (subject to paragraph (4)) an additional bonus for a year, equal to such portion as the Secretary may designate of the saving to the program under this title resulting from process improvements made by and patient outcome improvements attributable to activities of the group.

''(4) LIMITATION.—The Secretary shall limit bonus payments under this section as necessary to ensure that the aggregate expenditures under this title (inclusive of bonus payments) with respect to patients within the scope of the demonstration do not exceed the amount which the Secretary estimates would be expended if the demonstration projects under this section were not implemented.

''PROVISIONS FOR ADMINISTRATION OF DEMONSTRATION PROGRAM

''SEC. 1866B. (a) GENERAL ADMINISTRATIVE AUTHORITY.—

''(1) BENEFICIARY ELIGIBILITY.—Except as otherwise provided by the Secretary, an individual shall only be eligible to receive benefits under the program under section 1866A (in this section referred to as the 'demonstration program') if such individual—

''(A) is enrolled in under the program under part B and entitled to benefits under part A; and

''(B) is not enrolled in a Medicare+Choice plan under part C, an eligible organization under a contract under section 1876 (or a similar organization operating under a demonstration project authority), an organization with an agreement under section 1833(a)(1)(A), or a PACE program under section 1894.

''(2) SECRETARY'S DISCRETION AS TO SCOPE OF PROGRAM.—The Secretary may limit the implementation of the demonstration program to—

''(A) a geographic area (or areas) that the Secretary designates for purposes of the program, based upon such criteria as the Secretary finds appropriate;

''(B) a subgroup (or subgroups) of beneficiaries or individuals and entities furnishing items or services (otherwise eligible to participate in the program), selected on the basis of the number of such participants that the Secretary finds consistent with the effective and efficient implementation of the program;

''(C) an element (or elements) of the program that the Secretary determines to be suitable for implementation; or

''(D) any combination of any of the limits described in subparagraphs (A) through (C).

''(3) VOLUNTARY RECEIPT OF ITEMS AND SERVICES.—Items and services shall be furnished to an individual under the demonstration program only at the individual's election.

''(4) AGREEMENTS.—The Secretary is authorized to enter into agreements with individuals and entities to furnish health care items and services to beneficiaries under the demonstration program.

''(5) PROGRAM STANDARDS AND CRITERIA.—The Secretary shall establish performance standards for the demonstration program including, as applicable, standards for quality of health care items and services, cost-effectiveness, beneficiary satisfaction, and such other factors as the Secretary finds appropriate. The eligibility of individuals or entities for the initial award, continuation, and renewal of agreements to provide health care items and services under the program shall be conditioned, at a minimum, on performance that meets or exceeds such standards.

''(6) ADMINISTRATIVE REVIEW OF DECISIONS AFFECTING INDIVIDUALS AND ENTITIES FURNISHING SERVICES.—An individual or entity furnishing services under the demonstration program shall be entitled to a review by the program administrator (or, if the Secretary has not contracted with a program administrator, by the Secretary) of a decision not to enter into, or to terminate, or not to renew, an agreement with the entity to provide health care items or services under the program.

''(7) SECRETARY'S REVIEW OF MARKETING MATERIALS.—An agreement with an individual or entity furnishing services under the demonstration program shall require the individual or entity to guarantee that it will not distribute materials that market items or services under the program without the Secretary's prior review and approval.

''(8) PAYMENT IN FULL.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), an individual or entity receiving payment from the Secretary under a contract or agreement under the demonstration program shall agree to accept such payment as payment in full, and such payment shall be in lieu of any payments to which the individual or entity would otherwise be entitled under this title.

''(B) COLLECTION OF DEDUCTIBLES AND COINSURANCE.—Such individual or entity may collect any applicable deductible or coinsurance amount from a beneficiary.

''(b) CONTRACTS FOR PROGRAM ADMINISTRATION.—

''(1) IN GENERAL.—The Secretary may administer the demonstration program through a contract with a program administrator in accordance with the provisions of this subsection.

''(2) SCOPE OF PROGRAM ADMINISTRATOR CONTRACTS.—The Secretary may enter into such contracts for a limited geographic area, or on a regional or national basis.

''(3) ELIGIBLE CONTRACTORS.—The Secretary may contract for the administration of the program with—

''(A) an entity that, under a contract under section 1816 or 1842, determines the amount of and makes payments for health care items and services furnished under this title; or

''(B) any other entity with substantial experience in managing the type of program concerned.

''(4) CONTRACT AWARD, DURATION, AND RENEWAL.—

''(A) IN GENERAL.—A contract under this subsection shall be for an initial term of up to three years, renewable for additional terms of up to three years.

''(B) NONCOMPETITIVE AWARD AND RENEWAL FOR ENTITIES ADMINISTERING PART A OR PART B PAYMENTS.—The Secretary may enter or renew a contract under this subsection with an entity described in paragraph (3)(A) without regard to the requirements of section 5 of title 41, United States Code.

''(5) APPLICABILITY OF FEDERAL ACQUISITION REGULATION.—The Federal Acquisition Regulation shall apply to program administration contracts under this subsection.

''(6) PERFORMANCE STANDARDS.—The Secretary shall establish performance standards for the program administrator including, as applicable, standards for the quality and cost-effectiveness of the program administered, and such other factors as the Secretary finds appropriate. The eligibility of entities for the initial award, continuation, and renewal of program administration contracts shall be conditioned, at a minimum, on performance that meets or exceeds such standards.

''(7) FUNCTIONS OF PROGRAM ADMINISTRATOR.—A program administrator shall perform any or all of the following functions, as specified by the Secretary:

''(A) AGREEMENTS WITH ENTITIES FURNISHING HEALTH CARE ITEMS AND SERVICES.—Determine the qualifications of entities seeking to enter or renew agreements to provide services under the demonstration program, and as appropriate enter or renew (or refuse to enter or renew) such agreements on behalf of the Secretary.

''(B) ESTABLISHMENT OF PAYMENT RATES.—Negotiate or otherwise establish, subject to the Secretary's approval, payment rates for covered health care items and services.

''(C) PAYMENT OF CLAIMS OR FEES.—Administer payments for health care items or services furnished under the program.

''(D) PAYMENT OF BONUSES.—Using such guidelines as the Secretary shall establish, and subject to the approval of the Secretary, make bonus payments as described in subsection (c)(2)(A)(ii) to entities furnishing items or services for which payment may be made under the program.

''(E) OVERSIGHT.—Monitor the compliance of individuals and entities with agreements under the program with the conditions of participation.

''(F) ADMINISTRATIVE REVIEW.—Conduct reviews of adverse determinations specified in subsection (a)(6).

''(G) REVIEW OF MARKETING MATERIALS.—Conduct a review of marketing materials proposed by an entity furnishing services under the program.

''(H) ADDITIONAL FUNCTIONS.—Perform such other functions as the Secretary may specify.

''(8) LIMITATION OF LIABILITY.—The provisions of section 1157(b) shall apply with respect to activities of contractors and their officers, employees, and agents under a contract under this subsection.

''(9) INFORMATION SHARING.—Notwithstanding section 1106 and section 552a of title 5, United States Code, the Secretary is authorized to disclose to an entity with a program administration contract under this subsection such information (including medical information) on individuals receiving health care items and services under the program as the entity may require to carry out its responsibilities under the contract.

''(c) RULES APPLICABLE TO BOTH PROGRAM AGREEMENTS AND PROGRAM ADMINISTRATION CONTRACTS.—

''(1) RECORDS, REPORTS, AND AUDITS.—The Secretary is authorized to require entities with agreements to provide health care items or services under the demonstration program, and entities with program administration contracts under subsection (b), to maintain adequate records, to afford the Secretary access to such records (including for audit purposes), and to furnish such reports and other materials (including audited financial statements and performance data) as the Secretary may require for purposes of implementation, oversight, and evaluation of the program and of individuals' and entities' effectiveness in performance of such agreements or contracts.

''(2) BONUSES.—Notwithstanding any other provision of law, but subject to subparagraph (B)(ii), the Secretary may make bonus payments under the demonstration program from the Federal Health Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund in amounts that do not exceed the amounts authorized under the program in accordance with the following:

''(A) PAYMENTS TO PROGRAM ADMINISTRATORS.—The Secretary may make bonus payments under the program to program administrators.

''(B) PAYMENTS TO ENTITIES FURNISHING SERVICES.—

''(i) IN GENERAL.—Subject to clause (ii), the Secretary may make bonus payments to individuals or entities furnishing items or services for which payment may be made under the demonstration program, or may authorize the program administrator to make such bonus payments in accordance with such guidelines as the Secretary shall establish and subject to the Secretary's approval.

''(ii) LIMITATIONS.—The Secretary may condition such payments on the achievement of such standards related to efficiency, improvement in processes or outcomes of care, or such other factors as the Secretary determines to be appropriate.

''(3) ANTIDISCRIMINATION LIMITATION.—The Secretary shall not enter into an agreement with an entity to provide health care items or services under the demonstration program, or with an entity to administer the program, unless such entity guarantees that it will not deny, limit, or condition the coverage or provision of benefits under the program, for individuals eligible to be enrolled under such program, based on any health status-related factor described in section 2702(a)(1) of the Public Health Service Act.

''(d) LIMITATIONS ON JUDICIAL REVIEW.—The following actions and determinations with respect to the demonstration program shall not be subject to review by a judicial or administrative tribunal:

''(1) Limiting the implementation of the program under subsection (a)(2).

''(2) Establishment of program participation standards under subsection (a)(5) or the denial or termination of, or refusal to renew, an agreement with an entity to provide health care items and services under the program.

''(3) Establishment of program administration contract performance standards under subsection (b)(6), the refusal to renew a program administration contract, or the noncompetitive award or renewal of a program administration contract under subsection (b)(4)(B).

''(5) Establishment of payment rates, through negotiation or otherwise, under a program agreement or a program administration contract.

''(6) A determination with respect to the program (where specifically authorized by the program authority or by subsection (c)(2))—

''(A) as to whether cost savings have been achieved, and the amount of savings; or

''(B) as to whether, to whom, and in what amounts bonuses will be paid.

''(e) APPLICATION LIMITED TO PARTS A AND B.—None of the provisions of this section or of the demonstration program shall apply to the programs under part C.

''(f) REPORTS TO CONGRESS.—Not later than two years after the date of the enactment of this section, and biennially thereafter for six years, the Secretary shall report to Congress on the use of authorities under the demonstration program. Each report shall address the impact of the use of those authorities on expenditures, access, and quality under the programs under this title.''.

(b) GAO REPORT.—Not later than 2 years after the date on which the demonstration project under section 1866A of the Social Security Act, as added by subsection (a), is implemented, the Comptroller General of the United States shall submit to Congress a report on such demonstration project. The report shall include such recommendations with respect to changes to the demonstration project that the Comptroller General determines appropriate.

SEC. 413. STUDY ON ENROLLMENT PROCEDURES FOR GROUPS THAT RETAIN INDEPENDENT CONTRACTOR PHYSICIANS.

(a) IN GENERAL.—The Comptroller General of the United States shall conduct a study of the current medicare enrollment process for groups that retain independent contractor physicians with particular emphasis on hospital-based physicians, such as emergency department staffing groups. In conducting the evaluation, the Comptroller General shall consult with groups that retain independent contractor physicians and shall—

(1) review the issuance of individual medicare provider numbers and the possible medicare program integrity vulnerabilities of the current process;

(2) review direct and indirect costs associated with the current process incurred by the medicare program and groups that retain independent contractor physicians;

(3) assess the effect on program integrity by the enrollment of groups that retain independent contractor hospital-based physicians; and

(4) develop suggested procedures for the enrollment of these groups.

(b) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Comptroller General shall submit to Congress a report on the study conducted under subsection (a).

Subtitle C—Other Services

SEC. 421. 1-YEAR EXTENSION OF MORATORIUM ON THERAPY CAPS; REPORT ON STANDARDS FOR SUPERVISION OF PHYSICAL THERAPY ASSISTANTS.

(a) IN GENERAL.—Section 1833(g)(4) (42 U.S.C. 1395l(g)(4)) is amended by striking ''2000 and 2001.'' and inserting ''2000, 2001, and 2002.''.

(b) CONFORMING AMENDMENT TO CONTINUE FOCUSED MEDICAL REVIEWS OF CLAIMS DURING MORATORIUM PERIOD.—Section 221(a)(2) of BBRA (113 Stat. 1501A–351) is amended by striking ''(under the amendment made by paragraph (1)(B))''.

(c) STUDY ON STANDARDS FOR SUPERVISION OF PHYSICAL THERAPIST ASSISTANTS.—

(1) STUDY.—The Secretary of Health and Human Services shall conduct a study of the implications—

(A) of eliminating the ''in the room'' supervision requirement for medicare payment for services of physical therapy assistants who are supervised by physical therapists; and

(B) of such requirement on the cap imposed under section 1833(g) of the Social Security Act (42 U.S.C. 1395l(g)) on physical therapy services.

(2) REPORT.—Not later than 18 months after the date of the enactment of this Act, the Secretary shall submit to Congress a report on the study conducted under paragraph (1).

SEC. 422. UPDATE IN RENAL DIALYSIS COMPOSITE RATE.

(a) UPDATE.—

(1) IN GENERAL.—The last sentence of section 1881(b)(7) (42 U.S.C. 1395rr(b)(7)) is amended by striking ''for such services furnished on or after January 1, 2001, by 1.2 percent'' and inserting ''for such services furnished on or after January 1, 2001, by 2.4 percent''.

(2) PROHIBITION ON EXEMPTIONS.—

(A) IN GENERAL.—Subject to subparagraph (B), the Secretary of Health and Human Services may not provide for an exception under section 1881(b)(7) of the Social Security Act (42 U.S.C. 1395rr(b)(7)) on or after December 31, 2000.

(B) SPECIAL RULES FOR 2000.—

(i) IN GENERAL.—Any exemption rate under such section 1881(b)(7) in effect on December 31, 2000, shall continue in effect so long as such rate is greater than the composite rate as updated by the amendment made by paragraph (1).

(ii) RESUBMISSION OF CERTAIN APPLICATIONS.—In the case of an application for an exemption rate under such section that was filed by a facility during 2000 that was not approved by the Secretary of Health and Human Services, the facility may submit an application for an exemption rate for that year by not later than July 1, 2001.

(b) DEVELOPMENT OF ESRD MARKET BASKET.—

(1) DEVELOPMENT.—The Secretary of Health and Human Services shall collect data and develop an ESRD market basket whereby the Secretary can estimate, before the beginning of a year, the percentage by which the costs for the year of the mix of labor and nonlabor goods and services included in the ESRD composite rate under section 1881(b)(7) of the Social Security Act (42 U.S.C. 1395rr(b)(7)) will exceed the costs of such mix of goods and services for the preceding year. In developing such index, the Secretary may take into account measures of changes in—

(A) technology used in furnishing dialysis services;

(B) the manner or method of furnishing dialysis services; and

(C) the amounts by which the payments under such section for all services billed by a facility for a year exceed the aggregate allowable audited costs of such services for such facility for such year.

(2) REPORT.—The Secretary of Health and Human Services shall submit to Congress a report on the index developed under paragraph (1) no later than July 1, 2002, and shall include in the report recommendations on the appropriateness of an annual or periodic update mechanism for renal dialysis services under the medicare program under title XVIII of the Social Security Act based on such index.

(c) INCLUSION OF ADDITIONAL SERVICES IN COMPOSITE RATE.—

(1) DEVELOPMENT.—The Secretary of Health and Human Services shall develop a system which includes, to the maximum extent feasible, in the composite rate used for payment under section 1881(b)(7) of the Social Security Act (42 U.S.C. 1395rr(b)(7)), payment for clinical diagnostic laboratory tests and drugs (including drugs paid under section 1881(b)(11)(B) of such Act (42 U.S.C. 1395rr(b)(11)(B)) that are routinely used in furnishing dialysis services to medicare beneficiaries but which are currently separately billable by renal dialysis facilities.

(2) REPORT.—The Secretary shall include, as part of the report submitted under subsection (b)(2), a report on the system developed under paragraph (1) and recommendations on the appropriateness of incorporating the system into medicare payment for renal dialysis services.

(d) GAO STUDY ON ACCESS TO SERVICES.—

(1) STUDY.—The Comptroller General of the United States shall study access of medicare beneficiaries to renal dialysis services. Such study shall include whether there is a sufficient supply of facilities to furnish needed renal dialysis services, whether medicare payment levels are appropriate, taking into account audited costs of facilities for all services furnished, to ensure continued access to such services, and improvements in access (and quality of care) that may result in the increased use of long nightly and short daily hemodialysis modalities.

(2) REPORT.—Not later than January 1, 2003, the Comptroller General shall submit to Congress a report on the study conducted under paragraph (1).

SEC. 423. PAYMENT FOR AMBULANCE SERVICES.

(a) RESTORATION OF FULL CPI INCREASE FOR 2001.—Section 1834(l)(3) (42 U.S.C. 1395m(l)(3)) is amended by striking ''reduced in the case of 2001 and 2002'' each place it appears and inserting ''reduced in the case of 2002''.

(b) MILEAGE PAYMENTS.—Section 1834(l)(2)(E) (42 U.S.C. 1395m(l)(2)(E)) is amended by inserting before the period at the end the following: '', except that, beginning on the date on which the Secretary implements such fee schedule, such phase-in shall provide for full payment of any national mileage rate for ambulance services provided by suppliers that are paid by carriers in any of the 50 States where payment by a carrier for such services for all such suppliers in such State did not, prior to the implementation of the fee schedule, include a separate amount for all mileage within the county from which the beneficiary is transported''.

(c) EFFECTIVE DATE.—The amendment made by subsection (a) applies to services furnished on or after the date on which the Secretary of Health and Human Services implements the fee schedule under section 1834(l) of the Social Security Act (42 U.S.C. 1395m(l)).

SEC. 424. AMBULATORY SURGICAL CENTERS.

(a) DELAY IN IMPLEMENTATION OF PROSPECTIVE PAYMENT SYSTEM.—The Secretary of Health and Human Services may not implement a revised prospective payment system for services of ambulatory surgical facilities under section 1833(i) of the Social Security Act (42 U.S.C. 1395l(i)) before January 1, 2002.

(b) EXTENDING PHASE-IN TO 4 YEARS.—Section 226 of the BBRA (113 Stat. 1501A–354) is amended by striking paragraphs (1) and (2) and inserting the following:

''(1) in the first year of its implementation, only a proportion (specified by the Secretary and not to exceed ¼) of the payment for such services shall be made in accordance with such system and the remainder shall be made in accordance with current regulations; and

''(2) in each of the following 2 years a proportion (specified by the Secretary and not to exceed ½, and ¾, respectively) of the payment for such services shall be made under such system and the remainder shall be made in accordance with current regulations.''.

(c) DEADLINE FOR USE OF 1999 OR LATER COST SURVEYS.—Section 226 of BBRA (113 Stat. 1501A–354) is amended by adding at the end the following:

''By not later than January 1, 2003, the Secretary shall incorporate data from a 1999 medicare cost survey or a subsequent cost survey for purposes of implementing or revising such system.''.

SEC. 425. FULL UPDATE FOR DURABLE MEDICAL EQUIPMENT.

(a) IN GENERAL.—Section 1834(a)(14) (42 U.S.C. 1395m(a)(14)) is amended—

(1) by redesignating subparagraph (D) as subparagraph (F);

(2) in subparagraph (C)—

(A) by striking ''through 2002'' and inserting ''through 2000''; and

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

(3) by inserting after subparagraph (C) the following new subparagraphs:

''(D) for 2001, the percentage increase in the Consumer Price Index for all urban consumers (U.S. city average) for the 12-month period ending with June 2000;

''(E) for 2002, 0 percentage points; and''.

(b) CONFORMING AMENDMENTS TO BBRA.—Subsection (a) of section 228 of BBRA (113 Stat. 1501A–356) is amended—

(1) in the matter preceding paragraph (1), by striking ''for such items'';

(2) in paragraph (1), by inserting ''oxygen and oxygen equipment for'' after ''(1)''; and

(3) in paragraph (2), by inserting ''all such covered items for'' after ''(2)''.

(c) EFFECTIVE DATE.—The amendments made by subsection (b) shall take effect as if included in the enactment of BBRA.

SEC. 426. FULL UPDATE FOR ORTHOTICS AND PROSTHETICS.

Section 1834(h)(4)(A) (42 U.S.C. 1395m(h)(4)(A)) is amended—

(1) by redesignating clause (vi) as clause (viii);

(2) in clause (v)—

(A) by striking ''through 2002'' and inserting ''through 2000''; and

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

(3) by inserting after clause (v) the following new clause:

''(vi) for 2001, the percentage increase in the consumer price index for all urban consumers (U.S. city average) for the 12-month period ending with June 2000;

''(vii) for 2002, 1 percent; and''.

SEC. 427. ESTABLISHMENT OF SPECIAL PAYMENT PROVISIONS AND REQUIREMENTS FOR PROSTHETICS AND CERTAIN CUSTOM FABRICATED ORTHOTIC ITEMS.

(a) IN GENERAL.—Section 1834(h)(1) (42 U.S.C. 1395m(h)(1)) is amended by adding at the end the following:

''(F) SPECIAL PAYMENT RULES FOR CERTAIN PROSTHETICS AND CUSTOM FABRICATED ORTHOTICS.—

''(i) IN GENERAL.—No payment shall be made under this subsection for an item of custom fabricated orthotics described in clause (ii) or for an item of prosthetics unless such item is—

''(I) furnished by a qualified practitioner; and

''(II) fabricated by a qualified practitioner or a qualified supplier at a facility that meets such criteria as the Secretary determines appropriate.

''(ii) DESCRIPTION OF CUSTOM FABRICATED ITEM.—

''(I) IN GENERAL.—An item described in this clause is an item of custom fabricated orthotics that requires education, training, and experience to custom fabricate and that is included in a list established by the Secretary in subclause (II). Such an item does not include shoes and shoe inserts.

''(II) LIST OF ITEMS.—The Secretary, in consultation with appropriate experts in orthotics (including national organizations representing manufacturers of orthotics), shall establish and update as appropriate a list of items to which this subparagraph applies. No item may be included in such list unless the item is individually fabricated for the patient over a positive model of the patient.

''(iii) QUALIFIED PRACTITIONER DEFINED.—In this subparagraph, the term 'qualified practitioner' means a physician or other individual who—

''(I) is a qualified physical therapist or a qualified occupational therapist;

''(II) in the case of a State that provides for the licensing of orthotics and prosthetics, is licensed in orthotics or prosthetics by the State in which the item is supplied; or

''(III) in the case of a State that does not provide for the licensing of orthotics and prosthetics, is specifically trained and educated to provide or manage the provision of prosthetics and custom-designed or fabricated orthotics, and is certified by the American Board for Certification in Orthotics and Prosthetics, Inc. or by the Board for Orthotist/Prosthetist Certification, or is credentialed and approved by a program that the Secretary determines, in consultation with appropriate experts in orthotics and prosthetics, has training and education standards that are necessary to provide such prosthetics and orthotics.

''(iv) QUALIFIED SUPPLIER DEFINED.—In this subparagraph, the term 'qualified supplier' means any entity that is accredited by the American Board for Certification in Orthotics and Prosthetics, Inc. or by the Board for Orthotist/Prosthetist Certification, or accredited and approved by a program that the Secretary determines has accreditation and approval standards that are essentially equivalent to those of such Board.''.

(b) EFFECTIVE DATE.—Not later than 1 year after the date of the enactment of this Act, the Secretary of Health and Human Services shall promulgate revised regulations to carry out the amendment made by subsection (a) using a negotiated rulemaking process under subchapter III of chapter 5 of title 5, United States Code.

(c) GAO STUDY AND REPORT.—

(1) STUDY.—The Comptroller General of the United States shall conduct a study on HCFA Ruling 96–1, issued on September 1, 1996, with respect to distinguishing orthotics from durable medical equipment under the medicare program under title XVIII of the Social Security Act. The study shall assess the following matters:

(A) The compliance of the Secretary of Health and Human Services with the Administrative Procedures Act (under chapter 5 of title 5, United States Code) in making such ruling.

(B) The potential impact of such ruling on the health care furnished to medicare beneficiaries under the medicare program, especially those beneficiaries with degenerative musculoskeletal conditions.

(C) The potential for fraud and abuse under the medicare program if payment were provided for orthotics used as a component of durable medical equipment only when made under the special payment provision for certain prosthetics and custom fabricated orthotics under section 1834(h)(1)(F) of the Social Security Act, as added by subsection (a) and furnished by qualified practitioners under that section.

(D) The impact on payments under titles XVIII and XIX of the Social Security Act if such ruling were overturned.

(2) REPORT.—Not later than 6 months after the date of the enactment of this Act, the Comptroller General shall submit to Congress a report on the study conducted under paragraph (1).

SEC. 428. REPLACEMENT OF PROSTHETIC DEVICES AND PARTS.

(a) IN GENERAL.—Section 1834(h)(1) (42 U.S.C. 1395m(h)(1)), as amended by section 427(a), is

further amended by adding at the end the following new subparagraph:

''(G) REPLACEMENT OF PROSTHETIC DEVICES AND PARTS.—

''(i) IN GENERAL.—Payment shall be made for the replacement of prosthetic devices which are artificial limbs, or for the replacement of any part of such devices, without regard to continuous use or useful lifetime restrictions if an ordering physician determines that the provision of a replacement device, or a replacement part of such a device, is necessary because of any of the following:

''(I) A change in the physiological condition of the patient.

''(II) An irreparable change in the condition of the device, or in a part of the device.

''(III) The condition of the device, or the part of the device, requires repairs and the cost of such repairs would be more than 60 percent of the cost of a replacement device, or, as the case may be, of the part being replaced.

''(ii) CONFIRMATION MAY BE REQUIRED IF REPLACEMENT DEVICE OR PART IS LESS THAN 3 YEARS OLD.—If a physician determines that a replacement device, or a replacement part, is necessary pursuant to clause (i)—

''(I) such determination shall be controlling; and

''(II) such replacement device or part shall be deemed to be reasonable and necessary for purposes of section 1862(a)(1)(A);

except that if the device, or part, being replaced is less than 3 years old (calculated from the date on which the beneficiary began to use the device or part), the Secretary may also require confirmation of necessity of the replacement device, or, as the case may be, the replacement part.''.

(b) PREEMPTION OF RULE.—The provisions of section 1834(h)(1)(G) as added by subsection (a) shall supersede any rule that as of the date of the enactment of this Act may have applied a 5-year replacement rule with regard to prosthetic devices.

(c) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to items replaced on or after April 1, 2001.

SEC. 429. REVISED PART B PAYMENT FOR DRUGS AND BIOLOGICALS AND RELATED SERVICES.

(a) RECOMMENDATIONS FOR REVISED PAYMENT METHODOLOGY FOR DRUGS AND BIOLOGICALS.—

(1) STUDY.—

(A) IN GENERAL.—The Comptroller General of the United States shall conduct a study on the reimbursement for drugs and biologicals under the current medicare payment methodology (provided under section 1842(o) of the Social Security Act (42 U.S.C. 1395u(o)) and for related services under part B of title XVIII of such Act. In the study, the Comptroller General shall—

(i) identify the average prices at which such drugs and biologicals are acquired by physicians and other suppliers;

(ii) quantify the difference between such average prices and the reimbursement amount under such section; and

(iii) determine the extent to which (if any) payment under such part is adequate to compensate physicians, providers of services, or other suppliers of such drugs and biologicals for costs incurred in the administration, handling, or storage of such drugs or biologicals.

(B) CONSULTATION.—In conducting the study under subparagraph (A), the Comptroller General shall consult with physicians, providers of services, and suppliers of drugs and biologicals under the medicare program under title XVIII of such Act, as well as other organizations involved in the distribution of such drugs and biologicals to such physicians, providers of services, and suppliers.

(2) REPORT.—Not later than 9 months after the date of the enactment of this Act, the Comptroller General shall submit to Congress and to the Secretary of Health and Human Services a report on the study conducted under this subsection, and shall include in such report recommendations for revised payment methodologies described in paragraph (3).

(3) RECOMMENDATIONS FOR REVISED PAYMENT METHODOLOGIES.—

(A) IN GENERAL.—The Comptroller General shall provide specific recommendations for revised payment methodologies for reimbursement for drugs and biologicals and for related services under the medicare program. The Comptroller General may include in the recommendations—

(i) proposals to make adjustments under subsection (c) of section 1848 of the Social Security Act (42 U.S.C. 1395w–4) for the practice expense component of the physician fee schedule under such section for the costs incurred in the administration, handling, or storage of certain categories of such drugs and biologicals, if appropriate; and

(ii) proposals for new payments to providers of services or suppliers for such costs, if appropriate.

(B) ENSURING PATIENT ACCESS TO CARE.—In making recommendations under this paragraph, the Comptroller General shall ensure that any proposed revised payment methodology is designed to ensure that medicare beneficiaries continue to have appropriate access to health care services under the medicare program.

(C) MATTERS CONSIDERED.—In making recommendations under this paragraph, the Comptroller General shall consider—

(i) the method and amount of reimbursement for similar drugs and biologicals made by large group health plans;

(ii) as a result of any revised payment methodology, the potential for patients to receive inpatient or outpatient hospital services in lieu of services in a physician's office; and

(iii) the effect of any revised payment methodology on the delivery of drug therapies by hospital outpatient departments.

(D) COORDINATION WITH BBRA STUDY.—In making recommendations under this paragraph, the Comptroller General shall conclude and take into account the results of the study provided for under section 213(a) of BBRA (113 Stat. 1501A–350).

(b) IMPLEMENTATION OF NEW PAYMENT METHODOLOGY.—

(1) IN GENERAL.—Notwithstanding any other provision of law, based on the recommendations contained in the report under subsection (a), the Secretary of Health and Human Services, subject to paragraph (2), shall revise the payment methodology under section 1842(o) of the Social Security Act (42 U.S.C. 1395u(o)) for drugs and biologicals furnished under part B of the medicare program. To the extent the Secretary determines appropriate, the Secretary may provide for the adjustments to payments amounts referred to in subsection (a)(3)(A)(i) or additional payments referred to in subsection (a)(2)(A)(ii).

(2) LIMITATION.—In revising the payment methodology under paragraph (1), in no case may the estimated aggregate payments for drugs and biologicals under the revised system (including additional payments referred to in subsection (a)(3)(A)(ii)) exceed the aggregate amount of payment for such drugs and biologicals, as projected by the Secretary, that would have been made under the payment methodology in effect under such section 1842(o).

(c) TEMPORARY INJUNCTION AGAINST REDUCTIONS IN PAYMENT RATES.—Notwithstanding any other provision of law, the Administrator of the Health Care Financing Administration may not directly or indirectly increase or decrease the rates of reimbursement (in effect on September 1, 2000) for drugs and biologicals under the current medicare payment methodology (provided under section 1842(o) of such Act (42 U.S.C. 1395u(o)) until such time as the Secretary has reviewed the report submitted under subsection (a)(2).

SEC. 430. CONTRAST ENHANCED DIAGNOSTIC PROCEDURES UNDER HOSPITAL PROSPECTIVE PAYMENT SYSTEM.

(a) SEPARATE CLASSIFICATION.—Section 1833(t)(2) (42 U.S.C. 1395l(t)(2)) is amended—

(1) by striking ''and'' at the end of subparagraph (E);

(2) by striking the period at the end of subparagraph (F) and inserting ''; and''; and

(3) by inserting after subparagraph (F) the following new subparagraph:

''(G) the Secretary shall create additional groups of covered OPD services that classify separately those procedures that utilize contrast media from those that do not.''.

(b) CONFORMING AMENDMENT.—Section 1861(t)(1) (42 U.S.C. 1395x(t)(1)) is amended by inserting ''(including contrast agents)'' after ''only such drugs''.

(c) EFFECTIVE DATE.—The amendments made by this section apply to items and services furnished on or after January 1, 2001.

SEC. 431. QUALIFICATIONS FOR COMMUNITY MENTAL HEALTH CENTERS.

(a) MEDICARE PROGRAM.—Section 1861(ff)(3)(B) (42 U.S.C. 1395x(ff)(3)(B)) is amended by striking ''entity'' and all that follows and inserting the following: ''entity that—

''(i)(I) provides the mental health services described in section 1913(c)(1) of the Public Health Service Act; or

''(II) in the case of an entity operating in a State that by law precludes the entity from providing itself the service described in subparagraph (E) of such section, provides for such service by contract with an approved organization or entity (as determined by the Secretary);

''(ii) meets applicable licensing or certification requirements for community mental health centers in the State in which it is located; and

''(iii) meets such additional conditions as the Secretary shall specify to ensure (I) the health and safety of individuals being furnished such services, (II) the effective and efficient furnishing of such services, and (III) the compliance of such entity with the criteria described in section 1931(c)(1) of the Public Health Service Act.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) applies with respect to community mental health centers with respect to services furnished on or after the first day of the third month beginning after the date of the enactment of this Act.

SEC. 432. MODIFICATION OF MEDICARE BILLING REQUIREMENTS FOR CERTAIN INDIAN PROVIDERS.

(a) IN GENERAL.—Section 1880(a) (42 U.S.C. 1395qq(a)) is amended by adding at the end the following new sentence: ''A hospital or a free-standing ambulatory care clinic (as defined by the Secretary), whether operated by the Indian Health Service or by an Indian tribe or tribal organization (as those terms are defined in section 4 of the Indian Health Care Improvement Act), shall be eligible for payments for services for which payment is made pursuant to section 1848, notwithstanding sections 1814(c) and 1835(d), if and for so long as it meets all of the requirements which are applicable generally to such payments, services, hospitals, and clinics.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to services furnished on or after January 1, 2001.

SEC. 433. GAO STUDY ON COVERAGE OF SURGICAL FIRST ASSISTING SERVICES OF CERTIFIED REGISTERED NURSE FIRST ASSISTANTS.

(a) STUDY.—The Comptroller General of the United States shall conduct a study on the effect on the medicare program under title XVIII

of the Social Security Act and on medicare beneficiaries of coverage under the program of surgical first assisting services of certified registered nurse first assistants. The Comptroller General shall consider the following when conducting the study:

(1) Any impact on the quality of care furnished to medicare beneficiaries by reason of such coverage.

(2) Appropriate education and training requirements for certified registered nurse first assistants who furnish such first assisting services.

(3) Appropriate rates of payment under the program to such certified registered nurse first assistants for furnishing such services, taking into account the costs of compensation, overhead, and supervision attributable to certified registered nurse first assistants.

(b) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Comptroller General shall submit to Congress a report on the study conducted under subsection (a).

SEC. 434. MEDPAC STUDY AND REPORT ON MEDICARE REIMBURSEMENT FOR SERVICES PROVIDED BY CERTAIN PROVIDERS.

(a) STUDY.—The Medicare Payment Advisory Commission shall conduct a study on the appropriateness of the current payment rates under the medicare program under title XVIII of the Social Security Act for services provided by a—

(1) certified nurse-midwife (as defined in subsection (gg)(2) of section 1861 of such Act (42 U.S.C. 1395x);

(2) physician assistant (as defined in subsection (aa)(5)(A) of such section);

(3) nurse practitioner (as defined in such subsection); and

(4) clinical nurse specialist (as defined in subsection (aa)(5)(B) of such section).

(b) REPORT.—Not later than 18 months after the date of the enactment of this Act, the Commission shall submit to Congress a report on the study conducted under subsection (a), together with any recommendations for legislation that the Commission determines to be appropriate as a result of such study.

SEC. 435. MEDPAC STUDY AND REPORT ON MEDICARE COVERAGE OF SERVICES PROVIDED BY CERTAIN NONPHYSICIAN PROVIDERS.

(a) STUDY.—

(1) IN GENERAL.—The Medicare Payment Advisory Commission shall conduct a study to determine the appropriateness of providing coverage under the medicare program under title XVIII of the Social Security Act for services provided by a—

(A) surgical technologist;

(B) marriage counselor;

(C) marriage and family therapist;

(D) pastoral care counselor; and

(E) licensed professional counselor of mental health.

(2) COSTS TO PROGRAM.—The study shall consider the short-term and long-term benefits, and costs to the medicare program, of providing the coverage described in paragraph (1).

(b) REPORT.—Not later than 18 months after the date of the enactment of this Act, the Commission shall submit to Congress a report on the study conducted under subsection (a), together with any recommendations for legislation that the Commission determines to be appropriate as a result of such study.

SEC. 436. GAO STUDY AND REPORT ON THE COSTS OF EMERGENCY AND MEDICAL TRANSPORTATION SERVICES.

(a) STUDY.—The Comptroller General of the United States shall conduct a study on the costs of providing emergency and medical transportation services across the range of acuity levels of conditions for which such transportation services are provided.

(b) REPORT.—Not later than 18 months after the date of the enactment of this Act, the Comptroller General shall submit to Congress a report on the study conducted under subsection (a), together with recommendations for any changes in methodology or payment level necessary to fairly compensate suppliers of emergency and medical transportation services and to ensure the access of beneficiaries under the medicare program under title XVIII of the Social Security Act.

SEC. 437. GAO STUDIES AND REPORTS ON MEDICARE PAYMENTS.

(a) GAO STUDY ON HCFA POST-PAYMENT AUDIT PROCESS.—

(1) STUDY.—The Comptroller General of the United States shall conduct a study on the post-payment audit process under the medicare program under title XVIII of the Social Security Act as such process applies to physicians, including the proper level of resources that the Health Care Financing Administration should devote to educating physicians regarding—

(A) coding and billing;

(B) documentation requirements; and

(C) the calculation of overpayments.

(2) REPORT.—Not later than 18 months after the date of the enactment of this Act, the Comptroller General shall submit to Congress a report on the study conducted under paragraph (1) together with specific recommendations for changes or improvements in the post-payment audit process described in such paragraph.

(b) GAO STUDY ON ADMINISTRATION AND OVERSIGHT.—

(1) STUDY.—The Comptroller General of the United States shall conduct a study on the aggregate effects of regulatory, audit, oversight, and paperwork burdens on physicians and other health care providers participating in the medicare program under title XVIII of the Social Security Act.

(2) REPORT.—Not later than 18 months after the date of the enactment of this Act, the Comptroller General shall submit to Congress a report on the study conducted under paragraph (1) together with recommendations regarding any area in which—

(A) a reduction in paperwork, an ease of administration, or an appropriate change in oversight and review may be accomplished; or

(B) additional payments or education are needed to assist physicians and other health care providers in understanding and complying with any legal or regulatory requirements.

SEC. 438. MEDPAC STUDY ON ACCESS TO OUTPATIENT PAIN MANAGEMENT SERVICES.

(a) STUDY.—The Medicare Payment Advisory Commission shall conduct a study on the barriers to coverage and payment for outpatient interventional pain medicine procedures under the medicare program under title XVIII of the Social Security Act. Such study shall examine—

(1) the specific barriers imposed under the medicare program on the provision of pain management procedures in hospital outpatient departments, ambulatory surgery centers, and physicians' offices; and

(2) the consistency of medicare payment policies for pain management procedures in those different settings.

(b) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Commission shall submit to Congress a report on the study.

TITLE V—PROVISIONS RELATING TO PARTS A AND B

Subtitle A—Home Health Services

SEC. 501. 1-YEAR ADDITIONAL DELAY IN APPLICATION OF 15 PERCENT REDUCTION ON PAYMENT LIMITS FOR HOME HEALTH SERVICES.

(a) IN GENERAL.—Section 1895(b)(3)(A)(i) (42 U.S.C. 1395fff(b)(3)(A)(i)) is amended—

(1) by redesignating subclause (II) as subclause (III);

(2) in subclause (III), as redesignated, by striking ''described in subclause (I)'' and inserting ''described in subclause (II)''; and

(3) by inserting after subclause (I) the following new subclause:

''(II) For the 12-month period beginning after the period described in subclause (I), such amount (or amounts) shall be equal to the amount (or amounts) determined under subclause (I), updated under subparagraph (B).''.

(b) CHANGE IN REPORT.—Section 302(c) of BBRA (113 Stat. 1501A–360) is amended—

(1) by striking ''Not later than'' and all that follows through ''(42 U.S.C. 1395fff)'' and inserting ''Not later than April 1, 2002''; and

(2) by striking ''Secretary'' and inserting ''Comptroller General of the United States''.

(c) CASE MIX ADJUSTMENT CORRECTIONS.—

(1) IN GENERAL.—Section 1895(b)(3)(B) (42 U.S.C. 1395fff(b)(3)(B)) is amended by adding at the end the following new clause:

''(iv) ADJUSTMENT FOR CASE MIX CHANGES.—Insofar as the Secretary determines that the adjustments under paragraph (4)(A)(i) for a previous fiscal year (or estimates that such adjustments for a future fiscal year) did (or are likely to) result in a change in aggregate payments under this subsection during the fiscal year that are a result of changes in the coding or classification of different units of services that do not reflect real changes in case mix, the Secretary may adjust the standard prospective payment amount (or amounts) under paragraph (3) for subsequent fiscal years so as to eliminate the effect of such coding or classification changes.''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) applies to episodes concluding on or after October 1, 2001.

SEC. 502. RESTORATION OF FULL HOME HEALTH MARKET BASKET UPDATE FOR HOME HEALTH SERVICES FOR FISCAL YEAR 2001.

(a) IN GENERAL.—Section 1861(v)(1)(L)(x) (42 U.S.C. 1395x(v)(1)(L)(x)) is amended—

(1) by striking ''2001,''; and

(2) by adding at the end the following: ''With respect to cost reporting periods beginning during fiscal year 2001, the update to any limit under this subparagraph shall be the home health market basket index.''.

(b) SPECIAL RULE FOR PAYMENT FOR FISCAL YEAR 2001 BASED ON ADJUSTED PROSPECTIVE PAYMENT AMOUNTS.—

(1) IN GENERAL.—Notwithstanding the amendments made by subsection (a), for purposes of making payments under section 1895(b) of the Social Security Act (42 U.S.C. 1395fff(b)) for home health services for fiscal year 2001, the Secretary of Health and Human Services shall—

(A) with respect to episodes and visits ending on or after October 1, 2000, and before April 1, 2001, use the final standardized and budget neutral prospective payment amounts for 60 day episodes and standardized average per visit amounts for fiscal year 2001 as published by the Secretary in Federal Register of the July 3, 2000 (65 Federal Register 41128–41214); and

(B) with respect to episodes and visits ending on or after April 1, 2001, and before October 1, 2001, use such amounts increased by 2.2 percent.

(2) NO EFFECT ON OTHER PAYMENTS OR DETERMINATIONS.—The Secretary shall not take the provisions of paragraph (1) into account for purposes of payments, determinations, or budget neutrality adjustments under section 1895 of the Social Security Act.

SEC. 503. TEMPORARY TWO-MONTH EXTENSION OF PERIODIC INTERIM PAYMENTS.

(a) TEMPORARY EXTENSION.—Notwithstanding subsection (d) of section 4603 of BBA (42 U.S.C. 1395fff note), as amended by section 5101(c)(2) of the Tax and Trade Relief Extension Act of 1998

(contained in division J of Public Law 105–277)), the amendments made by subsection (b) of such section 4603 shall not take effect until December 1, 2000, in the case of a home health agency that was receiving periodic interim payments under section 1815(e)(2) as of September 30, 2000.

(b) PAYMENT RULE.—The amount of such periodic interim payment made to a home health agency by reason of subsection (a) during each of November and December, 2000, shall be equal to the amount of such payment made to the agency in their last full monthly periodic interim payment. Such amount of payment shall be included in the tentative settlement of the last cost report for the home health agency under the payment system in effect prior to the implementation of the prospective payment system under section 1895(b) of the Social Security Act (42 U.S.C. 1395fff(b)).

SEC. 504. USE OF TELEHEALTH IN DELIVERY OF HOME HEALTH SERVICES.

Section 1895 (42 U.S.C. 1395fff) is amended by adding at the end the following new subsection:

''(e) CONSTRUCTION RELATED TO HOME HEALTH SERVICES.—

''(1) TELECOMMUNICATIONS.—Nothing in this section shall be construed as preventing a home health agency furnishing a home health unit of service for which payment is made under the prospective payment system established by this section for such units of service from furnishing services via a telecommunication system if such services—

''(A) do not substitute for in-person home health services ordered as part of a plan of care certified by a physician pursuant to section 1814(a)(2)(C) or section 1835(a)(2)(A); and

''(B) are not considered a home health visit for purposes of eligibility or payment under this title.

''(2) PHYSICIAN CERTIFICATION.—Nothing in this section shall be construed as waiving the requirement for a physician certification under section 1814(a)(2)(C) or section 1835(a)(2)(A) of such Act (42 U.S.C. 1395f(a)(2)(C), 1395n(a)(2)(A)) for the payment for home health services, whether or not furnished via a telecommunications system.''.

SEC. 505. STUDY ON COSTS TO HOME HEALTH AGENCIES OF PURCHASING NONROUTINE MEDICAL SUPPLIES.

(a) STUDY.—The Comptroller General of the United States shall conduct a study on variations in prices paid by home health agencies furnishing home health services under the medicare program under title XVIII of the Social Security Act in purchasing nonroutine medical supplies, including ostomy supplies, and volumes if such supplies used, shall determine the effect (if any) of variations on prices and volumes in the provision of such services.

(b) REPORT.—Not later than October 1, 2001, the Comptroller General shall submit to Congress a report on the study conducted under subsection (a), and shall include in the report recommendations respecting whether payment for nonroutine medical supplies furnished in connection with home health services should be made separately from the prospective payment system for such services.

SEC. 506. TREATMENT OF BRANCH OFFICES; GAO STUDY ON SUPERVISION OF HOME HEALTH CARE PROVIDED IN ISOLATED RURAL AREAS.

(a) TREATMENT OF BRANCH OFFICES.—

(1) IN GENERAL.—Notwithstanding any other provision of law, in determining for purposes of title XVIII of the Social Security Act whether an office of a home health agency constitutes a branch office or a separate home health agency, neither the time nor distance between a parent office of the home health agency and a branch office shall be the sole determinant of a home health agency's branch office status.

(2) CONSIDERATION OF FORMS OF TECHNOLOGY IN DEFINITION OF SUPERVISION.—The Secretary of Health and Human Services may include forms of technology in determining what constitutes ''supervision'' for purposes of determining a home heath agency's branch office status under paragraph (1).

(b) GAO STUDY.—

(1) STUDY.—The Comptroller General of the United States shall conduct a study of the provision of adequate supervision to maintain quality of home health services delivered under the medicare program under title XVIII of the Social Security Act in isolated rural areas. The study shall evaluate the methods that home health agency branches and subunits use to maintain adequate supervision in the delivery of services to clients residing in those areas, how these methods of supervision compare to requirements that subunits independently meet medicare conditions of participation, and the resources utilized by subunits to meet such conditions.

(2) REPORT.—Not later than January 1, 2002, the Comptroller General shall submit to Congress a report on the study conducted under paragraph (1). The report shall include recommendations on whether exceptions are needed for subunits and branches of home health agencies under the medicare program to maintain access to the home health benefit or whether alternative policies should be developed to assure adequate supervision and access and recommendations on whether a national standard for supervision is appropriate.

SEC. 507. CLARIFICATION OF THE HOMEBOUND DEFINITION UNDER THE MEDICARE HOME HEALTH BENEFIT.

(a) CLARIFICATION.—

(1) IN GENERAL.—Sections 1814(a) and 1835(a) (42 U.S.C. 1395f(a) and 1395n(a)) are each amended—

(A) in the last sentence, by striking '', and that absences of the individual from home are infrequent or of relatively short duration, or are attributable to the need to receive medical treatment''; and

(B) by adding at the end the following new sentences: ''Any absence of an individual from the home attributable to the need to receive health care treatment, including regular absences for the purpose of participating in therapeutic, psychosocial, or medical treatment in an adult day-care program that is licensed or certified by a State, or accredited, to furnish adult day-care services in the State shall not disqualify an individual from being considered to be 'confined to his home'. Any other absence of an individual from the home shall not so disqualify an individual if the absence is of infrequent or of relatively short duration. For purposes of the preceding sentence, any absence for the purpose of attending a religious service shall be deemed to be an absence of infrequent or short duration.''.

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall apply to items and services provided on or after the date of enactment of this Act.

(b) STUDY.—

(1) IN GENERAL.—The Comptroller General of the United States shall conduct an evaluation of the effect of the amendment on the cost of and access to home health services under the medicare program under title XVIII of the Social Security Act.

(2) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Comptroller General shall submit to Congress a report on the study conducted under paragraph (1).

Subtitle B—Direct Graduate Medical Education

SEC. 511. INCREASE IN FLOOR FOR DIRECT GRADUATE MEDICAL EDUCATION PAYMENTS.

Section 1886(h)(2)(D)(iii) (42 U.S.C. 1395ww(h)(2)(D)(iii)) is amended—

(1) in the heading, by striking ''IN FISCAL YEAR 2001 AT 70 PERCENT OF'' and inserting ''FOR''; and

(2) by inserting after ''70 percent'' the following: '', and for the cost reporting period beginning during fiscal year 2002 shall not be less than 85 percent,''.

SEC. 512. CHANGE IN DISTRIBUTION FORMULA FOR MEDICARE+CHOICE-RELATED NURSING AND ALLIED HEALTH EDUCATION COSTS.

(a) IN GENERAL.—Section 1886(l)(2)(C) (42 U.S.C. 1395ww(l)(2)(C)) is amended by striking all that follows ''multiplied by'' and inserting the following: ''the ratio of—

''(i) the product of (I) the Secretary's estimate of the ratio of the amount of payments made under section 1861(v) to the hospital for nursing and allied health education activities for the hospital's cost reporting period ending in the second preceding fiscal year, to the hospital's total inpatient days for such period, and (II) the total number of inpatient days (as established by the Secretary) for such period which are attributable to services furnished to individuals who are enrolled under a risk sharing contract with an eligible organization under section 1876 and who are entitled to benefits under part A or who are enrolled with a Medicare+Choice organization under part C; to

''(ii) the sum of the products determined under clause (i) for such cost reporting periods.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) applies to portions of cost reporting periods occurring on or after January 1, 2001.

Subtitle C—Changes in Medicare Coverage and Appeals Process

SEC. 521. REVISIONS TO MEDICARE APPEALS PROCESS.

(a) CONDUCT OF RECONSIDERATIONS OF DETERMINATIONS BY INDEPENDENT CONTRACTORS.—Section 1869 (42 U.S.C. 1395ff) is amended to read as follows:

''DETERMINATIONS; APPEALS

''SEC. 1869. (a) INITIAL DETERMINATIONS.—

''(1) PROMULGATIONS OF REGULATIONS.—The Secretary shall promulgate regulations and make initial determinations with respect to benefits under part A or part B in accordance with those regulations for the following:

''(A) The initial determination of whether an individual is entitled to benefits under such parts.

''(B) The initial determination of the amount of benefits available to the individual under such parts.

''(C) Any other initial determination with respect to a claim for benefits under such parts, including an initial determination by the Secretary that payment may not be made, or may no longer be made, for an item or service under such parts, an initial determination made by a utilization and quality control peer review organization under section 1154(a)(2), and an initial determination made by an entity pursuant to a contract (other than a contract under section 1852) with the Secretary to administer provisions of this title or title XI.

''(2) DEADLINES FOR MAKING INITIAL DETERMINATIONS.—

''(A) IN GENERAL.—Subject to subparagraph (B), in promulgating regulations under paragraph (1), initial determinations shall be concluded by not later than the 45-day period beginning on the date the fiscal intermediary or

the carrier, as the case may be, receives a claim for benefits from an individual as described in paragraph (1). Notice of such determination shall be mailed to the individual filing the claim before the conclusion of such 45-day period.

''(B) CLEAN CLAIMS.—Subparagraph (A) shall not apply with respect to any claim that is subject to the requirements of section 1816(c)(2) or section 1842(c)(2).

''(3) REDETERMINATIONS.—

''(A) IN GENERAL.—In promulgating regulations under paragraph (1) with respect to initial determinations, such regulations shall provide for a fiscal intermediary or a carrier to make a redetermination with respect to a claim for benefits that is denied in whole or in part.

''(B) LIMITATIONS.—

''(i) APPEALS RIGHTS.—No initial determination may be reconsidered or appealed under subsection (b) unless the fiscal intermediary or carrier has made a redetermination of that initial determination under this paragraph.

''(ii) DECISION MAKER.—No redetermination may be made by any individual involved in the initial determination.

''(C) DEADLINES.—

''(i) FILING FOR REDETERMINATION.—A redetermination under subparagraph (A) shall be available only if notice is filed with the Secretary to request the redetermination by not later than the end of the 120-day period beginning on the date the individual receives notice of the initial determination under paragraph (2).

''(ii) CONCLUDING REDETERMINATIONS.—Redeterminations shall be concluded by not later than the 30-day period beginning on the date the fiscal intermediary or the carrier, as the case may be, receives a request for a redetermination. Notice of such determination shall be mailed to the individual filing the claim before the conclusion of such 30-day period.

''(D) CONSTRUCTION.—For purposes of the succeeding provisions of this section a redetermination under this paragraph shall be considered to be part of the initial determination.

''(b) APPEAL RIGHTS.—

''(1) IN GENERAL.—

''(A) RECONSIDERATION OF INITIAL DETERMINATION.—Subject to subparagraph (D), any individual dissatisfied with any initial determination under subsection (a)(1) shall be entitled to reconsideration of the determination, and, subject to subparagraphs (D) and (E), a hearing thereon by the Secretary to the same extent as is provided in section 205(b) and to judicial review of the Secretary's final decision after such hearing as is provided in section 205(g). For purposes of the preceding sentence, any reference to the 'Commissioner of Social Security' or the 'Social Security Administration' in subsection (g) or (l) of section 205 shall be considered a reference to the 'Secretary' or the 'Department of Health and Human Services', respectively.

''(B) REPRESENTATION BY PROVIDER OR SUPPLIER.—

''(i) IN GENERAL.—Sections 206(a), 1102, and 1871 shall not be construed as authorizing the Secretary to prohibit an individual from being represented under this section by a person that furnishes or supplies the individual, directly or indirectly, with services or items, solely on the basis that the person furnishes or supplies the individual with such a service or item.

''(ii) MANDATORY WAIVER OF RIGHT TO PAYMENT FROM BENEFICIARY.—Any person that furnishes services or items to an individual may not represent an individual under this section with respect to the issue described in section 1879(a)(2) unless the person has waived any rights for payment from the beneficiary with respect to the services or items involved in the appeal.

''(iii) PROHIBITION ON PAYMENT FOR REPRESENTATION.—If a person furnishes services or items to an individual and represents the individual under this section, the person may not impose any financial liability on such individual in connection with such representation.

''(iv) REQUIREMENTS FOR REPRESENTATIVES OF A BENEFICIARY.—The provisions of section 205(j) and section 206 (other than subsection (a)(4) of such section) regarding representation of claimants shall apply to representation of an individual with respect to appeals under this section in the same manner as they apply to representation of an individual under those sections.

''(C) SUCCESSION OF RIGHTS IN CASES OF ASSIGNMENT.—The right of an individual to an appeal under this section with respect to an item or service may be assigned to the provider of services or supplier of the item or service upon the written consent of such individual using a standard form established by the Secretary for such an assignment.

''(D) TIME LIMITS FOR FILING APPEALS.—

''(i) RECONSIDERATIONS.—Reconsideration under subparagraph (A) shall be available only if the individual described in subparagraph (A) files notice with the Secretary to request reconsideration by not later than the end of the 180-day period beginning on the date the individual receives notice of the redetermination under subsection (a)(3), or within such additional time as the Secretary may allow.

''(ii) HEARINGS CONDUCTED BY THE SECRETARY.—The Secretary shall establish in regulations time limits for the filing of a request for a hearing by the Secretary in accordance with provisions in sections 205 and 206.

''(E) AMOUNTS IN CONTROVERSY.—

''(i) IN GENERAL.—A hearing (by the Secretary) shall not be available to an individual under this section if the amount in controversy is less than $100, and judicial review shall not be available to the individual if the amount in controversy is less than $1,000.

''(ii) AGGREGATION OF CLAIMS.—In determining the amount in controversy, the Secretary, under regulations, shall allow two or more appeals to be aggregated if the appeals involve—

''(I) the delivery of similar or related services to the same individual by one or more providers of services or suppliers, or

''(II) common issues of law and fact arising from services furnished to two or more individuals by one or more providers of services or suppliers.

''(F) EXPEDITED PROCEEDINGS.—

''(i) EXPEDITED DETERMINATION.—In the case of an individual who has received notice by a provider of services that the provider of services plans—

''(I) to terminate services provided to an individual and a physician certifies that failure to continue the provision of such services is likely to place the individual's health at significant risk, or

''(II) to discharge the individual from the provider of services,

the individual may request, in writing or orally, an expedited determination or an expedited reconsideration of an initial determination made under subsection (a)(1), as the case may be, and the Secretary shall provide such expedited determination or expedited reconsideration.

''(ii) EXPEDITED HEARING.—In a hearing by the Secretary under this section, in which the moving party alleges that no material issues of fact are in dispute, the Secretary shall make an expedited determination as to whether any such facts are in dispute and, if not, shall render a decision expeditiously.

''(G) REOPENING AND REVISION OF DETERMINATIONS.—The Secretary may reopen or revise any initial determination or reconsidered determination described in this subsection under guidelines established by the Secretary in regulations.

''(c) CONDUCT OF RECONSIDERATIONS BY INDEPENDENT CONTRACTORS.—

''(1) IN GENERAL.—The Secretary shall enter into contracts with qualified independent contractors to conduct reconsiderations of initial determinations made under subparagraphs (B) and (C) of subsection (a)(1). Contracts shall be for an initial term of three years and shall be renewable on a triennial basis thereafter.

''(2) QUALIFIED INDEPENDENT CONTRACTOR.—For purposes of this subsection, the term 'qualified independent contractor' means an entity or organization that is independent of any organization under contract with the Secretary that makes initial determinations under subsection (a)(1), and that meets the requirements established by the Secretary consistent with paragraph (3).

''(3) REQUIREMENTS.—Any qualified independent contractor entering into a contract with the Secretary under this subsection shall meet the all of the following requirements:

''(A) IN GENERAL.—The qualified independent contractor shall perform such duties and functions and assume such responsibilities as may be required by the Secretary to carry out the provisions of this subsection, and shall have sufficient training and expertise in medical science and legal matters to make reconsiderations under this subsection.

''(B) RECONSIDERATIONS.—

''(i) IN GENERAL.—The qualified independent contractor shall review initial determinations. In the case an initial determination made with respect to whether an item or service is reasonable and necessary for the diagnosis or treatment of illness or injury (under section 1862(a)(1)(A)), such review shall include consideration of the facts and circumstances of the initial determination by a panel of physicians or other appropriate health care professionals and any decisions with respect to the reconsideration shall be based on applicable information, including clinical experience and medical, technical, and scientific evidence.

''(ii) EFFECT OF NATIONAL AND LOCAL COVERAGE DETERMINATIONS.—

''(I) NATIONAL COVERAGE DETERMINATIONS.—If the Secretary has made a national coverage determination pursuant to the requirements established under the third sentence of section 1862(a), such determination shall be binding on the qualified independent contractor in making a decision with respect to a reconsideration under this section.

''(II) LOCAL COVERAGE DETERMINATIONS.—If the Secretary has made a local coverage determination, such determination shall not be binding on the qualified independent contractor in making a decision with respect to a reconsideration under this section. Notwithstanding the previous sentence, the qualified independent contractor shall consider the local coverage determination in making such decision.

''(III) ABSENCE OF NATIONAL OR LOCAL COVERAGE DETERMINATION.—In the absence of such a national coverage determination or local coverage determination, the qualified independent contractor shall make a decision with respect to the reconsideration based on applicable information, including clinical experience and medical, technical, and scientific evidence.

''(C) DEADLINES FOR DECISIONS.—

''(i) RECONSIDERATIONS.—Except as provided in clauses (iii) and (iv), the qualified independent contractor shall conduct and conclude a reconsideration under subparagraph (B), and mail the notice of the decision with respect to the reconsideration by not later than the end of the 30-day period beginning on the date a request for reconsideration has been timely filed.

''(ii) CONSEQUENCES OF FAILURE TO MEET DEADLINE.—In the case of a failure by the qualified independent contractor to mail the notice of

the decision by the end of the period described in clause (i) or to provide notice by the end of the period described in clause (iii), as the case may be, the party requesting the reconsideration or appeal may request a hearing before the Secretary, notwithstanding any requirements for a reconsidered determination for purposes of the party's right to such hearing.

''(iii) EXPEDITED RECONSIDERATIONS.—The qualified independent contractor shall perform an expedited reconsideration under subsection (b)(1)(F) as follows:

''(I) DEADLINE FOR DECISION.—Notwithstanding section 216(j) and subject to clause (iv), not later than the end of the 72-hour period beginning on the date the qualified independent contractor has received a request for such reconsideration and has received such medical or other records needed for such reconsideration, the qualified independent contractor shall provide notice (by telephone and in writing) to the individual and the provider of services and attending physician of the individual of the results of the reconsideration. Such reconsideration shall be conducted regardless of whether the provider of services or supplier will charge the individual for continued services or whether the individual will be liable for payment for such continued services.

''(II) CONSULTATION WITH BENEFICIARY.—In such reconsideration, the qualified independent contractor shall solicit the views of the individual involved.

''(III) SPECIAL RULE FOR HOSPITAL DISCHARGES.—A reconsideration of a discharge from a hospital shall be conducted under this clause in accordance with the provisions of paragraphs (2), (3), and (4) of section 1154(e) as in effect on the date that precedes the date of the enactment of this subparagraph.

''(iv) EXTENSION.—An individual requesting a reconsideration under this subparagraph may be granted such additional time as the individual specifies (not to exceed 14 days) for the qualified independent contractor to conclude the reconsideration. The individual may request such additional time in orally or in writing.

''(D) LIMITATION ON INDIVIDUAL REVIEWING DETERMINATIONS.—

''(i) PHYSICIANS AND HEALTH CARE PROFESSIONAL.—No physician or health care professional under the employ of a qualified independent contractor may review—

''(I) determinations regarding health care services furnished to a patient if the physician or health care professional was directly responsible for furnishing such services; or

''(II) determinations regarding health care services provided in or by an institution, organization, or agency, if the physician or any member of the family of the physician or health care professional has, directly or indirectly, a significant financial interest in such institution, organization, or agency.

''(ii) FAMILY DESCRIBED.—For purposes of this paragraph, the family of a physician or health care professional includes the spouse (other than a spouse who is legally separated from the physician or health care professional under a decree of divorce or separate maintenance), children (including stepchildren and legally adopted children), grandchildren, parents, and grandparents of the physician or health care professional.

''(E) EXPLANATION OF DECISION.—Any decision with respect to a reconsideration of a qualified independent contractor shall be in writing, and shall include a detailed explanation of the decision as well as a discussion of the pertinent facts and applicable regulations applied in making such decision, and in the case of a determination of whether an item or service is reasonable and necessary for the diagnosis or treatment of illness or injury (under section 1862(a)(1)(A)) an explanation of the medical and scientific rational for the decision.

''(F) NOTICE REQUIREMENTS.—Whenever a qualified independent contractor makes a decision with respect to a reconsideration under this subsection, the qualified independent contractor shall promptly notify the entity responsible for the payment of claims under part A or part B of such decision.

''(G) DISSEMINATION OF DECISIONS ON RECONSIDERATIONS.—Each qualified independent contractor shall make available all decisions with respect to reconsiderations of such qualified independent contractors to fiscal intermediaries (under section 1816), carriers (under section 1842), peer review organizations (under part B of title XI), Medicare+Choice organizations offering Medicare+Choice plans under part C, other entities under contract with the Secretary to make initial determinations under part A or part B or title XI, and to the public. The Secretary shall establish a methodology under which qualified independent contractors shall carry out this subparagraph.

''(H) ENSURING CONSISTENCY IN DECISIONS.—Each qualified independent contractor shall monitor its decisions with respect to reconsiderations to ensure the consistency of such decisions with respect to requests for reconsideration of similar or related matters.

''(I) DATA COLLECTION.—

''(i) IN GENERAL.—Consistent with the requirements of clause (ii), a qualified independent contractor shall collect such information relevant to its functions, and keep and maintain such records in such form and manner as the Secretary may require to carry out the purposes of this section and shall permit access to and use of any such information and records as the Secretary may require for such purposes.

''(ii) TYPE OF DATA COLLECTED.—Each qualified independent contractor shall keep accurate records of each decision made, consistent with standards established by the Secretary for such purpose. Such records shall be maintained in an electronic database in a manner that provides for identification of the following:

''(I) Specific claims that give rise to appeals.

''(II) Situations suggesting the need for increased education for providers of services, physicians, or suppliers.

''(III) Situations suggesting the need for changes in national or local coverage policy.

''(IV) Situations suggesting the need for changes in local medical review policies.

''(iii) ANNUAL REPORTING.—Each qualified independent contractor shall submit annually to the Secretary (or otherwise as the Secretary may request) records maintained under this paragraph for the previous year.

''(J) HEARINGS BY THE SECRETARY.—The qualified independent contractor shall (i) prepare such information as is required for an appeal of a decision of the contractor with respect to a reconsideration to the Secretary for a hearing, including as necessary, explanations of issues involved in the decision and relevant policies, and (ii) participate in such hearings as required by the Secretary.

''(4) NUMBER OF QUALIFIED INDEPENDENT CONTRACTORS.—The Secretary shall enter into contracts with not fewer than 12 qualified independent contractors under this subsection.

''(5) LIMITATION ON QUALIFIED INDEPENDENT CONTRACTOR LIABILITY.—No qualified independent contractor having a contract with the Secretary under this subsection and no person who is employed by, or who has a fiduciary relationship with, any such qualified independent contractor or who furnishes professional services to such qualified independent contractor, shall be held by reason of the performance of any duty, function, or activity required or authorized pursuant to this subsection or to a valid contract entered into under this subsection, to have violated any criminal law, or to be civilly liable under any law of the United States or of any State (or political subdivision thereof) provided due care was exercised in the performance of such duty, function, or activity.

''(d) DEADLINES FOR HEARINGS BY THE SECRETARY.—

''(1) HEARING BY ADMINISTRATIVE LAW JUDGE.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), an administrative law judge shall conduct and conclude a hearing on a decision of a qualified independent contractor under subsection (c) and render a decision on such hearing by not later than the end of the 90-day period beginning on the date a request for hearing has been timely filed.

''(B) WAIVER OF DEADLINE BY PARTY SEEKING HEARING.—The 90-day period under subparagraph (A) shall not apply in the case of a motion or stipulation by the party requesting the hearing to waive such period.

''(2) DEPARTMENTAL APPEALS BOARD REVIEW.—

''(A) IN GENERAL.—The Departmental Appeals Board of the Department of Health and Human Services shall conduct and conclude a review of the decision on a hearing described in paragraph (1) and make a decision or remand the case to the administrative law judge for reconsideration by not later than the end of the 90-day period beginning on the date a request for review has been timely filed.

''(B) DAB HEARING PROCEDURE.—In reviewing a decision on a hearing under this paragraph, the Departmental Appeals Board shall review the case de novo.

''(3) CONSEQUENCES OF FAILURE TO MEET DEADLINES.—

''(A) HEARING BY ADMINISTRATIVE LAW JUDGE.—In the case of a failure by an administrative law judge to render a decision by the end of the period described in paragraph (1), the party requesting the hearing may request a review by the Departmental Appeals Board of the Department of Health and Human Services, notwithstanding any requirements for a hearing for purposes of the party's right to such a review.

''(B) DEPARTMENTAL APPEALS BOARD REVIEW.—In the case of a failure by the Departmental Appeals Board to render a decision by the end of the period described in paragraph (2), the party requesting the hearing may seek judicial review, notwithstanding any requirements for a hearing for purposes of the party's right to such judicial review.

''(e) ADMINISTRATIVE PROVISIONS.—

''(1) LIMITATION ON REVIEW OF CERTAIN REGULATIONS.—A regulation or instruction that relates to a method for determining the amount of payment under part B and that was initially issued before January 1, 1981, shall not be subject to judicial review.

''(2) OUTREACH.—The Secretary shall perform such outreach activities as are necessary to inform individuals entitled to benefits under this title and providers of services and suppliers with respect to their rights of, and the process for, appeals made under this section. The Secretary shall use the toll-free telephone number maintained by the Secretary under section 1804(b) to provide information regarding appeal rights and respond to inquiries regarding the status of appeals.

''(3) CONTINUING EDUCATION REQUIREMENT FOR QUALIFIED INDEPENDENT CONTRACTORS AND ADMINISTRATIVE LAW JUDGES.—The Secretary shall provide to each qualified independent contractor, and, in consultation with the Commissioner of Social Security, to administrative law judges that decide appeals of reconsiderations of initial determinations or other decisions or determinations under this section, such continuing

education with respect to coverage of items and services under this title or policies of the Secretary with respect to part B of title XI as is necessary for such qualified independent contractors and administrative law judges to make informed decisions with respect to appeals.

''(4) REPORTS.—

''(A) ANNUAL REPORT TO CONGRESS.—The Secretary shall submit to Congress an annual report describing the number of appeals for the previous year, identifying issues that require administrative or legislative actions, and including any recommendations of the Secretary with respect to such actions. The Secretary shall include in such report an analysis of determinations by qualified independent contractors with respect to inconsistent decisions and an analysis of the causes of any such inconsistencies.

''(B) SURVEY.—Not less frequently than every 5 years, the Secretary shall conduct a survey of a valid sample of individuals entitled to benefits under this title who have filed appeals of determinations under this section, providers of services, and suppliers to determine the satisfaction of such individuals or entities with the process for appeals of determinations provided for under this section and education and training provided by the Secretary with respect to that process. The Secretary shall submit to Congress a report describing the results of the survey, and shall include any recommendations for administrative or legislative actions that the Secretary determines appropriate.''.

(b) APPLICABILITY OF REQUIREMENTS AND LIMITATIONS ON LIABILITY OF QUALIFIED INDEPENDENT CONTRACTORS TO MEDICARE+CHOICE INDEPENDENT APPEALS CONTRACTORS.—Section 1852(g)(4) (42 U.S.C. 1395w–22(g)(4)) is amended by adding at the end the following: ''The provisions of section 1869(c)(5) shall apply to independent outside entities under contract with the Secretary under this paragraph.''.

(c) CONFORMING AMENDMENT.—Section 1154(e) (42 U.S.C. 1320c–3(e)) is amended by striking paragraphs (2), (3), and (4).

(d) EFFECTIVE DATE.—The amendments made by this section apply with respect to initial determinations made on or after October 1, 2002.

SEC. 522. REVISIONS TO MEDICARE COVERAGE PROCESS.

(a) REVIEW OF DETERMINATIONS.—Section 1869 (42 U.S.C. 1395ff), as amended by section 521, is further amended by adding at the end the following new subsection:

''(f) REVIEW OF COVERAGE DETERMINATIONS.—

''(1) NATIONAL COVERAGE DETERMINATIONS.—

''(A) IN GENERAL.—Review of any national coverage determination shall be subject to the following limitations:

''(i) Such a determination shall not be reviewed by any administrative law judge.

''(ii) Such a determination shall not be held unlawful or set aside on the ground that a requirement of section 553 of title 5, United States Code, or section 1871(b) of this title, relating to publication in the Federal Register or opportunity for public comment, was not satisfied.

''(iii) Upon the filing of a complaint by an aggrieved party, such a determination shall be reviewed by the Departmental Appeals Board of the Department of Health and Human Services. In conducting such a review, the Departmental Appeals Board shall review the record and shall permit discovery and the taking of evidence to evaluate the reasonableness of the determination, if the Board determines that the record is incomplete or lacks adequate information to support the validity of the determination. In reviewing such a determination, the Departmental Appeals Board shall defer only to the reasonable findings of fact, reasonable interpretations of law, and reasonable applications of fact to law by the Secretary.

''(iv) A decision of the Departmental Appeals Board constitutes a final agency action and is subject to judicial review.

''(B) DEFINITION OF NATIONAL COVERAGE DETERMINATION.—For purposes of this section, the term 'national coverage determination' means a determination by the Secretary with respect to whether or not a particular item or service is covered nationally under this title, but does not include a determination of what code, if any, is assigned to a particular item or service covered under this title or a determination with respect to the amount of payment made for a particular item or service so covered.

''(2) LOCAL COVERAGE DETERMINATION.—

''(A) IN GENERAL.—Review of any local coverage determination shall be subject to the following limitations:

''(i) Upon the filing of a complaint by an aggrieved party, such a determination shall be reviewed by an administrative law judge of the Social Security Administration. The administrative law judge shall review the record and shall permit discovery and the taking of evidence to evaluate the reasonableness of the determination, if the administrative law judge determines that the record is incomplete or lacks adequate information to support the validity of the determination. In reviewing such a determination, the administrative law judge shall defer only to the reasonable findings of fact, reasonable interpretations of law, and reasonable applications of fact to law by the Secretary.

''(ii) Upon the filing of a complaint by an aggrieved party, a decision of an administrative law judge under clause (i) shall be reviewed by the Departmental Appeals Board of the Department of Health and Human Services.

''(iii) A decision of the Departmental Appeals Board constitutes a final agency action and is subject to judicial review.

''(B) DEFINITION OF LOCAL COVERAGE DETERMINATION.—For purposes of this section, the term 'local coverage determination' means a determination by a fiscal intermediary or a carrier under part A or part B, as applicable, respecting whether or not a particular item or service is covered on an intermediary- or carrier-wide basis under such parts, in accordance with section 1862(a)(1)(A).

''(3) NO MATERIAL ISSUES OF FACT IN DISPUTE.—In the case of a determination that may otherwise be subject to review under paragraph (1)(A)(iii) or paragraph (2)(A)(i), where the moving party alleges that—

''(A) there are no material issues of fact in dispute, and

''(B) the only issue of law is the constitutionality of a provision of this title, or that a regulation, determination, or ruling by the Secretary is invalid,

the moving party may seek review by a court of competent jurisdiction without filing a complaint under such paragraph and without otherwise exhausting other administrative remedies.

''(4) PENDING NATIONAL COVERAGE DETERMINATIONS.—

''(A) IN GENERAL.—In the event the Secretary has not issued a national coverage or noncoverage determination with respect to a particular type or class of items or services, an aggrieved person (as described in paragraph (5)) may submit to the Secretary a request to make such a determination with respect to such items or services. By not later than the end of the 90-day period beginning on the date the Secretary receives such a request (notwithstanding the receipt by the Secretary of new evidence (if any) during such 90-day period), the Secretary shall take one of the following actions:

''(i) Issue a national coverage determination, with or without limitations.

''(ii) Issue a national noncoverage determination.

''(iii) Issue a determination that no national coverage or noncoverage determination is appropriate as of the end of such 90-day period with respect to national coverage of such items or services.

''(iv) Issue a notice that states that the Secretary has not completed a review of the request for a national coverage determination and that includes an identification of the remaining steps in the Secretary's review process and a deadline by which the Secretary will complete the review and take an action described in subclause (I), (II), or (III).

''(B) In the case of an action described in clause (i)(IV), if the Secretary fails to take an action referred to in such clause by the deadline specified by the Secretary under such clause, then the Secretary is deemed to have taken an action described in clause (i)(III) as of the deadline.

''(C) When issuing a determination under clause (i), the Secretary shall include an explanation of the basis for the determination. An action taken under clause (i) (other than subclause (IV)) is deemed to be a national coverage determination for purposes of review under subparagraph (A).

''(5) STANDING.—An action under this subsection seeking review of a national coverage determination or local coverage determination may be initiated only by individuals entitled to benefits under part A, or enrolled under part B, or both, who are in need of the items or services that are the subject of the coverage determination.

''(6) PUBLICATION ON THE INTERNET OF DECISIONS OF HEARINGS OF THE SECRETARY.—Each decision of a hearing by the Secretary with respect to a national coverage determination shall be made public, and the Secretary shall publish each decision on the Medicare Internet site of the Department of Health and Human Services. The Secretary shall remove from such decision any information that would identify any individual, provider of services, or supplier.

''(7) ANNUAL REPORT ON NATIONAL COVERAGE DETERMINATIONS.—

''(A) IN GENERAL.—Not later than December 1 of each year, beginning in 2001, the Secretary shall submit to Congress a report that sets forth a detailed compilation of the actual time periods that were necessary to complete and fully implement national coverage determinations that were made in the previous fiscal year for items, services, or medical devices not previously covered as a benefit under this title, including, with respect to each new item, service, or medical device, a statement of the time taken by the Secretary to make and implement the necessary coverage, coding, and payment determinations, including the time taken to complete each significant step in the process of making and implementing such determinations.

''(B) PUBLICATION OF REPORTS ON THE INTERNET.—The Secretary shall publish each report submitted under clause (i) on the medicare Internet site of the Department of Health and Human Services.

''(8) CONSTRUCTION.—Nothing in this subsection shall be construed as permitting administrative or judicial review pursuant to this section insofar as such review is explicitly prohibited or restricted under another provision of law.''.

(b) ESTABLISHMENT OF A PROCESS FOR COVERAGE DETERMINATIONS.—Section 1862(a) (42 U.S.C. 1395y(a)) is amended by adding at the end the following new sentence: ''In making a national coverage determination (as defined in paragraph (1)(B) of section 1869(f)) the Secretary shall ensure that the public is afforded notice and opportunity to comment prior to implementation by the Secretary of the determination; meetings of advisory committees established under section 1114(f) with respect to the determination are made on the record; in making the determination, the Secretary has considered applicable information (including clinical

experience and medical, technical, and scientific evidence) with respect to the subject matter of the determination; and in the determination, provide a clear statement of the basis for the determination (including responses to comments received from the public), the assumptions underlying that basis, and make available to the public the data (other than proprietary data) considered in making the determination.''.

(c) IMPROVEMENTS TO THE MEDICARE ADVISORY COMMITTEE PROCESS.—Section 1114 (42 U.S.C. 1314) is amended by adding at the end the following new subsection:

''(i)(1) Any advisory committee appointed under subsection (f) to advise the Secretary on matters relating to the interpretation, application, or implementation of section 1862(a)(1) shall assure the full participation of a nonvoting member in the deliberations of the advisory committee, and shall provide such nonvoting member access to all information and data made available to voting members of the advisory committee, other than information that—

''(A) is exempt from disclosure pursuant to subsection (a) of section 552 of title 5, United States Code, by reason of subsection (b)(4) of such section (relating to trade secrets); or

''(B) the Secretary determines would present a conflict of interest relating to such nonvoting member.

''(2) If an advisory committee described in paragraph (1) organizes into panels of experts according to types of items or services considered by the advisory committee, any such panel of experts may report any recommendation with respect to such items or services directly to the Secretary without the prior approval of the advisory committee or an executive committee thereof.''.

(d) EFFECTIVE DATE.—The amendments made by this section apply with respect to—

(1) a review of any national or local coverage determination filed,

(2) a request to make such a determination made,

(3) a national coverage determination made,

on or after October 1, 2001.

Subtitle D—Improving Access to New Technologies

SEC. 531. REIMBURSEMENT IMPROVEMENTS FOR NEW CLINICAL LABORATORY TESTS AND DURABLE MEDICAL EQUIPMENT.

(a) PAYMENT RULE FOR NEW LABORATORY TESTS.—Section 1833(h)(4)(B)(viii) (42 U.S.C. 1395l(h)(4)(B)(viii)) is amended by inserting before the period at the end the following: ''(or 100 percent of such median in the case of a clinical diagnostic laboratory test performed on or after January 1, 2001, that the Secretary determines is a new test for which no limitation amount has previously been established under this subparagraph)''.

(b) ESTABLISHMENT OF CODING AND PAYMENT PROCEDURES FOR NEW CLINICAL DIAGNOSTIC LABORATORY TESTS AND OTHER ITEMS ON A FEE SCHEDULE.—Not later than 1 year after the date of the enactment of this Act, the Secretary of Health and Human Services shall establish procedures for coding and payment determinations for the categories of new clinical diagnostic laboratory tests and new durable medical equipment under part B of the title XVIII of the Social Security Act that permit public consultation in a manner consistent with the procedures established for implementing coding modifications for ICD–9–CM.

(c) REPORT ON PROCEDURES USED FOR ADVANCED, IMPROVED TECHNOLOGIES.—Not later than 1 year after the date of the enactment of this Act, the Secretary of Health and Human Services shall submit to Congress a report that identifies the specific procedures used by the Secretary under part B of title XVIII of the Social Security Act to adjust payments for clinical diagnostic laboratory tests and durable medical equipment which are classified to existing codes where, because of an advance in technology with respect to the test or equipment, there has been a significant increase or decrease in the resources used in the test or in the manufacture of the equipment, and there has been a significant improvement in the performance of the test or equipment. The report shall include such recommendations for changes in law as may be necessary to assure fair and appropriate payment levels under such part for such improved tests and equipment as reflects increased costs necessary to produce improved results.

SEC. 532. RETENTION OF HCPCS LEVEL III CODES.

(a) IN GENERAL.—The Secretary of Health and Human Services shall maintain and continue the use of level III codes of the HCPCS coding system (as such system was in effect on August 16, 2000) through December 31, 2003, and shall make such codes available to the public.

(b) DEFINITION.—For purposes of this section, the term ''HCPCS Level III codes'' means the alphanumeric codes for local use under the Health Care Financing Administration Common Procedure Coding System (HCPCS).

SEC. 533. RECOGNITION OF NEW MEDICAL TECHNOLOGIES UNDER INPATIENT HOSPITAL PPS.

(a) EXPEDITING RECOGNITION OF NEW TECHNOLOGIES INTO INPATIENT PPS CODING SYSTEM.—

(1) REPORT.—Not later than April 1, 2001, the Secretary of Health and Human Services shall submit to Congress a report on methods of expeditiously incorporating new medical services and technologies into the clinical coding system used with respect to payment for inpatient hospital services furnished under the medicare program under title XVIII of the Social Security Act, together with a detailed description of the Secretary's preferred methods to achieve this purpose.

(2) IMPLEMENTATION.—Not later than October 1, 2001, the Secretary shall implement the preferred methods described in the report transmitted pursuant to paragraph (1).

(b) ENSURING APPROPRIATE PAYMENTS FOR HOSPITALS INCORPORATING NEW MEDICAL SERVICES AND TECHNOLOGIES.—

(1) ESTABLISHMENT OF MECHANISM.—Section 1886(d)(5) (42 U.S.C. 1395ww(d)(5)) is amended by adding at the end the following new subparagraphs:

''(K)(i) Effective for discharges beginning on or after October 1, 2001, the Secretary shall establish a mechanism to recognize the costs of new medical services and technologies under the payment system established under this subsection. Such mechanism shall be established after notice and opportunity for public comment (in the publications required by subsection (e)(5) for a fiscal year or otherwise).

''(ii) The mechanism established pursuant to clause (i) shall—

''(I) apply to a new medical service or technology if, based on the estimated costs incurred with respect to discharges involving such service or technology, the DRG prospective payment rate otherwise applicable to such discharges under this subsection is inadequate;

''(II) provide for the collection of data with respect to the costs of a new medical service or technology described in subclause (I) for a period of not less than two years and not more than three years beginning on the date on which an inpatient hospital code is issued with respect to the service or technology;

''(III) subject to paragraph (4)(C)(iii), provide for additional payment to be made under this subsection with respect to discharges involving a new medical service or technology described in subclause (I) that occur during the period described in subclause (II) in an amount that adequately reflects the estimated average cost of such service or technology; and

''(IV) provide that discharges involving such a service or technology that occur after the close of the period described in subclause (II) will be classified within a new or existing diagnosis-related group with a weighting factor under paragraph (4)(B) that is derived from cost data collected with respect to discharges occurring during such period.

''(iii) For purposes of clause (ii)(II), the term 'inpatient hospital code' means any code that is used with respect to inpatient hospital services for which payment may be made under this subsection and includes an alphanumeric code issued under the International Classification of Diseases, 9th Revision, Clinical Modification ('ICD–9–CM') and its subsequent revisions.

''(iv) For purposes of clause (ii)(III), the term 'additional payment' means, with respect to a discharge for a new medical service or technology described in clause (ii)(I), an amount that exceeds the prospective payment rate otherwise applicable under this subsection to discharges involving such service or technology that would be made but for this subparagraph.

''(v) The requirement under clause (ii)(III) for an additional payment may be satisfied by means of a new-technology group (described in subparagraph (L)), an add-on payment, a payment adjustment, or any other similar mechanism for increasing the amount otherwise payable with respect to a discharge under this subsection. The Secretary may not establish a separate fee schedule for such additional payment for such services and technologies, by utilizing a methodology established under subsection (a) or (h) of section 1834 to determine the amount of such additional payment, or by other similar mechanisms or methodologies.

''(vi) For purposes of this subparagraph and subparagraph (L), a medical service or technology will be considered a 'new medical service or technology' if the service or technology meets criteria established by the Secretary after notice and an opportunity for public comment.

''(L)(i) In establishing the mechanism under subparagraph (K), the Secretary may establish new-technology groups into which a new medical service or technology will be classified if, based on the estimated average costs incurred with respect to discharges involving such service or technology, the DRG prospective payment rate otherwise applicable to such discharges under this subsection is inadequate.

''(ii) Such groups—

''(I) shall not be based on the costs associated with a specific new medical service or technology; but

''(II) shall, in combination with the applicable standardized amounts and the weighting factors assigned to such groups under paragraph (4)(B), reflect such cost cohorts as the Secretary determines are appropriate for all new medical services and technologies that are likely to be provided as inpatient hospital services in a fiscal year.

''(iii) The methodology for classifying specific hospital discharges within a diagnosis-related group under paragraph (4)(A) or a new-technology group shall provide that a specific hospital discharge may not be classified within both a diagnosis-related group and a new-technology group.''.

(2) PRIOR CONSULTATION.—The Secretary of Health and Human Services shall consult with groups representing hospitals, physicians, and manufacturers of new medical technologies before publishing the notice of proposed rulemaking required by section 1886(d)(5)(K)(i) of the Social Security Act (as added by paragraph (1)).

(3) CONFORMING AMENDMENT.—Section 1886(d)(4)(C)(i) (42 U.S.C. 1395ww(d)(4)(C)(i)) is amended by striking ''technology,'' and inserting ''technology (including a new medical service or technology under paragraph (5)(K)),''.

Subtitle E—Other Provisions

SEC. 541. INCREASE IN REIMBURSEMENT FOR BAD DEBT.

Section 1861(v)(1)(T) (42 U.S.C. 1395x(v)(1)(T)) is amended—

(1) in clause (ii), by striking ''and'' at the end;

(2) in clause (iii)—

(A) by striking ''during a subsequent fiscal year'' and inserting ''during fiscal year 2000''; and

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

(3) by adding at the end the following new clause:

''(iv) for cost reporting periods beginning during a subsequent fiscal year, by 30 percent of such amount otherwise allowable.''.

SEC. 542. TREATMENT OF CERTAIN PHYSICIAN PATHOLOGY SERVICES UNDER MEDICARE.

(a) IN GENERAL.—When an independent laboratory furnishes the technical component of a physician pathology service to a fee-for-service medicare beneficiary who is an inpatient or outpatient of a covered hospital, the Secretary of Health and Human Services shall treat such component as a service for which payment shall be made to the laboratory under section 1848 of the Social Security Act (42 U.S.C. 1395w–4) and not as an inpatient hospital service for which payment is made to the hospital under section 1886(d) of such Act (42 U.S.C. 1395ww(d)) or as an outpatient hospital service for which payment is made to the hospital under section 1833(t) of such Act (42 U.S.C. 1395l(t)).

(b) DEFINITIONS.—For purposes of this section:

(1) COVERED HOSPITAL.—The term ''covered hospital'' means, with respect to an inpatient or an outpatient, a hospital that had an arrangement with an independent laboratory that was in effect as of July 22, 1999, under which a laboratory furnished the technical component of physician pathology services to fee-for-service medicare beneficiaries who were hospital inpatients or outpatients, respectively, and submitted claims for payment for such component to a medicare carrier (that has a contract with the Secretary under section 1842 of the Social Security Act, 42 U.S.C. 1395u) and not to such hospital.

(2) FEE-FOR-SERVICE MEDICARE BENEFICIARY.—The term ''fee-for-service medicare beneficiary'' means an individual who—

(A) is entitled to benefits under part A, or enrolled under part B, or both, of such title; and

(B) is not enrolled in any of the following:

(i) A Medicare+Choice plan under part C of such title.

(ii) A plan offered by an eligible organization under section 1876 of such Act (42 U.S.C. 1395mm).

(iii) A program of all-inclusive care for the elderly (PACE) under section 1894 of such Act (42 U.S.C. 1395eee).

(iv) A social health maintenance organization (SHMO) demonstration project established under section 4018(b) of the Omnibus Budget Reconciliation Act of 1987 (Public Law 100–203).

(c) EFFECTIVE DATE.—This section applies to services furnished during the 2-year period beginning on January 1, 2001.

(d) GAO REPORT.—

(1) STUDY.—The Comptroller General of the United States shall conduct a study of the effects of the previous provisions of this section on hospitals and laboratories and access of fee-for-service medicare beneficiaries to the technical component of physician pathology services.

(2) REPORT.—Not later than April 1, 2002, the Comptroller General shall submit to Congress a report on such study. The report shall include recommendations about whether such provisions should be extended after the end of the period specified in subsection (c) for either or both inpatient and outpatient hospital services, and whether the provisions should be extended to other hospitals.

SEC. 543. EXTENSION OF ADVISORY OPINION AUTHORITY.

Section 1128D(b)(6) (42 U.S.C. 1320a–7d(b)(6)) is amended by striking ''and before the date which is 4 years after such date of enactment''.

SEC. 544. CHANGE IN ANNUAL MEDPAC REPORTING.

(a) REVISION OF DEADLINES FOR SUBMISSION OF REPORTS.—

(1) IN GENERAL.—Section 1805(b)(1)(D) (42 U.S.C. 1395b–6(b)(1)(D)) is amended by striking ''June 1 of each year (beginning with 1998),'' and inserting ''June 15 of each year,''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) applies beginning with 2001.

(b) REQUIREMENT FOR ON THE RECORD VOTES ON RECOMMENDATIONS.—Section 1805(b) (42 U.S.C. 1395b–6(b)) is amended by adding at the end the following new paragraph:

''(7) VOTING AND REPORTING REQUIREMENTS.—With respect to each recommendation contained in a report submitted under paragraph (1), each member of the Commission shall vote on the recommendation, and the Commission shall include, by member, the results of that vote in the report containing the recommendation.''.

SEC. 545. DEVELOPMENT OF PATIENT ASSESSMENT INSTRUMENTS.

(a) DEVELOPMENT.—

(1) IN GENERAL.—Not later than January 1, 2005, the Secretary of Health and Human Services shall submit to the Committee on Ways and Means and the Committee on Commerce of the House of Representatives and the Committee on Finance of the Senate a report on the development of standard instruments for the assessment of the health and functional status of patients, for whom items and services described in subsection (b) are furnished, and include in the report a recommendation on the use of such standard instruments for payment purposes.

(2) DESIGN FOR COMPARISON OF COMMON ELEMENTS.—The Secretary shall design such standard instruments in a manner such that—

(A) elements that are common to the items and services described in subsection (b) may be readily comparable and are statistically compatible;

(B) only elements necessary to meet program objectives are collected; and

(C) the standard instruments supersede any other assessment instrument used before that date.

(3) CONSULTATION.—In developing an assessment instrument under paragraph (1), the Secretary shall consult with the Medicare Payment Advisory Commission, the Agency for Healthcare Research and Quality, and qualified organizations representing providers of services and suppliers under title XVIII.

(b) DESCRIPTION OF SERVICES.—For purposes of subsection (a), items and services described in this subsection are those items and services furnished to individuals entitled to benefits under part A, or enrolled under part B, or both of title XVIII of the Social Security Act for which payment is made under such title, and include the following:

(1) Inpatient and outpatient hospital services.

(2) Inpatient and outpatient rehabilitation services.

(3) Covered skilled nursing facility services.

(4) Home health services.

(5) Physical or occupational therapy or speech-language pathology services.

(6) Items and services furnished to such individuals determined to have end stage renal disease.

(7) Partial hospitalization services and other mental health services.

(8) Any other service for which payment is made under such title as the Secretary determines to be appropriate.

SEC. 546. GAO REPORT ON IMPACT OF THE EMERGENCY MEDICAL TREATMENT AND ACTIVE LABOR ACT (EMTALA) ON HOSPITAL EMERGENCY DEPARTMENTS.

(a) REPORT.—The Comptroller General of the United States shall submit a report to the Committee on Commerce and the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate by May 1, 2001, on the effect of the Emergency Medical Treatment and Active Labor Act on hospitals, emergency physicians, and physicians covering emergency department call throughout the United States.

(b) REPORT REQUIREMENTS.—The report should evaluate—

(1) the extent to which hospitals, emergency physicians, and physicians covering emergency department call provide uncompensated services in relation to the requirements of EMTALA;

(2) the extent to which the regulatory requirements and enforcement of EMTALA have expanded beyond the legislation's original intent;

(3) estimates for the total dollar amount of EMTALA-related care uncompensated costs to emergency physicians, physicians covering emergency department call, hospital emergency departments, and other hospital services;

(4) the extent to which different portions of the United States may be experiencing different levels of uncompensated EMTALA-related care;

(5) the extent to which EMTALA would be classified as an unfunded mandate if it were enacted today;

(6) the extent to which States have programs to provide financial support for such uncompensated care;

(7) possible sources of funds, including medicare hospital bad debt accounts, that are available to hospitals to assist with the cost of such uncompensated care; and

(8) the financial strain that illegal immigration populations, the uninsured, and the underinsured place on hospital emergency departments, other hospital services, emergency physicians, and physicians covering emergency department call.

(c) DEFINITION.—In this section, the terms ''Emergency Medical Treatment and Active Labor Act'' and ''EMTALA'' mean section 1867 of the Social Security Act (42 U.S.C. 1395dd).

TITLE VI—PROVISIONS RELATING TO PART C (MEDICARE+CHOICE PROGRAM) AND OTHER MEDICARE MANAGED CARE PROVISIONS

Subtitle A—Medicare+Choice Payment Reforms

SEC. 601. INCREASE IN MINIMUM PAYMENT AMOUNT.

Section 1853(c)(1)(B)(ii) (42 U.S.C. 1395w–23(c)(1)(B)(ii)) is amended—

(1) by striking ''(ii) For a succeeding year'' and inserting ''(ii)(I) Subject to subclauses (II) and (III), for a succeeding year''; and

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

''(II) For 2001, for any area in a Metropolitan Statistical Area within any of the 50 States and the District of Columbia with a population of more than 250,000, $525 (and for any other area within any of the 50 States, $475).

''(III) For 2001, for any area in a Metropolitan Statistical Area outside the 50 States and the District of Columbia with a population of more than 250,000, $525 (and for any other area outside the 50 States and the District of Columbia, $475), but not to exceed 120 percent of the amount determined under this subparagraph for such area for 2000.''.

SEC. 602. INCREASE IN MINIMUM PERCENTAGE INCREASE.

Section 1853(c)(1)(C)(ii) (42 U.S.C. 1395w–23(c)(1)(C)(ii)) is amended by inserting ''(or 103 percent in the case of 2001)'' after ''102 percent''.

SEC. 603. 10-YEAR PHASE-IN OF RISK ADJUSTMENT.

Section 1853(a)(3)(C)(ii) (42 U.S.C. 1395w–23(a)(3)(C)(ii)) is amended—

(1) in subclause (I), by striking ''and 2001'' and inserting ''and each succeeding year through the first year in which risk adjustment is based on data from inpatient hospital and ambulatory settings''; and

(2) by amending subclause (II) to read as follows:

''(II) beginning after such first year, insofar as such risk adjustment is based on data from inpatient hospital and ambulatory settings, the methodology shall be phased in equal increments over a 10-year period that begins with such first year.''.

SEC. 604. TRANSITION TO REVISED MEDICARE+CHOICE PAYMENT RATES.

(a) ANNOUNCEMENT OF REVISED MEDICARE+CHOICE PAYMENT RATES.—Within 2 weeks after the date of the enactment of this Act, the Secretary of Health and Human Services shall determine, and shall announce (in a manner intended to provide notice to interested parties) Medicare+Choice capitation rates under section 1853 of the Social Security Act (42 U.S.C. 1395w–23) for 2001, revised in accordance with the provisions of this Act.

(b) REENTRY INTO PROGRAM PERMITTED FOR MEDICARE+CHOICE PROGRAMS IN 2000.—A Medicare+Choice organization that provided notice to the Secretary of Health and Human Services before the date of the enactment of this Act that it was terminating its contract under part C of title XVIII of the Social Security Act or was reducing the service area of a Medicare+Choice plan offered under such part shall be permitted to continue participation under such part, or to maintain the service area of such plan, for 2001 if it provides the Secretary with the information described in section 1854(a)(1) of the Social Security Act (42 U.S.C. 1395w–24(a)(1)) within 2 weeks after the date revised rates are announced by the Secretary under subsection (a).

(c) REVISED SUBMISSION OF PROPOSED PREMIUMS AND RELATED INFORMATION.—If—

(1) a Medicare+Choice organization provided notice to the Secretary of Health and Human Services as of July 3, 2000, that it was renewing its contract under part C of title XVIII of the Social Security Act for all or part of the service area or areas served under its current contract, and

(2) any part of the service area or areas addressed in such notice includes a payment area for which the Medicare+Choice capitation rate under section 1853(c) of such Act (42 U.S.C. 1395w–23(c)) for 2001, as determined under subsection (a), is higher than the rate previously determined for such year,

such organization shall revise its submission of the information described in section 1854(a)(1) of the Social Security Act (42 U.S.C. 1395w–24(a)(1)), and shall submit such revised information to the Secretary, within 2 weeks after the date revised rates are announced by the Secretary under subsection (a). In making such submission, the organization may only reduce premiums, cost-sharing, enhance benefits, or utilize the stabilization fund described in section 1854(f)(2) of such Act (42 U.S.C. 1395w–24(f)(2)).

(d) DISREGARD OF NEW RATE ANNOUNCEMENT IN APPLYING PASS-THROUGH FOR NEW NATIONAL COVERAGE DETERMINATIONS.—For purposes of applying section 1852(a)(5) of the Social Security Act (42 U.S.C. 1395w–22(a)(5)), the announcement of revised rates under subsection (a) shall not be treated as an announcement under section 1853(b) of such Act (42 U.S.C. 1395w–23(b)).

SEC. 605. REVISION OF PAYMENT RATES FOR ESRD PATIENTS ENROLLED IN MEDICARE+CHOICE PLANS.

(a) IN GENERAL.—Section 1853(a)(1)(B) (42 U.S.C. 1395w–23(a)(1)(B)) is amended by adding at the end the following: ''In establishing such rates, the Secretary shall provide for appropriate adjustments to increase each rate to reflect the demonstration rate (including the risk adjustment methodology associated with such rate) of the social health maintenance organization end-stage renal disease capitation demonstrations (established by section 2355 of the Deficit Reduction Act of 1984, as amended by section 13567(b) of the Omnibus Budget Reconciliation Act of 1993), and shall compute such rates by taking into account such factors as renal treatment modality, age, and the underlying cause of the end-stage renal disease.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to payments for months beginning with January 2002.

(c) PUBLICATION.—Not later than 6 months after the date of the enactment of this Act, the Secretary of Health and Human Services shall publish for public comment a description of the appropriate adjustments described in the last sentence of section 1853(a)(1)(B) of the Social Security Act (42 U.S.C. 1395w–23(a)(1)(B)), as added by subsection (a). The Secretary shall publish such adjustments in final form by not later than July 1, 2001, so that the amendment made by subsection (a) is implemented on a timely basis consistent with subsection (b).

SEC. 606. PERMITTING PREMIUM REDUCTIONS AS ADDITIONAL BENEFITS UNDER MEDICARE+CHOICE PLANS.

(a) IN GENERAL.—

(1) AUTHORIZATION OF PART B PREMIUM REDUCTIONS.—Section 1854(f)(1) (42 U.S.C. 1395w–24(f)(1)) is amended—

(A) by redesignating subparagraph (E) as subparagraph (F); and

(B) by inserting after subparagraph (D) the following new subparagraph:

''(E) PREMIUM REDUCTIONS.—

''(i) IN GENERAL.—Subject to clause (ii), as part of providing any additional benefits required under subparagraph (A), a Medicare+Choice organization may elect a reduction in its payments under section 1853(a)(1)(A) with respect to a Medicare+Choice plan and the Secretary shall apply such reduction to reduce the premium under section 1839 of each enrollee in such plan as provided in section 1840(i).

''(ii) AMOUNT OF REDUCTION.—The amount of the reduction under clause (i) with respect to any enrollee in a Medicare+Choice plan—

''(I) may not exceed 125 percent of the premium described under section 1839(a)(3); and

''(II) shall apply uniformly to each enrollee of the Medicare+Choice plan to which such reduction applies.''.

(2) CONFORMING AMENDMENTS.—

(A) ADJUSTMENT OF PAYMENTS TO MEDICARE+CHOICE ORGANIZATIONS.—Section 1853(a)(1)(A) (42 U.S.C. 1395w–23(a)(1)(A)) is amended by inserting ''reduced by the amount of any reduction elected under section 1854(f)(1)(E) and'' after ''for that area,''.

(B) ADJUSTMENT AND PAYMENT OF PART B PREMIUMS.—

(i) ADJUSTMENT OF PREMIUMS.—Section 1839(a)(2) (42 U.S.C. 1395r(a)(2)) is amended by striking ''shall'' and all that follows and inserting the following: ''shall be the amount determined under paragraph (3), adjusted as required in accordance with subsections (b), (c), and (f), and to reflect 80 percent of any reduction elected under section 1854(f)(1)(E).''.

(ii) PAYMENT OF PREMIUMS.—Section 1840 (42 U.S.C. 1395s) is amended by adding at the end the following new subsection:

''(i) In the case of an individual enrolled in a Medicare+Choice plan, the Secretary shall provide for necessary adjustments of the monthly beneficiary premium to reflect 80 percent of any reduction elected under section 1854(f)(1)(E). This premium adjustment may be provided directly or as an adjustment to any social security, railroad retirement, and civil service retirement benefits, to the extent which the Secretary determines that such an adjustment is appropriate with the concurrence of the agencies responsible for the administration of such benefits.''.

(C) INFORMATION COMPARING PLAN PREMIUMS UNDER PART C.—Section 1851(d)(4)(B) (42 U.S.C. 1395w–21(d)(4)(B)) is amended—

(i) by striking ''PREMIUMS.—The'' and inserting ''PREMIUMS.—

''(i) IN GENERAL.—The''; and

(ii) by adding at the end the following new clause:

''(ii) REDUCTIONS.—The reduction in part B premiums, if any.''.

(D) TREATMENT OF REDUCTION FOR PURPOSES OF DETERMINING GOVERNMENT CONTRIBUTION UNDER PART B.—Section 1844 (42 U.S.C. 1395w) is amended by adding at the end the following new subsection:

''(c) The Secretary shall determine the Government contribution under subparagraphs (A) and (B) of subsection (a)(1) without regard to any premium reduction resulting from an election under section 1854(f)(1)(E).''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to years beginning with 2002.

SEC. 607. FULL IMPLEMENTATION OF RISK ADJUSTMENT FOR CONGESTIVE HEART FAILURE ENROLLEES FOR 2001.

(a) IN GENERAL.—Section 1853(a)(3)(C) (42 U.S.C. 1395w–23(a)(3)(C)) is amended—

(1) in clause (ii), by striking ''Such risk adjustment'' and inserting ''Except as provided in clause (iii), such risk adjustment''; and

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

''(iii) FULL IMPLEMENTATION OF RISK ADJUSTMENT FOR CONGESTIVE HEART FAILURE ENROLLEES FOR 2001.—

''(I) EXEMPTION FROM PHASE-IN.—Subject to subclause (II), the Secretary shall fully implement the risk adjustment methodology described in clause (i) with respect to each individual who has had a qualifying congestive heart failure inpatient diagnosis (as determined by the Secretary under such risk adjustment methodology) during the period beginning on July 1, 1999, and ending on June 30, 2000, and who is enrolled in a coordinated care plan that is the only coordinated care plan offered on January 1, 2001, in the service area of the individual.

''(II) PERIOD OF APPLICATION.—Subclause (I) shall only apply during the 1-year period beginning on January 1, 2001.''.

(b) EXCLUSION FROM DETERMINATION OF THE BUDGET NEUTRALITY FACTOR.—Section 1853(c)(5) (42 U.S.C. 1395w–23(c)(5)) is amended by striking ''subsection (i)'' and inserting ''subsections (a)(3)(C)(iii) and (i)''.

SEC. 608. EXPANSION OF APPLICATION OF MEDICARE+CHOICE NEW ENTRY BONUS.

(a) IN GENERAL.—Section 1853(i)(1) (42 U.S.C. 1395w–23(i)(1)) is amended in the matter preceding subparagraph (A) by inserting '', or filed notice with the Secretary as of October 3, 2000, that they will not be offering such a plan as of January 1, 2001'' after ''January 1, 2000''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply as if included in the enactment of BBRA.

SEC. 609. REPORT ON INCLUSION OF CERTAIN COSTS OF THE DEPARTMENT OF VETERANS AFFAIRS AND MILITARY FACILITY SERVICES IN CALCULATING MEDICARE+CHOICE PAYMENT RATES.

The Secretary of Health and Human Services shall report to Congress by not later than January 1, 2003, on a method to phase-in the costs of military facility services furnished by the Department of Veterans Affairs, and the costs of military facility services furnished by the Department of Defense, to medicare-eligible beneficiaries in the calculation of an area's Medicare+Choice capitation payment. Such report shall include on a county-by-county basis—

(1) the actual or estimated cost of such services to medicare-eligible beneficiaries;

(2) the change in Medicare+Choice capitation payment rates if such costs are included in the calculation of payment rates;

(3) one or more proposals for the implementation of payment adjustments to Medicare+Choice plans in counties where the payment rate has been affected due to the failure to calculate the cost of such services to medicare-eligible beneficiaries; and

(4) a system to ensure that when a Medicare+Choice enrollee receives covered services through a facility of the Department of Veterans Affairs or the Department of Defense there is an appropriate payment recovery to the medicare program under title XVIII of the Social Security Act.

Subtitle B—Other Medicare+Choice Reforms

SEC. 611. PAYMENT OF ADDITIONAL AMOUNTS FOR NEW BENEFITS COVERED DURING A CONTRACT TERM.

(a) IN GENERAL.—Section 1853(c)(7) (42 U.S.C. 1395w–23(c)(7)) is amended to read as follows:

''(7) ADJUSTMENT FOR NATIONAL COVERAGE DETERMINATIONS AND LEGISLATIVE CHANGES IN BENEFITS.—If the Secretary makes a determination with respect to coverage under this title or there is a change in benefits required to be provided under this part that the Secretary projects will result in a significant increase in the costs to Medicare+Choice of providing benefits under contracts under this part (for periods after any period described in section 1852(a)(5)), the Secretary shall adjust appropriately the payments to such organizations under this part. Such projection and adjustment shall be based on an analysis by the Chief Actuary of the Health Care Financing Administration of the actuarial costs associated with the new benefits.''.

(b) CONFORMING AMENDMENT.—Section 1852(a)(5) (42 U.S.C. 1395w–22(a)(5)) is amended—

(1) in the heading, by inserting ''AND LEGISLATIVE CHANGES IN BENEFITS'' after ''NATIONAL COVERAGE DETERMINATIONS'';

(2) by inserting ''or legislative change in benefits required to be provided under this part'' after ''national coverage determination'';

(3) in subparagraph (A), by inserting ''or legislative change in benefits'' after ''such determination'';

(4) in subparagraph (B), by inserting ''or legislative change'' after ''if such coverage determination''; and

(5) by adding at the end the following:

''The projection under the previous sentence shall be based on an analysis by the Chief Actuary of the Health Care Financing Administration of the actuarial costs associated with the coverage determination or legislative change in benefits.''.

(c) EFFECTIVE DATE.—The amendments made by this section are effective on the date of the enactment of this Act and apply to national coverage determinations and legislative changes in benefits occurring on or after such date.

SEC. 612. RESTRICTION ON IMPLEMENTATION OF SIGNIFICANT NEW REGULATORY REQUIREMENTS MIDYEAR.

(a) IN GENERAL.—Section 1856(b) (42 U.S.C. 1395w–26(b)) is amended by adding at the end the following new paragraph:

''(4) PROHIBITION OF MIDYEAR IMPLEMENTATION OF SIGNIFICANT NEW REGULATORY REQUIREMENTS.—The Secretary may not implement, other than at the beginning of a calendar year, regulations under this section that impose new, significant regulatory requirements on a Medicare+Choice organization or plan.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) takes effect on the date of the enactment of this Act.

SEC. 613. TIMELY APPROVAL OF MARKETING MATERIAL THAT FOLLOWS MODEL MARKETING LANGUAGE.

(a) IN GENERAL.—Section 1851(h) (42 U.S.C. 1395w–21(h)) is amended—

(1) in paragraph (1)(A), by inserting ''(or 10 days in the case described in paragraph (5))'' after ''45 days''; and

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

''(5) SPECIAL TREATMENT OF MARKETING MATERIAL FOLLOWING MODEL MARKETING LANGUAGE.—In the case of marketing material of an organization that uses, without modification, proposed model language specified by the Secretary, the period specified in paragraph (1)(A) shall be reduced from 45 days to 10 days.''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) apply to marketing material submitted on or after January 1, 2001.

SEC. 614. AVOIDING DUPLICATIVE REGULATION.

(a) IN GENERAL.—Section 1856(b)(3)(B) (42 U.S.C. 1395w–26(b)(3)(B)) is amended—

(1) in clause (i), by inserting ''(including cost-sharing requirements)'' after ''Benefit requirements''; and

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

''(iv) Requirements relating to marketing materials and summaries and schedules of benefits regarding a Medicare+Choice plan.''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) take effect on the date of the enactment of this Act.

SEC. 615. ELECTION OF UNIFORM LOCAL COVERAGE POLICY FOR MEDICARE+CHOICE PLAN COVERING MULTIPLE LOCALITIES.

Section 1852(a)(2) (42 U.S.C. 1395w–22(a)(2)) is amended by adding at the end the following new subparagraph:

''(C) ELECTION OF UNIFORM COVERAGE POLICY.—In the case of a Medicare+Choice organization that offers a Medicare+Choice plan in an area in which more than one local coverage policy is applied with respect to different parts of the area, the organization may elect to have the local coverage policy for the part of the area that is most beneficial to Medicare+Choice enrollees (as identified by the Secretary) apply with respect to all Medicare+Choice enrollees enrolled in the plan.''.

SEC. 616. ELIMINATING HEALTH DISPARITIES IN MEDICARE+CHOICE PROGRAM.

(a) QUALITY ASSURANCE PROGRAM FOCUS ON RACIAL AND ETHNIC MINORITIES.—Subparagraphs (A) and (B) of section 1852(e)(2) (42 U.S.C. 1395w–22(e)(2)) are each amended by adding at the end the following:

''Such program shall include a separate focus (with respect to all the elements described in this subparagraph) on racial and ethnic minorities.''.

(b) REPORT.—Section 1852(e) (42 U.S.C. 1395w–22(e)) is amended by adding at the end the following new paragraph:

''(5) REPORT TO CONGRESS.—

''(A) IN GENERAL.—Not later than 2 years after the date of the enactment of this paragraph, and biennially thereafter, the Secretary shall submit to Congress a report regarding how quality assurance programs conducted under this subsection focus on racial and ethnic minorities.

''(B) CONTENTS OF REPORT.—Each such report shall include the following:

''(i) A description of the means by which such programs focus on such racial and ethnic minorities.

''(ii) An evaluation of the impact of such programs on eliminating health disparities and on improving health outcomes, continuity and coordination of care, management of chronic conditions, and consumer satisfaction.

''(iii) Recommendations on ways to reduce clinical outcome disparities among racial and ethnic minorities.''.

SEC. 617. MEDICARE+CHOICE PROGRAM COMPATIBILITY WITH EMPLOYER OR UNION GROUP HEALTH PLANS.

(a) IN GENERAL.—Section 1857 (42 U.S.C. 1395w–27) is amended by adding at the end the following new subsection:

''(i) MEDICARE+CHOICE PROGRAM COMPATIBILITY WITH EMPLOYER OR UNION GROUP HEALTH PLANS.—To facilitate the offering of Medicare+Choice plans under contracts between Medicare+Choice organizations and employers, labor organizations, or the trustees of a fund established by 1 or more employers or labor organizations (or combination thereof) to furnish benefits to the entity's employees, former employees (or combination thereof) or members or former members (or combination thereof) of the labor organizations, the Secretary may waive or modify requirements that hinder the design of, the offering of, or the enrollment in such Medicare+Choice plans.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) applies with respect to years beginning with 2001.

SEC. 618. SPECIAL MEDIGAP ENROLLMENT ANTI-DISCRIMINATION PROVISION FOR CERTAIN BENEFICIARIES.

(a) DISENROLLMENT WINDOW IN ACCORDANCE WITH BENEFICIARY'S CIRCUMSTANCE.—Section 1882(s)(3) (42 U.S.C. 1395ss(s)(3)) is amended—

(1) in subparagraph (A), in the matter following clause (iii), by striking '', subject to subparagraph (E), seeks to enroll under the policy not later than 63 days after the date of the termination of enrollment described in such subparagraph'' and inserting ''seeks to enroll under the policy during the period specified in subparagraph (E)''; and

(2) by striking subparagraph (E) and inserting the following new subparagraph:

''(E) For purposes of subparagraph (A), the time period specified in this subparagraph is—

''(i) in the case of an individual described in subparagraph (B)(i), the period beginning on the date the individual receives a notice of termination or cessation of all supplemental health benefits (or, if no such notice is received, notice that a claim has been denied because of such a termination or cessation) and ending on the date that is 63 days after the applicable notice;

''(ii) in the case of an individual described in clause (ii), (iii), (v), or (vi) of subparagraph (B) whose enrollment is terminated involuntarily, the period beginning on the date that the individual receives a notice of termination and ending on the date that is 63 days after the date the applicable coverage is terminated;

''(iii) in the case of an individual described in subparagraph (B)(iv)(I), the period beginning on the earlier of (I) the date that the individual receives a notice of termination, a notice of the issuer's bankruptcy or insolvency, or other such similar notice, if any, and (II) the date that the applicable coverage is terminated, and ending on the date that is 63 days after the date the coverage is terminated;

''(iv) in the case of an individual described in clause (ii), (iii), (iv)(II), (iv)(III), (v), or (vi) of subparagraph (B) who disenrolls voluntarily, the period beginning on the date that is 60 days before the effective date of the disenrollment and ending on the date that is 63 days after such effective date; and

''(v) in the case of an individual described in subparagraph (B) but not described in the preceding provisions of this subparagraph, the period beginning on the effective date of the disenrollment and ending on the date that is 63 days after such effective date.''.

(b) EXTENDED MEDIGAP ACCESS FOR INTERRUPTED TRIAL PERIODS.—Section 1882(s)(3) (42 U.S.C. 1395ss(s)(3)), as amended by subsection (a), is further amended by adding at the end the following new subparagraph:

''(F)(i) Subject to clause (ii), for purposes of this paragraph—

''(I) in the case of an individual described in subparagraph (B)(v) (or deemed to be so described, pursuant to this subparagraph) whose enrollment with an organization or provider described in subclause (II) of such subparagraph is involuntarily terminated within the first 12 months of such enrollment, and who, without an intervening enrollment, enrolls with another such organization or provider, such subsequent enrollment shall be deemed to be an initial enrollment described in such subparagraph; and

''(II) in the case of an individual described in clause (vi) of subparagraph (B) (or deemed to be so described, pursuant to this subparagraph) whose enrollment with a plan or in a program described in such clause is involuntarily terminated within the first 12 months of such enrollment, and who, without an intervening enrollment, enrolls in another such plan or program, such subsequent enrollment shall be deemed to be an initial enrollment described in such clause.

''(ii) For purposes of clauses (v) and (vi) of subparagraph (B), no enrollment of an individual with an organization or provider described in clause (v)(II), or with a plan or in a program described in clause (vi), may be deemed to be an initial enrollment under this clause after the 2-year period beginning on the date on which the individual first enrolled with such an organization, provider, plan, or program.''.

SEC. 619. RESTORING EFFECTIVE DATE OF ELECTIONS AND CHANGES OF ELECTIONS OF MEDICARE+CHOICE PLANS.

(a) OPEN ENROLLMENT.—Section 1851(f)(2) (42 U.S.C. 1395w–21(f)(2)) is amended by striking '', except that if such election or change is made after the 10th day of any calendar month, then the election or change shall not take effect until the first day of the second calendar month following the date on which the election or change is made''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to elections and changes of coverage made on or after January 1, 2001.

SEC. 620. PERMITTING ESRD BENEFICIARIES TO ENROLL IN ANOTHER MEDICARE+CHOICE PLAN IF THE PLAN IN WHICH THEY ARE ENROLLED IS TERMINATED.

(a) IN GENERAL.—Section 1851(a)(3)(B) (42 U.S.C. 1395w–21(a)(3)(B)) is amended by striking ''except that'' and all that follows and inserting the following: ''except that—

''(i) an individual who develops end-stage renal disease while enrolled in a Medicare+Choice plan may continue to be enrolled in that plan; and

''(ii) in the case of such an individual who is enrolled in a Medicare+Choice plan under clause (i) (or subsequently under this clause), if the enrollment is discontinued under circumstances described in section 1851(e)(4)(A), then the individual will be treated as a 'Medicare+Choice eligible individual' for purposes of electing to continue enrollment in another Medicare+Choice plan.''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by subsection (a) shall apply to terminations and discontinuations occurring on or after the date of the enactment of this Act.

(2) APPLICATION TO PRIOR PLAN TERMINATIONS.—Clause (ii) of section 1851(a)(3)(B) of the Social Security Act (as inserted by subsection (a)) also shall apply to individuals whose enrollment in a Medicare+Choice plan was terminated or discontinued after December 31, 1998, and before the date of the enactment of this Act. In applying this paragraph, such an individual shall be treated, for purposes of part C of title XVIII of the Social Security Act, as having discontinued enrollment in such a plan as of the date of the enactment of this Act.

SEC. 621. PROVIDING CHOICE FOR SKILLED NURSING FACILITY SERVICES UNDER THE MEDICARE+CHOICE PROGRAM.

(a) IN GENERAL.—Section 1852 (42 U.S.C. 1395w–22) is amended by adding at the end the following new subsection:

''(l) RETURN TO HOME SKILLED NURSING FACILITIES FOR COVERED POST-HOSPITAL EXTENDED CARE SERVICES.—

''(1) ENSURING RETURN TO HOME SNF.—

''(A) IN GENERAL.—In providing coverage of post-hospital extended care services, a Medicare+Choice plan shall provide for such coverage through a home skilled nursing facility if the following conditions are met:

''(i) ENROLLEE ELECTION.—The enrollee elects to receive such coverage through such facility.

''(ii) SNF AGREEMENT.—The facility has a contract with the Medicare+Choice organization for the provision of such services, or the facility agrees to accept substantially similar payment under the same terms and conditions that apply to similarly situated skilled nursing facilities that are under contract with the Medicare+Choice organization for the provision of such services and through which the enrollee would otherwise receive such services.

''(B) MANNER OF PAYMENT TO HOME SNF.—The organization shall provide payment to the home skilled nursing facility consistent with the contract or the agreement described in subparagraph (A)(ii), as the case may be.

''(2) NO LESS FAVORABLE COVERAGE.—The coverage provided under paragraph (1) (including scope of services, cost-sharing, and other criteria of coverage) shall be no less favorable to the enrollee than the coverage that would be provided to the enrollee with respect to a skilled nursing facility the post-hospital extended care services of which are otherwise covered under the Medicare+Choice plan.

''(3) RULE OF CONSTRUCTION.—Nothing in this subsection shall be construed to do the following:

''(A) To require coverage through a skilled nursing facility that is not otherwise qualified to provide benefits under part A for medicare beneficiaries not enrolled in a Medicare+Choice plan.

''(B) To prevent a skilled nursing facility from refusing to accept, or imposing conditions upon the acceptance of, an enrollee for the receipt of post-hospital extended care services.

''(4) DEFINITIONS.—In this subsection:

''(A) HOME SKILLED NURSING FACILITY.—The term 'home skilled nursing facility' means, with respect to an enrollee who is entitled to receive post-hospital extended care services under a Medicare+Choice plan, any of the following skilled nursing facilities:

''(i) SNF RESIDENCE AT TIME OF ADMISSION.—The skilled nursing facility in which the enrollee resided at the time of admission to the hospital preceding the receipt of such post-hospital extended care services.

''(ii) SNF IN CONTINUING CARE RETIREMENT COMMUNITY.—A skilled nursing facility that is providing such services through a continuing care retirement community (as defined in subparagraph (B)) which provided residence to the enrollee at the time of such admission.

''(iii) SNF RESIDENCE OF SPOUSE AT TIME OF DISCHARGE.—The skilled nursing facility in which the spouse of the enrollee is residing at the time of discharge from such hospital.

''(B) CONTINUING CARE RETIREMENT COMMUNITY.—The term 'continuing care retirement community' means, with respect to an enrollee in a Medicare+Choice plan, an arrangement under which housing and health-related services are provided (or arranged) through an organization for the enrollee under an agreement that is effective for the life of the enrollee or for a specified period.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) applies with respect to contracts entered into or renewed on or after the date of the enactment of this Act.

(c) MEDPAC STUDY.—

(1) STUDY.—The Medicare Payment Advisory Commission shall conduct a study analyzing the effects of the amendment made by subsection (a) on Medicare+Choice organizations. In conducting such study, the Commission shall examine the effects (if any) such amendment has had on—

(A) the scope of additional benefits provided under the Medicare+Choice program;

(B) the administrative and other costs incurred by Medicare+Choice organizations;

(C) the contractual relationships between such organizations and skilled nursing facilities.

(2) REPORT.—Not later than 2 years after the date of the enactment of this Act, the Commission shall submit to Congress a report on the study conducted under paragraph (1).

SEC. 622. PROVIDING FOR ACCOUNTABILITY OF MEDICARE+CHOICE PLANS.

(a) MANDATORY REVIEW OF ACR SUBMISSIONS BY THE CHIEF ACTUARY OF THE HEALTH CARE FINANCING ADMINISTRATION.—Section 1854(a)(5)(A) (42 U.S.C. 1395w–24(a)(5)(A)) is amended—

(1) by striking ''value'' and inserting ''values''; and

(2) by adding at the end the following: ''The Chief Actuary of the Health Care Financing Administration shall review the actuarial assumptions and data used by the Medicare+Choice organization with respect to such rates, amounts, and values so submitted to determine the appropriateness of such assumptions and data.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) applies to submissions made on or after January 1, 2001.

Subtitle C—Other Managed Care Reforms

SEC. 631. 1-YEAR EXTENSION OF SOCIAL HEALTH MAINTENANCE ORGANIZATION (SHMO) DEMONSTRATION PROJECT.

Section 4018(b)(1) of the Omnibus Budget Reconciliation Act of 1987, as amended by section 531(a)(1) of BBRA (113 Stat. 1501A–388), is amended by striking ''18 months'' and inserting ''30 months''.

SEC. 632. REVISED TERMS AND CONDITIONS FOR EXTENSION OF MEDICARE COMMUNITY NURSING ORGANIZATION (CNO) DEMONSTRATION PROJECT.

(a) IN GENERAL.—Section 532 of BBRA (113 Stat. 1501A–388) is amended—

(1) in subsection (a), by striking the second sentence; and

(2) by striking subsection (b) and inserting the following new subsection:

''(b) TERMS AND CONDITIONS.—

''(1) JANUARY THROUGH SEPTEMBER 2000.—For the 9-month period beginning with January 2000, any such demonstration project shall be

conducted under the same terms and conditions as applied to such demonstration during 1999.

''(2) OCTOBER 2000 THROUGH DECEMBER 2001.—For the 15-month period beginning with October 2000, any such demonstration project shall be conducted under the same terms and conditions as applied to such demonstration during 1999, except that the following modifications shall apply:

''(A) BASIC CAPITATION RATE.—The basic capitation rate paid for services covered under the project (other than case management services) per enrollee per month and furnished during—

''(i) the period beginning with October 1, 2000, and ending with December 31, 2000, shall be determined by actuarially adjusting the actual capitation rate paid for such services in 1999 for inflation, utilization, and other changes to the CNO service package, and by reducing such adjusted capitation rate by 10 percent in the case of the demonstration sites located in Arizona, Minnesota, and Illinois, and 15 percent for the demonstration site located in New York; and

''(ii) 2001 shall be determined by actuarially adjusting the capitation rate determined under clause (i) for inflation, utilization, and other changes to the CNO service package.

''(B) TARGETED CASE MANAGEMENT FEE.—Effective October 1, 2000—

''(i) the case management fee per enrollee per month for—

''(I) the period described in subparagraph (A)(i) shall be determined by actuarially adjusting the case management fee for 1999 for inflation; and

''(II) 2001 shall be determined by actuarially adjusting the amount determined under subclause (I) for inflation; and

''(ii) such case management fee shall be paid only for enrollees who are classified as moderately frail or frail pursuant to criteria established by the Secretary.

''(C) GREATER UNIFORMITY IN CLINICAL FEATURES AMONG SITES.—Each project shall implement for each site—

''(i) protocols for periodic telephonic contact with enrollees based on—

''(I) the results of such standardized written health assessment; and

''(II) the application of appropriate care planning approaches;

''(ii) disease management programs for targeted diseases (such as congestive heart failure, arthritis, diabetes, and hypertension) that are highly prevalent in the enrolled populations;

''(iii) systems and protocols to track enrollees through hospitalizations, including pre-admission planning, concurrent management during inpatient hospital stays, and post-discharge assessment, planning, and follow-up; and

''(iv) standardized patient educational materials for specified diseases and health conditions.

''(D) QUALITY IMPROVEMENT.—Each project shall implement at each site once during the 15-month period—

''(i) enrollee satisfaction surveys; and

''(ii) reporting on specified quality indicators for the enrolled population.

''(c) EVALUATION.—

''(1) PRELIMINARY REPORT.—Not later than July 1, 2001, the Secretary of Health and Human Services shall submit to the Committees on Ways and Means and Commerce of the House of Representatives and the Committee on Finance of the Senate a preliminary report that—

''(A) evaluates such demonstration projects for the period beginning July 1, 1997, and ending December 31, 1999, on a site-specific basis with respect to the impact on per beneficiary spending, specific health utilization measures, and enrollee satisfaction; and

''(B) includes a similar evaluation of such projects for the portion of the extension period that occurs after September 30, 2000.

''(2) FINAL REPORT.—The Secretary shall submit a final report to such Committees on such demonstration projects not later than July 1, 2002. Such report shall include the same elements as the preliminary report required by paragraph (1), but for the period after December 31, 1999.

''(3) METHODOLOGY FOR SPENDING COMPARISONS.—Any evaluation of the impact of the demonstration projects on per beneficiary spending included in such reports shall include a comparison of—

''(A) data for all individuals who—

''(i) were enrolled in such demonstration projects as of the first day of the period under evaluation; and

''(ii) were enrolled for a minimum of 6 months thereafter; with

''(B) data for a matched sample of individuals who are enrolled under part B of title XVIII of the Social Security Act and are not enrolled in such a project, or in a Medicare+Choice plan under part C of such title, a plan offered by an eligible organization under section 1876 of such Act, or a health care prepayment plan under section 1833(a)(1)(A) of such Act.''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall be effective as if included in the enactment of section 532 of BBRA (113 Stat. 1501A–388).

SEC. 633. EXTENSION OF MEDICARE MUNICIPAL HEALTH SERVICES DEMONSTRATION PROJECTS.

Section 9215(a) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (42 U.S.C. 1395b–1 note), as amended by section 6135 of the Omnibus Budget Reconciliation Act of 1989, section 13557 of the Omnibus Budget Reconciliation Act of 1993, section 4017 of BBA, and section 534 of BBRA (113 Stat. 1501A–390), is amended by striking ''December 31, 2002'' and inserting ''December 31, 2004''.

SEC. 634. SERVICE AREA EXPANSION FOR MEDICARE COST CONTRACTS DURING TRANSITION PERIOD.

Section 1876(h)(5) (42 U.S.C. 1395mm(h)(5)) is amended—

(1) by redesignating subparagraph (B) as subparagraph (C); and

(2) by inserting after subparagraph (A), the following new subparagraph:

''(B) Subject to subparagraph (C), the Secretary shall approve an application for a modification to a reasonable cost contract under this section in order to expand the service area of such contract if—

''(i) such application is submitted to the Secretary on or before September 1, 2003; and

''(ii) the Secretary determines that the organization with the contract continues to meet the requirements applicable to such organizations and contracts under this section.''.

TITLE VII—MEDICAID

SEC. 701. DSH PAYMENTS.

(a) MODIFICATIONS TO DSH ALLOTMENTS.—

(1) INCREASED ALLOTMENTS FOR FISCAL YEARS 2001 AND 2002.—

(A) IN GENERAL.—Section 1923(f) (42 U.S.C. 1396r–4(f))) is amended—

(i) in paragraph (2), by striking ''The DSH allotment'' and inserting ''Subject to paragraph (4), the DSH allotment'';

(ii) by redesignating paragraph (4) as paragraph (6); and

(iii) by inserting after paragraph (3) the following new paragraph:

''(4) SPECIAL RULE FOR FISCAL YEARS 2001 AND 2002.—

''(A) IN GENERAL.—Notwithstanding paragraph (2), the DSH allotment for any State for—

''(i) fiscal year 2001, shall be the DSH allotment determined under paragraph (2) for fiscal year 2000 increased, subject to subparagraph (B) and paragraph (5), by the percentage change in the consumer price index for all urban consumers (all items; U.S. city average) for fiscal year 2000; and

''(ii) fiscal year 2002, shall be the DSH allotment determined under clause (i) increased, subject to subparagraph (B) and paragraph (5), by the percentage change in the consumer price index for all urban consumers (all items; U.S. city average) for fiscal year 2001.

''(B) LIMITATION.—Subparagraph (B) of paragraph (3) shall apply to subparagraph (A) of this paragraph in the same manner as that subparagraph (B) applies to paragraph (3)(A).

''(C) NO APPLICATION TO ALLOTMENTS AFTER FISCAL YEAR 2002.—The DSH allotment for any State for fiscal year 2003 or any succeeding fiscal year shall be determined under paragraph (3) without regard to the DSH allotments determined under subparagraph (A) of this paragraph.''.

(2) SPECIAL RULE FOR MEDICAID DSH ALLOTMENT FOR EXTREMELY LOW DSH STATES.—

(A) IN GENERAL.—Section 1923(f) (42 U.S.C. 1396r–4(f)), as amended by paragraph (1), is amended by inserting after paragraph (4) the following new paragraph:

''(5) SPECIAL RULE FOR EXTREMELY LOW DSH STATES.—In the case of a State in which the total expenditures under the State plan (including Federal and State shares) for disproportionate share hospital adjustments under this section for fiscal year 1999, as reported to the Administrator of the Health Care Financing Administration as of August 31, 2000, is greater than 0 but less than 1 percent of the State's total amount of expenditures under the State plan for medical assistance during the fiscal year, the DSH allotment for fiscal year 2001 shall be increased to 1 percent of the State's total amount of expenditures under such plan for such assistance during such fiscal year. In subsequent fiscal years, such increased allotment is subject to an increase for inflation as provided in paragraph (3)(A).''.

(B) CONFORMING AMENDMENT.—Section 1923(f)(3)(A) (42 U.S.C. 1396r–4(f)(3)(A)) is amended by inserting ''and paragraph (5)'' after ''subparagraph (B)''.

(3) EFFECTIVE DATE.—The amendments made by paragraphs (1) and (2) take effect on the date the final regulation required under section 705(a) (relating to the application of an aggregate upper payment limit test for State medicaid spending for inpatient hospital services, outpatient hospital services, nursing facility services, intermediate care facility services for the mentally retarded, and clinic services provided by government facilities that are not State-owned or operated facilities) is published in the Federal Register.

(b) ASSURING IDENTIFICATION OF MEDICAID MANAGED CARE PATIENTS.—

(1) IN GENERAL.—Section 1932 (42 U.S.C. 1396u–2) is amended by adding at the end the following new subsection:

''(g) IDENTIFICATION OF PATIENTS FOR PURPOSES OF MAKING DSH PAYMENTS.—Each contract with a managed care entity under section 1903(m) or under section 1905(t)(3) shall require the entity either—

''(1) to report to the State information necessary to determine the hospital services provided under the contract (and the identity of hospitals providing such services) for purposes of applying sections 1886(d)(5)(F) and 1923; or

''(2) to include a sponsorship code in the identification card issued to individuals covered under this title in order that a hospital may identify a patient as being entitled to benefits under this title.''.

(2) CLARIFICATION OF COUNTING MANAGED CARE MEDICAID PATIENTS.—Section 1923 (42 U.S.C. 1396r–4) is amended—

(A) in subsection (a)(2)(D), by inserting after ''the proportion of low-income and medicaid patients'' the following: ''(including such patients

who receive benefits through a managed care entity)'';

(B) in subsection (b)(2), by inserting after ''a State plan approved under this title in a period'' the following: ''(regardless of whether such patients receive medical assistance on a fee-for-service basis or through a managed care entity)''; and

(C) in subsection (b)(3)(A)(i), by inserting after ''under a State plan under this title'' the following: ''(regardless of whether the services were furnished on a fee-for-service basis or through a managed care entity)''.

(3) EFFECTIVE DATES.—

(A) The amendment made by paragraph (1) applies to contracts as of January 1, 2001.

(B) The amendments made by paragraph (2) apply to payments made on or after January 1, 2001.

(c) APPLICATION OF MEDICAID DSH TRANSITION RULE TO PUBLIC HOSPITALS IN ALL STATES.—

(1) IN GENERAL.—During the period described in paragraph (3), with respect to a State, section 4721(e) of the Balanced Budget Act of 1997 (Public Law 105–33; 111 Stat. 514), as amended by section 607 of BBRA (113 Stat. 1501A–321) shall be applied as though—

(A) ''September 30, 2002'' were substituted for ''July 1, 1997'' each place it appears;

(B) ''hospitals owned or operated by a State (as defined for purposes of title XIX of such Act), or by an instrumentality or a unit of government within a State (as so defined)'' were substituted for ''the State of California'';

(C) paragraph (3) were redesignated as paragraph (4);

(D) ''and'' were omitted from the end of paragraph (2); and

(E) the following new paragraph were inserted after paragraph (2):

''(3) '(as defined in subparagraph (B) but without regard to clause (ii) of that subparagraph and subject to subsection (d))' were substituted for '(as defined in subparagraph (B))' in subparagraph (A) of such section; and''.

(2) SPECIAL RULE.—With respect to California, section 4721(e) of the Balanced Budget Act of 1997 (Public Law 105–33; 111 Stat. 514) shall be applied without regard to paragraph (1).

(3) PERIOD DESCRIBED.—The period described in this paragraph is the period that begins, with respect to a State, on the first day of the first State fiscal year that begins after September 30, 2002, and ends on the last day of the succeeding State fiscal year.

(4) APPLICATION TO WAIVERS.—With respect to a State operating under a waiver of the requirements of title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) under section 1115 of such Act (42 U.S.C. 1315), the amount by which any payment adjustment made by the State under title XIX of such Act (42 U.S.C. 1396 et seq.), after the application of section 4721(e) of the Balanced Budget Act of 1997 under paragraph (1) to such State, exceeds the costs of furnishing hospital services provided by hospitals described in such section shall be fully reflected as an increase in the baseline expenditure limit for such waiver.

(d) ASSISTANCE FOR CERTAIN PUBLIC HOSPITALS.—

(1) IN GENERAL.—Beginning with fiscal year 2002, notwithstanding section 1923(f) of the Social Security Act (42 U.S.C. 1396r–4(f)) and subject to paragraph (3), with respect to a State, payment adjustments made under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) to a hospital described in paragraph (2) shall be made without regard to the DSH allotment limitation for the State determined under section 1923(f) of that Act (42 U.S.C. 1396r–4(f)).

(2) HOSPITAL DESCRIBED.—A hospital is described in this paragraph if the hospital—

(A) is owned or operated by a State (as defined for purposes of title XIX of the Social Security Act), or by an instrumentality or a unit of government within a State (as so defined);

(B) as of October 1, 2000—

(i) is in existence and operating as a hospital described in subparagraph (A); and

(ii) is not receiving disproportionate share hospital payments from the State in which it is located under title XIX of such Act; and

(C) has a low-income utilization rate (as defined in section 1923(b)(3) of the Social Security Act (42 U.S.C. 1396r–4(b)(3))) in excess of 65 percent.

(3) LIMITATION ON EXPENDITURES.—

(A) IN GENERAL.—With respect to any fiscal year, the aggregate amount of Federal financial participation that may be provided for payment adjustments described in paragraph (1) for that fiscal year for all States may not exceed the amount described in subparagraph (B) for the fiscal year.

(B) AMOUNT DESCRIBED.—The amount described in this subparagraph for a fiscal year is as follows:

(i) For fiscal year 2002, $15,000,000.

(ii) For fiscal year 2003, $176,000,000.

(iii) For fiscal year 2004, $269,000,000.

(iv) For fiscal year 2005, $330,000,000.

(v) For fiscal year 2006 and each fiscal year thereafter, $375,000,000.

(e) DSH PAYMENT ACCOUNTABILITY STANDARDS.—Not later than September 30, 2002, the Secretary of Health and Human Services shall implement accountability standards to ensure that Federal funds provided with respect to disproportionate share hospital adjustments made under section 1923 of the Social Security Act (42 U.S.C. 1396r–4) are used to reimburse States and hospitals eligible for such payment adjustments for providing uncompensated health care to low-income patients and are otherwise made in accordance with the requirements of section 1923 of that Act.

SEC. 702. NEW PROSPECTIVE PAYMENT SYSTEM FOR FEDERALLY-QUALIFIED HEALTH CENTERS AND RURAL HEALTH CLINICS.

(a) IN GENERAL.—Section 1902(a) (42 U.S.C. 1396a(a)) is amended—

(1) in paragraph (13)—

(A) in subparagraph (A), by adding ''and'' at the end;

(B) in subparagraph (B), by striking ''and'' at the end; and

(C) by striking subparagraph (C); and

(2) by inserting after paragraph (14) the following new paragraph:

''(15) provide for payment for services described in clause (B) or (C) of section 1905(a)(2) under the plan in accordance with subsection (aa);''.

(b) NEW PROSPECTIVE PAYMENT SYSTEM.—Section 1902 (42 U.S.C. 1396a) is amended by adding at the end the following:

''(aa) PAYMENT FOR SERVICES PROVIDED BY FEDERALLY-QUALIFIED HEALTH CENTERS AND RURAL HEALTH CLINICS.—

''(1) IN GENERAL.—Beginning with fiscal year 2001 and each succeeding fiscal year, the State plan shall provide for payment for services described in section 1905(a)(2)(C) furnished by a Federally-qualified health center and services described in section 1905(a)(2)(B) furnished by a rural health clinic in accordance with the provisions of this subsection.

''(2) FISCAL YEAR 2001.—Subject to paragraph (4), for services furnished during fiscal year 2001, the State plan shall provide for payment for such services in an amount (calculated on a per visit basis) that is equal to 100 percent of the average of the costs of the center or clinic of furnishing such services during fiscal years 1999 and 2000 which are reasonable and related to the cost of furnishing such services, or based on such other tests of reasonableness as the Secretary prescribes in regulations under section 1833(a)(3), or, in the case of services to which such regulations do not apply, the same methodology used under section 1833(a)(3), adjusted to take into account any increase or decrease in the scope of such services furnished by the center or clinic during fiscal year 2001.

''(3) FISCAL YEAR 2002 AND SUCCEEDING FISCAL YEARS.—Subject to paragraph (4), for services furnished during fiscal year 2002 or a succeeding fiscal year, the State plan shall provide for payment for such services in an amount (calculated on a per visit basis) that is equal to the amount calculated for such services under this subsection for the preceding fiscal year—

''(A) increased by the percentage increase in the MEI (as defined in section 1842(i)(3)) applicable to primary care services (as defined in section 1842(i)(4)) for that fiscal year; and

''(B) adjusted to take into account any increase or decrease in the scope of such services furnished by the center or clinic during that fiscal year.

''(4) ESTABLISHMENT OF INITIAL YEAR PAYMENT AMOUNT FOR NEW CENTERS OR CLINICS.—In any case in which an entity first qualifies as a Federally-qualified health center or rural health clinic after fiscal year 2000, the State plan shall provide for payment for services described in section 1905(a)(2)(C) furnished by the center or services described in section 1905(a)(2)(B) furnished by the clinic in the first fiscal year in which the center or clinic so qualifies in an amount (calculated on a per visit basis) that is equal to 100 percent of the costs of furnishing such services during such fiscal year based on the rates established under this subsection for the fiscal year for other such centers or clinics located in the same or adjacent area with a similar case load or, in the absence of such a center or clinic, in accordance with the regulations and methodology referred to in paragraph (2) or based on such other tests of reasonableness as the Secretary may specify. For each fiscal year following the fiscal year in which the entity first qualifies as a Federally-qualified health center or rural health clinic, the State plan shall provide for the payment amount to be calculated in accordance with paragraph (3).

''(5) ADMINISTRATION IN THE CASE OF MANAGED CARE.—

''(A) IN GENERAL.—In the case of services furnished by a Federally-qualified health center or rural health clinic pursuant to a contract between the center or clinic and a managed care entity (as defined in section 1932(a)(1)(B)), the State plan shall provide for payment to the center or clinic by the State of a supplemental payment equal to the amount (if any) by which the amount determined under paragraphs (2), (3), and (4) of this subsection exceeds the amount of the payments provided under the contract.

''(B) PAYMENT SCHEDULE.—The supplemental payment required under subparagraph (A) shall be made pursuant to a payment schedule agreed to by the State and the Federally-qualified health center or rural health clinic, but in no case less frequently than every 4 months.

''(6) ALTERNATIVE PAYMENT METHODOLOGIES.—Notwithstanding any other provision of this section, the State plan may provide for payment in any fiscal year to a Federally-qualified health center for services described in section 1905(a)(2)(C) or to a rural health clinic for services described in section 1905(a)(2)(B) in an amount which is determined under an alternative payment methodology that—

''(A) is agreed to by the State and the center or clinic; and

''(B) results in payment to the center or clinic of an amount which is at least equal to the amount otherwise required to be paid to the center or clinic under this section.''.

(c) CONFORMING AMENDMENTS.—

(1) Section 4712 of the BBA (Public Law 105–33; 111 Stat. 508) is amended by striking subsection (c).

(2) Section 1915(b) (42 U.S.C. 1396n(b)) is amended by striking ''1902(a)(13)(C)'' and inserting ''1902(a)(15), 1902(aa),''.

(d) GAO STUDY OF FUTURE REBASING.—The Comptroller General of the United States shall provide for a study on the need for, and how to, rebase or refine costs for making payment under the medicaid program for services provided by Federally-qualified health centers and rural health clinics (as provided under the amendments made by this section). The Comptroller General shall provide for submittal of a report on such study to Congress by not later than 4 years after the date of the enactment of this Act.

(e) EFFECTIVE DATE.—The amendments made by this section take effect on October 1, 2000, and apply to services furnished on or after such date.

SEC. 703. STREAMLINED APPROVAL OF CONTINUED STATE-WIDE SECTION 1115 MEDICAID WAIVERS.

(a) IN GENERAL.—Section 1115 (42 U.S.C. 1315) is amended by adding at the end the following new subsection:

''(f) An application by the chief executive officer of a State for an extension of a waiver project the State is operating under an extension under subsection (e) (in this subsection referred to as the 'waiver project') shall be submitted and approved or disapproved in accordance with the following:

''(1) The application for an extension of the waiver project shall be submitted to the Secretary at least 120 days prior to the expiration of the current period of the waiver project.

''(2) Not later than 45 days after the date such application is received by the Secretary, the Secretary shall notify the State if the Secretary intends to review the terms and conditions of the waiver project. A failure to provide such notification shall be deemed to be an approval of the application.

''(3) Not later than 45 days after the date a notification is made in accordance with paragraph (2), the Secretary shall inform the State of proposed changes in the terms and conditions of the waiver project. A failure to provide such information shall be deemed to be an approval of the application.

''(4) During the 30-day period that begins on the date information described in paragraph (3) is provided to a State, the Secretary shall negotiate revised terms and conditions of the waiver project with the State.

''(5)(A) Not later than 120 days after the date an application for an extension of the waiver project is submitted to the Secretary (or such later date agreed to by the chief executive officer of the State), the Secretary shall—

''(i) approve the application subject to such modifications in the terms and conditions—

''(I) as have been agreed to by the Secretary and the State; or

''(II) in the absence of such agreement, as are determined by the Secretary to be reasonable, consistent with the overall objectives of the waiver project, and not in violation of applicable law; or

''(ii) disapprove the application.

''(B) A failure by the Secretary to approve or disapprove an application submitted under this subsection in accordance with the requirements of subparagraph (A) shall be deemed to be an approval of the application subject to such modifications in the terms and conditions as have been agreed to (if any) by the Secretary and the State.

''(6) An approval of an application for an extension of a waiver project under this subsection shall be for a period not to exceed 3 years.

''(7) An extension of a waiver project under this subsection shall be subject to the final reporting and evaluation requirements of paragraphs (4) and (5) of subsection (e) (taking into account the extension under this subsection with respect to any timing requirements imposed under those paragraphs).''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) applies to requests for extensions of demonstration projects pending or submitted on or after the date of the enactment of this Act.

SEC. 704. MEDICAID COUNTY-ORGANIZED HEALTH SYSTEMS.

(a) IN GENERAL.—Section 9517(c)(3)(C) of the Comprehensive Omnibus Budget Reconciliation Act of 1985 is amended by striking ''10 percent'' and inserting ''14 percent''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) takes effect on the date of the enactment of this Act.

SEC. 705. DEADLINE FOR ISSUANCE OF FINAL REGULATION RELATING TO MEDICAID UPPER PAYMENT LIMITS.

(a) IN GENERAL.—Not later than December 31, 2000, the Secretary of Health and Human Services (in this section referred to as the ''Secretary''), notwithstanding any requirement of the Administrative Procedures Act under chapter 5 of title 5, United States Code, or any other provision of law, shall issue under sections 447.272, 447.304, and 447.321 of title 42, Code of Federal Regulations (and any other section of part 447 of title 42, Code of Federal Regulations that the Secretary determines is appropriate), a final regulation based on the proposed rule announced on October 5, 2000, that—

(1) modifies the upper payment limit test applied to State medicaid spending for inpatient hospital services, outpatient hospital services, nursing facility services, intermediate care facility services for the mentally retarded, and clinic services by applying an aggregate upper payment limit to payments made to government facilities that are not State-owned or operated facilities; and

(2) provides for a transition period in accordance with subsection (b).

(b) TRANSITION PERIOD.—

(1) IN GENERAL.—The final regulation required under subsection (a) shall provide that, with respect to a State described in paragraph (3), the State shall be considered to be in compliance with the final regulation required under subsection (a) so long as, for each State fiscal year during the period described in paragraph (4), the State reduces payments under a State medicaid plan payment provision or methodology described in paragraph (3), or reduces the actual dollar payment levels described in paragraph (3)(B), so that the amount of the payments that would otherwise have been made under such provision, methodology, or payment levels by the State for any State fiscal year during such period is reduced by 15 percent in the first such State fiscal year, and by an additional 15 percent in each of next 5 State fiscal years.

(2) REQUIREMENT.—Notwithstanding paragraph (1), the final regulation required under subsection (a) shall provide that, for any period (or portion of a period) that occurs on or after October 1, 2008, medicaid payments made by a State described in paragraph (3) shall comply with such final regulation.

(3) STATE DESCRIBED.—A State described in this paragraph is a State with a State medicaid plan payment provision or methodology which—

(A) was approved, deemed to have been approved, or was in effect on or before October 1, 1992 (including any subsequent amendments or successor provisions or methodologies and whether or not a State plan amendment was made to carry out such provision or methodology after such date) or under which claims for Federal financial participation were filed and paid on or before such date; and

(B) provides for payments that are in excess of the upper payment limit test established under the final regulation required under subsection (a) (or which would be noncompliant with such final regulation if the actual dollar payment levels made under the payment provision or methodology in the State fiscal year which begins during 1999 were continued).

(4) PERIOD DESCRIBED.—The period described in this paragraph is the period that begins on the first State fiscal year that begins after September 30, 2002, and ends on September 30, 2008.

SEC. 706. ALASKA FMAP.

Notwithstanding the first sentence of section 1905(b) of the Social Security Act (42 U.S.C. 1396d(b)), only with respect to each of fiscal years 2001 through 2005, for purposes of titles XIX and XXI of the Social Security Act, the State percentage used to determine the Federal medical assistance percentage for Alaska shall be that percentage which bears the same ratio to 45 percent as the square of the adjusted per capita income of Alaska (determined by dividing the State's 3-year average per capita income by 1.05) bears to the square of the per capita income of the 50 States.

TITLE VIII—STATE CHILDREN'S HEALTH INSURANCE PROGRAM

SEC. 801. SPECIAL RULE FOR REDISTRIBUTION AND AVAILABILITY OF UNUSED FISCAL YEAR 1998 AND 1999 SCHIP ALLOTMENTS.

(a) CHANGE IN RULES FOR REDISTRIBUTION AND RETENTION OF UNUSED SCHIP ALLOTMENTS FOR FISCAL YEARS 1998 AND 1999.—Section 2104 (42 U.S.C. 1397dd) is amended by adding at the end the following new subsection:

''(g) RULE FOR REDISTRIBUTION AND EXTENDED AVAILABILITY OF FISCAL YEARS 1998 AND 1999 ALLOTMENTS.—

''(1) AMOUNT REDISTRIBUTED.—

''(A) IN GENERAL.—In the case of a State that expends all of its allotment under subsection (b) or (c) for fiscal year 1998 by the end of fiscal year 2000, or for fiscal year 1999 by the end of fiscal year 2001, the Secretary shall redistribute to the State under subsection (f) (from the fiscal year 1998 or 1999 allotments of other States, respectively, as determined by the application of paragraphs (2) and (3) with respect to the respective fiscal year)) the following amount:

''(i) STATE.—In the case of 1 of the 50 States or the District of Columbia, with respect to—

''(I) the fiscal year 1998 allotment, the amount by which the State's expenditures under this title in fiscal years 1998, 1999, and 2000 exceed the State's allotment for fiscal year 1998 under subsection (b); or

''(II) the fiscal year 1999 allotment, the amount by which the State's expenditures under this title in fiscal years 1999, 2000, and 2001 exceed the State's allotment for fiscal year 1999 under subsection (b).

''(ii) TERRITORY.—In the case of a commonwealth or territory described in subsection (c)(3), an amount that bears the same ratio to 1.05 percent of the total amount described in paragraph (2)(B)(i)(I) as the ratio of the commonwealth's or territory's fiscal year 1998 or 1999 allotment under subsection (c) (as the case may be) bears to the total of all such allotments for such fiscal year under such subsection.

''(B) EXPENDITURE RULES.—An amount redistributed to a State under this paragraph with respect to fiscal year 1998 or 1999—

''(i) shall not be included in the determination of the State's allotment for any fiscal year under this section;

''(ii) notwithstanding subsection (e), shall remain available for expenditure by the State through the end of fiscal year 2002; and

''(iii) shall be counted as being expended with respect to a fiscal year allotment in accordance with applicable regulations of the Secretary.

''(2) EXTENSION OF AVAILABILITY OF PORTION OF UNEXPENDED FISCAL YEARS 1998 AND 1999 ALLOTMENTS.—

''(A) IN GENERAL.—Notwithstanding subsection (e):

''(i) FISCAL YEAR 1998 ALLOTMENT.—Of the amounts allotted to a State pursuant to this section for fiscal year 1998 that were not expended by the State by the end of fiscal year 2000, the amount specified in subparagraph (B) for fiscal year 1998 for such State shall remain available for expenditure by the State through the end of fiscal year 2002.

''(ii) FISCAL YEAR 1999 ALLOTMENT.—Of the amounts allotted to a State pursuant to this subsection for fiscal year 1999 that were not expended by the State by the end of fiscal year 2001, the amount specified in subparagraph (B) for fiscal year 1999 for such State shall remain available for expenditure by the State through the end of fiscal year 2002.

''(B) AMOUNT REMAINING AVAILABLE FOR EXPENDITURE.—The amount specified in this subparagraph for a State for a fiscal year is equal to—

''(i) the amount by which (I) the total amount available for redistribution under subsection (f) from the allotments for that fiscal year, exceeds (II) the total amounts redistributed under paragraph (1) for that fiscal year; multiplied by

''(ii) the ratio of the amount of such State's unexpended allotment for that fiscal year to the total amount described in clause (i)(I) for that fiscal year.

''(C) USE OF UP TO 10 PERCENT OF RETAINED 1998 ALLOTMENTS FOR OUTREACH ACTIVITIES.—Notwithstanding section 2105(c)(2)(A), with respect to any State described in subparagraph (A)(i), the State may use up to 10 percent of the amount specified in subparagraph (B) for fiscal year 1998 for expenditures for outreach activities approved by the Secretary.

''(3) DETERMINATION OF AMOUNTS.—For purposes of calculating the amounts described in paragraphs (1) and (2) relating to the allotment for fiscal year 1998 or fiscal year 1999, the Secretary shall use the amounts reported by the States not later than November 30, 2000, or November 30, 2001, respectively, on HCFA Form 64 or HCFA Form 21, as approved by the Secretary.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the enactment of section 4901 of BBA (111 Stat. 552).

SEC. 802. AUTHORITY TO PAY MEDICAID EXPANSION SCHIP COSTS FROM TITLE XXI APPROPRIATION.

(a) AUTHORITY TO PAY MEDICAID EXPANSION SCHIP COSTS FROM TITLE XXI APPROPRIATION.—Section 2105(a) (42 U.S.C. 1397ee(a)) is amended—

(1) by redesignating subparagraphs (A) through (D) of paragraph (2) as clauses (i) through (iv), respectively, and indenting appropriately;

(2) by redesignating paragraph (1) as subparagraph (C), and indenting appropriately;

(3) by redesignating paragraph (2) as subparagraph (D), and indenting appropriately;

(4) by striking ''(a) IN GENERAL.—'' and the remainder of the text that precedes subparagraph (C), as so redesignated, and inserting the following:

''(a) PAYMENTS.—

''(1) IN GENERAL.—Subject to the succeeding provisions of this section, the Secretary shall pay to each State with a plan approved under this title, from its allotment under section 2104, an amount for each quarter equal to the enhanced FMAP (or, in the case of expenditures described in subparagraph (B), the Federal medical assistance percentage (as defined in the first sentence of section 1905(b))) of expenditures in the quarter—

''(A) for child health assistance under the plan for targeted low-income children in the form of providing medical assistance for which payment is made on the basis of an enhanced FMAP under the fourth sentence of section 1905(b);

''(B) for the provision of medical assistance on behalf of a child during a presumptive eligibility period under section 1920A;''; and

(5) by adding after subparagraph (D), as so redesignated, the following new paragraph:

''(2) ORDER OF PAYMENTS.—Payments under paragraph (1) from a State's allotment shall be made in the following order:

''(A) First, for expenditures for items described in paragraph (1)(A).

''(B) Second, for expenditures for items described in paragraph (1)(B).

''(C) Third, for expenditures for items described in paragraph (1)(C).

''(D) Fourth, for expenditures for items described in paragraph (1)(D).''.

(b) ELIMINATION OF REQUIREMENT TO REDUCE TITLE XXI ALLOTMENT BY MEDICAID EXPANSION SCHIP COSTS.—Section 2104 (42 U.S.C. 1397dd) is amended by striking subsection (d).

(c) AUTHORITY TO TRANSFER TITLE XXI APPROPRIATIONS TO TITLE XIX APPROPRIATION ACCOUNT AS REIMBURSEMENT FOR MEDICAID EXPENDITURES FOR MEDICAID EXPANSION SCHIP SERVICES.—Notwithstanding any other provision of law, all amounts appropriated under title XXI and allotted to a State pursuant to subsection (b) or (c) of section 2104 of the Social Security Act (42 U.S.C. 1397dd) for fiscal years 1998 through 2000 (including any amounts that, but for this provision, would be considered to have expired) and not expended in providing child health assistance or related services for which payment may be made pursuant to subparagraph (C) or (D) of section 2105(a)(1) of such Act (42 U.S.C. 1397ee(a)(1)) (as amended by subsection (a)), shall be available to reimburse the Grants to States for Medicaid account in an amount equal to the total payments made to such State under section 1903(a) of such Act (42 U.S.C. 1396b(a)) for expenditures in such years for medical assistance described in subparagraphs (A) and (B) of section 2105(a)(1) of such Act (42 U.S.C. 1397ee(a)(1) (as so amended).

(d) CONFORMING AMENDMENTS.—

(1) Section 1905(b) (42 U.S.C. 1396d(b)) is amended in the fourth sentence by striking ''the State's allotment under section 2104 (not taking into account reductions under section 2104(d)(2)) for the fiscal year reduced by the amount of any payments made under section 2105 to the State from such allotment for such fiscal year'' and inserting ''the State's available allotment under section 2104''.

(2) Section 1905(u)(1)(B) (42 U.S.C. 1396d(u)(1)(B)) is amended by striking ''and section 2104(d)''.

(3) Section 2104 (42 U.S.C. 1397dd), as amended by subsection (b), is further amended—

(A) in subsection (b)(1), by striking ''and subsection (d)''; and

(B) in subsection (c)(1), by striking ''subject to subsection (d),''.

(4) Section 2105(c) (42 U.S.C. 1397ee(c)) is amended—

(A) in paragraph (2)(A), by striking all that follows ''Except as provided in this paragraph,'' and inserting ''the amount of payment that may be made under subsection (a) for a fiscal year for expenditures for items described in paragraph (1)(D) of such subsection shall not exceed 10 percent of the total amount of expenditures for which payment is made under subparagraphs (A), (C), and (D) of paragraph (1) of such subsection.'';

(B) in paragraph (2)(B), by striking ''described in subsection (a)(2)'' and inserting ''described in subsection (a)(1)(D)''; and

(C) in paragraph (6)(B), by striking ''Except as otherwise provided by law,'' and inserting ''Except as provided in subparagraph (A) or (B) of subsection (a)(1) or any other provision of law,''.

(5) Section 2110(a) (42 U.S.C. 1397jj(a)) is amended by striking ''section 2105(a)(2)(A)'' and inserting ''section 2105(a)(1)(D)(i)''.

(e) TECHNICAL AMENDMENT.—Section 2105(d)(2)(B)(ii) (42 U.S.C. 1397ee(d)(2)(B)(ii)) is amended by striking ''enhanced FMAP under section 1905(u)'' and inserting ''enhanced FMAP under the fourth sentence of section 1905(b)''.

(f) EFFECTIVE DATE.—The amendments made by this section shall be effective as if included in the enactment of section 4901 of the BBA (111 Stat. 552).

TITLE IX—OTHER PROVISIONS

Subtitle A—PACE Program

SEC. 901. EXTENSION OF TRANSITION FOR CURRENT WAIVERS.

Section 4803(d)(2) of BBA is amended—

(1) in subparagraph (A), by striking ''24 months'' and inserting ''36 months'';

(2) in subparagraph (A), by striking ''the initial effective date of regulations described in subsection (a)'' and inserting ''July 1, 2000''; and

(3) in subparagraph (B), by striking ''3 years'' and inserting ''4 years''.

SEC. 902. CONTINUING OF CERTAIN OPERATING ARRANGEMENTS PERMITTED.

(a) IN GENERAL.—Section 1894(f)(2) (42 U.S.C. 1395eee(f)(2)) is amended by adding at the end the following new subparagraph:

''(C) CONTINUATION OF MODIFICATIONS OR WAIVERS OF OPERATIONAL REQUIREMENTS UNDER DEMONSTRATION STATUS.—If a PACE program operating under demonstration authority has contractual or other operating arrangements which are not otherwise recognized in regulation and which were in effect on July 1, 2000, the Secretary (in close consultation with, and with the concurrence of, the State administering agency) shall permit any such program to continue such arrangements so long as such arrangements are found by the Secretary and the State to be reasonably consistent with the objectives of the PACE program.''.

(b) CONFORMING AMENDMENT.—Section 1934(f)(2) (42 U.S.C. 1396u–4(f)(2)) is amended by adding at the end the following new subparagraph:

''(C) CONTINUATION OF MODIFICATIONS OR WAIVERS OF OPERATIONAL REQUIREMENTS UNDER DEMONSTRATION STATUS.—If a PACE program operating under demonstration authority has contractual or other operating arrangements which are not otherwise recognized in regulation and which were in effect on July 1 2000, the Secretary (in close consultation with, and with the concurrence of, the State administering agency) shall permit any such program to continue such arrangements so long as such arrangements are found by the Secretary and the State to be reasonably consistent with the objectives of the PACE program.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall be effective as included in the enactment of BBA.

SEC. 903. FLEXIBILITY IN EXERCISING WAIVER AUTHORITY.

In applying sections 1894(f)(2)(B) and 1934(f)(2)(B) of the Social Security Act (42 U.S.C. 1395eee(f)(2)(B), 1396u–4(f)(2)(B)), the Secretary of Health and Human Services—

(1) shall approve or deny a request for a modification or a waiver of provisions of the PACE protocol not later than 90 days after the date the Secretary receives the request; and

(2) may exercise authority to modify or waive such provisions in a manner that responds promptly to the needs of PACE programs relating to areas of employment and the use of community-based primary care physicians.

Subtitle B—Outreach to Eligible Low-Income Medicare Beneficiaries

SEC. 911. OUTREACH ON AVAILABILITY OF MEDICARE COST-SHARING ASSISTANCE TO ELIGIBLE LOW-INCOME MEDICARE BENEFICIARIES.

(a) OUTREACH.—

(1) IN GENERAL.—Title XI (42 U.S.C. 1301 et seq.) is amended by inserting after section 1143 the following new section:

''OUTREACH EFFORTS TO INCREASE AWARENESS OF THE AVAILABILITY OF MEDICARE COST-SHARING

''SEC. 1144. (a) OUTREACH.—

''(1) IN GENERAL.—The Commissioner of Social Security (in this section referred to as the 'Commissioner') shall conduct outreach efforts to—

''(A) identify individuals entitled to benefits under the medicare program under title XVIII who may be eligible for medical assistance for payment of the cost of medicare cost-sharing under the medicaid program pursuant to sections 1902(a)(10)(E) and 1933; and

''(B) notify such individuals of the availability of such medical assistance under such sections.

''(2) CONTENT OF NOTICE.—Any notice furnished under paragraph (1) shall state that eligibility for medicare cost-sharing assistance under such sections is conditioned upon—

''(A) the individual providing to the State information about income and resources (in the case of an individual residing in a State that imposes an assets test for such eligibility); and

''(B) meeting the applicable eligibility criteria.

''(b) COORDINATION WITH STATES.—

''(1) IN GENERAL.—In conducting the outreach efforts under this section, the Commissioner shall—

''(A) furnish the agency of each State responsible for the administration of the medicaid program and any other appropriate State agency with information consisting of the name and address of individuals residing in the State that the Commissioner determines may be eligible for medical assistance for payment of the cost of medicare cost-sharing under the medicaid program pursuant to sections 1902(a)(10)(E) and 1933; and

''(B) update any such information not less frequently than once per year.

''(2) INFORMATION IN PERIODIC UPDATES.—The periodic updates described in paragraph (1)(B) shall include information on individuals who are or may be eligible for the medical assistance described in paragraph (1)(A) because such individuals have experienced reductions in benefits under title II.''.

(2) AMENDMENT TO TITLE XIX.—Section 1905(p) (42 U.S.C. 1396d(p)) is amended by adding at the end the following new paragraph:

''(5) For provisions relating to outreach efforts to increase awareness of the availability of medicare cost-sharing, see section 1144.''.

(b) GAO REPORT.—The Comptroller General of the United States shall conduct a study of the impact of section 1144 of the Social Security Act (as added by subsection (a)(1)) on the enrollment of individuals for medicare cost-sharing under the medicaid program. Not later than 18 months after the date that the Commissioner of Social Security first conducts outreach under section 1144 of such Act, the Comptroller General shall submit to Congress a report on such study. The report shall include such recommendations for legislative changes as the Comptroller General deems appropriate.

(c) EFFECTIVE DATE.—The amendments made by subsections (a) shall take effect one year after the date of the enactment of this Act.

Subtitle C—Maternal and Child Health Block Grant

SEC. 921. INCREASE IN AUTHORIZATION OF APPROPRIATIONS FOR THE MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT.

(a) IN GENERAL.—Section 501(a) (42 U.S.C. 701(a)) is amended in the matter preceding paragraph (1) by striking ''$705,000,000 for fiscal year 1994'' and inserting ''$850,000,000 for fiscal year 2001''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) takes effect on October 1, 2000.

Subtitle D—Diabetes

SEC. 931. INCREASE IN APPROPRIATIONS FOR SPECIAL DIABETES PROGRAMS FOR TYPE I DIABETES AND INDIANS.

(a) SPECIAL DIABETES PROGRAMS FOR TYPE I DIABETES.—Section 330B(b) of the Public Health Service Act (42 U.S.C. 254c–2(b)) is amended—

(1) by striking ''Notwithstanding'' and inserting the following:

''(1) TRANSFERRED FUNDS.—Notwithstanding''; and

(2) by adding at the end the following:

''(2) APPROPRIATIONS.—For the purpose of making grants under this section, there is appropriated, out of any funds in the Treasury not otherwise appropriated—

''(A) $70,000,000 for each of fiscal years 2001 and 2002 (which shall be combined with amounts transferred under paragraph (1) for each such fiscal years); and

''(B) $100,000,000 for fiscal year 2003.''.

(b) SPECIAL DIABETES PROGRAMS FOR INDIANS.—Section 330C(c) of such Act (42 U.S.C. 254c–3(c)) is amended—

(1) by striking ''Notwithstanding'' and inserting the following:

''(1) TRANSFERRED FUNDS.—Notwithstanding''; and

(2) by adding at the end the following:

''(2) APPROPRIATIONS.—For the purpose of making grants under this section, there is appropriated, out of any money in the Treasury not otherwise appropriated—

''(A) $70,000,000 for each of fiscal years 2001 and 2002 (which shall be combined with amounts transferred under paragraph (1) for each such fiscal years); and

''(B) $100,000,000 for fiscal year 2003.''.

(c) EXTENSION OF FINAL REPORT ON GRANT PROGRAMS.—Section 4923(b)(2) of BBA is amended by striking ''2002'' and inserting ''2003''.

SEC. 932. APPROPRIATIONS FOR RICKY RAY HEMOPHILIA RELIEF FUND.

Section 101(e) of the Ricky Ray Hemophilia Relief Fund Act of 1998 (42 U.S.C. 300c–22 note) is amended by adding at the end the following: ''There is appropriated to the Fund $475,000,000 for fiscal year 2001, to remain available until expended.''.

Following is explanatory language for H.R. 5543 as introduced on October 25, 2000.

STATEMENT OF MANAGERS FOR THE MEDICARE, MEDICAID, AND SCHIP BENEFITS IMPROVEMENT AND PROTECTION ACT OF 2000

TITLE I—MEDICARE BENEFICIARY IMPROVEMENTS

Subtilte A—Improved Preventive Benefits

Section 101. Coverage of biennial screening pap smear and pelvic exams

The provision modifies current law to provide Medicare coverage for biennial screening pap smears and pelvic exams, effective July 1, 2001.

Section 102. Coverage of screening for glaucoma

The provision would add Medicare coverage for annual glaucoma screenings, beginning January 1, 2002, for persons determined to be at high risk for glaucoma, individuals with a family history of glaucoma, and individuals with diabetes. The service would have to be furnished by or under the supervision of an optometrist or ophthalmologist who is legally authorized to perform such services in the state where the services are furnished.

Section 103. Coverage of screening colonoscopy for average risk individuals

The provision would authorize coverage for screening colonoscopies, beginning July 1, 2001, for all individuals, not just those at high risk. For persons not at high risk, payments could not be made for such procedures if performed within 10 years of a previous screening colonoscopy or within 4 years of a screening flexible sigmoidoscopy.

Section 104. Modernization of screening mammography benefit

Beginning in 2002, the provision would eliminate the statutorily prescribed payment rate for mammography payments and specify that the services are to be paid under the physician fee schedule. The provision would specify two new payment rates for mammographies that utilize advanced new technology for the period April 1, 2001 to December 21, 2001. Payment for technologies that directly take digital images would equal 150% of what would otherwise be paid for a bilateral diagnostic mammography. For technologies that convert standard film images to digital form, an additional payment of fifteen dollars would be authorized. The Secretary would be required to determine whether a new code is required for tests furnished after 2001.

Section 105. Coverage of medical nutrition therapy services for beneficiaries with diabetes or a renal disease

The provision would establish, effective January 1, 2002, Medicare coverage for medical nutrition therapy services for beneficiaries who have diabetes or a renal disease. Medical nutrition therapy services would be defined as nutritional diagnostic, therapy and counseling services for the purpose of disease management which are furnished by a registered dietician or nutrition professional, pursuant to a referral by a physician. The provision would specify that the amount paid for medical nutrition therapy services would equal the lesser of the actual charge for the service or 85% of the amount that would be paid under the physician fee schedule if such services were provided by a physician. Assignment would be required for all claims. The Secretary would be required to submit a report to Congress that contains an evaluation of the effectiveness of services furnished under this provision.

Subtitle B—Other Beneficiary Improvements

Section 111. Acceleration of reduction of beneficiary copayment for hospital outpatient hospital outpatient department services

Effective January 1, 2001, the provision would modify current law by limiting the amount of a beneficiary's copayment for a procedure in a hospital outpatient department to the hospital inpatient deductible applicable in that year.

In addition, starting in January, 2001, the provision would require the Secretary of HHS to reduce the effective copayment rate for outpatient services to a maximum rate of 60% and then gradually reduce the effective coinsurance rate in 5 percentage point intervals from 2002 through 2006 until the maximum rate is 40% in 2006. As stated in BBA 97, hospitals may waive any increase in coinsurance that may have arisen from the implementation of the outpatient prospective payment system (PPS).

The Comptroller General would be required to work with the National Association of Insurance Commissioners (NAIC) to evaluate the extent to which premiums for supplemental policies reflect the acceleration of the reduction in beneficiary coinsurance for hospital outpatient services and result in savings to beneficiaries and to report to the Congress by April 1, 2004.

Section 112. Preservation of coverage of drugs and biologicals under part B of the medicare program

The provision would clarify policy with regard to coverage of drugs, provided incident to physicians services, that cannot be self-administered. The provision would specify that such drugs are covered when they are not usually self-administered by the patient.

Section 113. Elimination of time limitation on Medicare benefits for immunosuppressive drugs

The provision would eliminate the current time limitations on the coverage of immunosuppressive drugs for beneficiaries who have received a covered organ transplant. The provision would apply to drugs furnished, on or after the date enactment.

Section 114. Imposition of balanced billing limits on prescription drugs

The provision would specify that payment for drugs under Part B must be made on the basis of assignment.

Subtitle C—Demonstration Projects and Studies

Section 121. Demonstration project for disease management for severely chronically ill Medicare beneficiaries

The Secretary would be required to conduct a demonstration project to illustrate the impact on costs and health outcomes of applying disease management to Medicare beneficiaries with diagnosed, advanced-stage congestive heart failure, diabetes, or coronary heart disease. Up to 30,000 beneficiaries would be able to enroll, on a voluntary basis, for disease management services related to their chronic health condition. In addition, contractors providing disease management services would be responsible for providing beneficiaries enrolled in the project with prescription drugs.

Section 122. Cancer prevention and treatment demonstration for ethnic and racial minorities

The provision would require the Secretary to conduct demonstration projects for the purpose of developing models and evaluating methods that improve the quality of cancer prevention services, improve clinical outcomes, eliminate disparities in the rate of preventive screening measures, and promote collaboration with community-based organizations for ethnic and racial minorities.

Section 123. Study on Medicare coverage of routine thyroid screening

The provision would require the Secretary to request the National Academy of Sciences, and as appropriate in conjunction with the United States Preventive Services Task Force, to analyze the addition of routine thyroid screening under Medicare. The analysis would consider the short term and long term benefits, and cost to Medicare, of adding such coverage for some or all beneficiaries.

Section 124. MedPAC study on consumer coalitions

The provision would require MedPAC to conduct a study that examines the use of consumer coalitions in the marketing of Medicare+Choice plans. A consumer coalition would be defined as a non-profit community-based organization that provides information to beneficiaries about their health options under Medicare and negotiates with Medicare+Choice plans on benefits and premiums for beneficiaries who are members of the coalition or otherwise affiliated with it.

Section 125. Study on limitation on state payment for medicare cost-sharing affecting access to services for qualified medicare beneficiaries

The provision would require the Secretary of HHS to conduct a study to determine if access to certain services (including mental health services) has been affected by a specific provision in law. That provision specifies that states are not required to pay Medicare cost-sharing charges for QMBs to the extent these payments would result in a total payment in excess of the Medicaid level.

Section 126. Institute of Medicine study on waiver of 24-month waiting period for Medicare disability eligibility for amyotrophic lateral sclerosis (ALS) and other devastating diseases

The provision would provide for an Institute of Medicine study that examines the appropriateness of waiving the 24-month waiting period for Medicare disability eligibility for an individual medically determined to have amyotrophic lateral sclerosis (ALS) or an other disease that is as rapidly debilitating.

Section 127. Studies on preventive interventions in primary care for older Americans

The provision would require the Secretary, acting through the United States Preventive Services Task Force, to conduct a series of studies designed to identify preventive interventions in primary care for older Americans.

Section 128. MedPAC study and report on Medicare coverage of cardiac and pulmonary rehabilitation and therapy services

The provision would require MedPAC to conduct a study on coverage of cardiac and pulmonary rehabilitation therapy services under Medicare.

TITLE II—RURAL HEALTH CARE IMPROVEMENTS

Subtitle A—Critical Access Hospital Provisions

Section 201. Clarification of no beneficiary cost-sharing for clinical diagnostic laboratory tests furnished by critical access hospitals

Effective for services furnished on or after the enactment of BBRA99, Medicare beneficiaries would not be liable for any coinsurance, deductible, copayment, or other cost sharing amount with respect to clinical diagnostic laboratory services furnished as an outpatient critical access hospital (CAH) service. Conforming changes that clarify that CAHs are reimbursed on a reasonable cost basis for outpatient clinical diagnostic laboratory services are also included.

Section 202. Assistance with fee schedule payment for professional services under all-inclusive rate

Effective for items and services furnished on or after April 1, 2001, Medicare would pay a CAH for outpatient services based on reasonable costs or, at the election of an entity, would pay the CAH a facility fee based on reasonable costs plus an amount based on 115% of Medicare's fee schedule for professional services.

Section 203. Exemption of critical access hospital swing beds from SNF PPS

Swing beds in critical access hospitals (CAHs) would be exempt from the SNF prospective payment system. CAHs would be paid for covered SNF services on a reasonable cost basis.

Section 204. Payment in critical access hospitals for emergency room on-call physicians

When determining the allowable, reasonable cost of outpatient CAH services, the Secretary would recognize amounts for the compensation and related costs for on-call emergency room physicians who are not present on the premises, are not otherwise furnishing services, and are not on-call at any other provider or facility. The Secretary would define the reasonable payment amounts and the meaning of the term ''on-call.'' The provision would be effective for cost reporting periods beginning on or after October 1, 2001.

Section 205. Treatment of ambulance services furnished by certain critical access hospitals

Ambulance services provided by a critical access hospital (CAH) or provided by an entity that is owned or operated by a CAH would be paid on a reasonable cost basis if the CAH or entity is the only provider or supplier of ambulance services that is located within a 35-mile drive of the CAH. The provision would be effective for cost reporting periods beginning on or after implementation of the fee schedule.

Section 206. GAO study on certain eligibility requirements for critical access hospitals

Within one year of enactment, GAO would be required to conduct a study on the eligibility requirements for critical access hospitals (CAHs) with respect to limitations on average length of stay and number of beds, including an analysis of the feasibility of having a distinct part unit as part of a CAH and the effect of seasonal variations in CAH eligibility requirements. GAO also would be required to analyze the effect of seasonal variations in patient admissions on critical access hospital eligibility requirements with respect to limits on average annual length of stay and number of beds.

Subtitle B—Other Rural Hospitals Provisions

Section 211. Equitable treatment for rural disproportionate share hospitals

For discharges occurring on or after April 1, 2001, all hospitals would be eligible to receive DSH payments when their DSH percentage (threshold amount) exceeds 15%. The DSH payment formulas for sole community hospitals (SCHs), rural referral centers (RRCs), rural hospitals that are both SCHs and RRCs, small rural hospitals and urban hospitals with less than 100 beds would be modified.

Section 212. Option to base eligibility for Medicare dependent, small rural hospital program on discharges during 2 of the 3 most recent audited cost reporting periods

An otherwise qualifying small rural hospital would be able to be classified as an MDH if at least 60% of its days or discharges were attributable to Medicare Part A beneficiaries in at least two of the three most recent audited cost reporting periods for which the Secretary has a settled cost report.

Section 213. Extension of option to use rebased target amounts to all sole community hospitals

Any SCH would be able to elect payment based on hospital specific, updated FY1996 costs if this target amount resulted in higher Medicare payments. There would be a transition period with Medicare payment based completely on updated FY1996 hospital specific costs for discharges occurring after FY2003.

Section 214. MedPAC analysis of impact of volume on per unit cost of rural hospitals with psychiatric units

MedPAC would be required to report on the impact of volume on the per unit cost of rural hospitals with psychiatric units and include in its report a recommendation on whether special treatment is warranted.

Subtitle C—Other Rural Provisions

Section 221. Assistance for providers of ambulance services in rural areas

The provision would make additional payments to providers of ground ambulance services for trips, originating in rural areas, that are greater than 17 miles and up to 50 miles. The payments would be made for services furnished on or after implementation of the fee schedule and before January 1, 2004. The provision would require the Comptroller General to conduct a study to examine both the costs of efficiently providing ambulance services for trips originating in rural areas and the means by which rural areas with low population densities can be identified for the purpose of designating areas in which the costs of ambulance services would be expected to be higher. The Comptroller General would submit a report to Congress by June 30, 2002 on the results of the study, together with recommendations on steps that should be taken to assure access to ambulance services for trips originating in rural areas. The Secretary would be required to take these findings into account when establishing the fee schedule, beginning with 2004.

Section 222. Payment for certain physician assistant services

This provision would give permanent authority to physician assistants who owned rural health clinics that lost their designation as such to bill Medicare directly.

Section 223. Expansion of Medicare payment for telehealth services

The provision would establish revised payment provisions, effective no later than July 1, 2001, for services that are provided via a telecommunications system by a physician or practitioner to an eligible beneficiary in a rural area. The Secretary would be required to make payments for telehealth services to the physician or practitioner at the distant site in an amount equal to the amount that would have been paid to such physician or practitioner if the service had been furnished to the beneficiary without the use of a telecommunications system. A facility fee would be paid to the originating site. Originating sites would include a physician or practitioner office, a critical access hospital, a rural health clinic, a Federally qualified health center or a hospital. The Secretary would be required to conduct a study, and submit recommendations to Congress, that identify additional settings, sites, practitioners and geographic areas that would be appropriate for telehealth services. Entities participating in Federal demonstration projects approved by, or receiving funding from, the Secretary as of December 31, 2000 would be qualified sites.

Section 224. Expanding Access to rural health clinics

All hospitals of less than 50 beds that own rural health clinics would be exempt from the per visit limit.

Section 225. MedPAC study on low-volume, isolated rural health providers

MedPAC would be required to study the effect of low patient and procedure volume on the financial status and Medicare payment methods for hospital outpatient services, ambulance services, hospital inpatient services, skilled nursing facility services, and home health services in isolated rural health care providers.

TITLE III—PROVISIONS RELATING TO PART A

Subtitle A—Inpatient Hospital Services

Section 301. Revision of acute care hospital payment update for 2001

All hospitals would receive the full market basket index (MBI) as an update for FY2001. In order to implement this increase for hospitals other than sole community hospitals (SCH), those hospitals would receive the MBI minus 1.1 percentage points (the current statutory provision) for discharges occurring on or after October 1, 2000 and before April 1 2001; these non-SCH hospitals would receive the MBI plus 1.1 percentage points for discharges occurring on or after April 1, 2001 and before October 1, 2001. For FY2002 and FY2003, hospitals would receive the MBI minus .55 percentage points. For FY2004 and subsequently, hospitals would receive the MBI.

The Secretary is directed to consider the prices of blood and blood products purchased by hospitals in the next rebasing and revision of the hospital market basket to determine whether those prices are adequately reflected in the market basket index. MedPAC is directed to conduct a study on increased hospital costs attributable to complying with new blood safety measures and providing such services using new technologies among other issues.

For discharges occurring on or after October 1, 2001, the Secretary would be able to adjust the standardized amount in future fiscal years to correct for changes in the aggregate Medicare payments caused by adjustments to the DRG weighting factors in a previous fiscal year (or estimates that such adjustments for a future fiscal year) that did not take into account coding improvements or changes in discharge classifications and did not accurately represent increases in the resource intensity of patients treated by PPS hospitals.

Section 302. Additional modification in transition for indirect medical education (IME) percentage adjustment

Teaching hospitals would receive 6.25% IME payment adjustment (for each 10% increase in teaching intensity) for discharges occurring on or after October 1, 2000 and before April 1, 2001. The IME adjustment would increase to 6.75% for discharges on or after April 1, 2001 and before October 1, 2001, for an average of 6.5% for FY2001. The IME adjustment would be 6.375% in FY2002 and 5.5% in FY2003 and in subsequent years.

Section 303. Decrease in reductions for disproportionate share hospital (DSH) payments

Reductions in the DSH payment formula amounts would be 2% in FY2001, 3% in FY2002, and 0% in FY2003 and subsequently. To implement the FY2001 provision, DSH amounts for discharges occurring on or after October 1, 2000 and before April 1, 2001, would be reduced by 3% which was the reduction in effect prior to enactment of this provision. DSH amounts for discharges occurring on or after April 1, 2001 and before October 1, 2001 would be reduced by only 1 percentage point.

Section 304. Wage index improvements

For FY2001 or any fiscal year thereafter, a Medicare Geographic Classification Review Board (MGCRB) decision to reclassify a prospective payment system hospital for use of a different area's wage index would be effective for 3 fiscal years. The Secretary would establish procedures whereby a hospital could elect to terminate this reclassification decision before the end of such period. For FY2003 and subsequently, MGCRB would base any comparison of the average hourly wage of the hospital with the average hourly wage for hospitals in the area using data from each of the two immediately preceding surveys as well as data from the most recently published hospital wage survey.

The Secretary would establish a process which would first be available for discharges occurring on or after October 1, 2001 where a single wage index would be computed for all geographic areas in the state. If the Secretary applies a statewide geographic index, an application by an individual hospital would not be considered. The Secretary would also collect occupational data every three years in order to construct an occupational mix adjustment for the hospital area wage index. The first complete data collection effort would occur no later than September 30, 2003 for application beginning October 1, 2004.

Section 305. Payment for inpatient services in rehabilitation hospitals

Total payments for rehabilitation hospitals in FY2002 would equal the amounts of payments that would have been made if the rehabilitation prospective payment system (PPS) had not been enacted. A rehabilitation facility would be able to make a one-time election before the start of the PPS to be paid based on a fully phased-in PPS rate.

Section 306. Payment for inpatient services of psychiatric hospitals

The provision would increase the incentive payments for psychiatric hospitals and distinct part units to 3% for cost reporting periods beginning on or after October 1, 2000.

Section 307. Payment for inpatient services of long-term care hospitals

For cost reporting periods beginning during FY 2001, long term hospitals would have the national cap increased by 2% and the target amount increased by 25%. Neither these payments nor the increased bonus payments provided by BBRA 99 would be factored into the development of the prospective payment system (PPS) for long term hospitals. When developing the PPS for inpatient long term hospitals, the Secretary would be required to examine the feasibility and impact of basing payment on the existing (or refined) acute hospital DRGs and using the most recently available hospital discharge data. If the Secretary is unable to implement a long term hospital PPS by October 1, 2002, the Secretary would be required to implement a PPS for these hospitals using the existing acute hospital DRGs that have been modified where feasible.

Subtitle B—Adjustments to PPS Payments for Skilled Nursing Facilities

Section 311. Elimination of reduction in skilled nursing facility (SNF) market basket update in 2001

The provision would modify the schedule and rates according to which federal per diem payments are updated. In FY 2002 and FY 2003 the updates would be the market basket index increase minus 0.5 percentage point. The update rate for the period October 1, 2000, through March 31, 2001, would be the market basket index increase minus 1 percentage point; the update rate for the period April 1, 2001, through September 30, 2001, would be the market basket index increase plus one percentage point. Temporary increases in the federal per diem rates provided by BBRA 99 would be in addition to the

increases in this provision. By July 1, 2002, the Comptroller General would be required to submit a report to Congress on the adequacy of Medicare payments to SNFs, taking into account the role of private payers, medicaid, and case mix on the financial performance of SNFs and including an analysis, by RUG classification, of the number and characteristics of such facilities. By January 1, 2005, the Secretary would be required to submit a report to Congress on alternatives for classification of SNF patients.

Section 312. Increase in nursing component of PPS federal rate

The provision would increase the nursing component of each RUG by 16.66 percent over current law for SNF care furnished after April 1, 2001, and before October 1, 2002. Skilled nursing facilities would be required to post nurse staffing information daily for each shift in the facility.

The Comptroller General would be required to conduct an audit of nurse staffing ratios in a sample of SNFs and to report to Congress by August 1, 2002, on the results of the audit of nurse staffing ratios and recommend whether the additional 16.66 percent payment should be continued.

Section 313. Application of SNF consolidated billing requirement limited to part A covered stays

Effective January 1, 2001, the provision would limit the current law consolidated billing requirement to services and items furnished to SNF residents in a Medicare part A covered stay and to therapy services furnished in part A and part B covered stays.

The Inspector General of HHS would be required to monitor part B payments to SNFs on behalf of residents who are not in a part A covered stay.

Section 314. Adjustment of rehabilitation RUGS to correct anomaly in payment rates

Effective for skilled nursing facility (SNF) services furnished on or after April 1, 2002, the provision would increase by 6.7 percent certain federal per diem payments to ensure that Medicare payments for SNF residents with ''ultra high'' and ''high'' rehabilitation therapy needs are appropriate in relation to payments for residents needing ''medium'' or ''low'' levels of therapy. The 20 percent additional payment that was provided in BBRA 99 for certain RUGS is removed to make this provision budget neutral.

The Inspector General of HHS would be required to review and report to Congress by October 1, 2001, regarding whether the RUG payment structure as in effect under the BBRA 99 includes incentives for the delivery of inadequate care.

Section 315. Establishment of process for geographic reclassification

The provision would permit the Secretary to establish a process for geographic reclassification of skilled nursing facilities based upon the method used for inpatient hospitals. The Secretary may implement the process upon completion of the data collection necessary to calculate an area wage index for workers in skilled nursing facilities.

Subtitle C—Hospice Care

Section 321. Full market basket increase for 2001

The provision would modify update procedures for Medicare daily payment rates for hospice care. It would provide an increase in FY 2001 equal to the full increase in the market basket index. (The rates would be lower in the period October 1, 2000, through March 21, 2001, and higher in the period April 1, 2001, through September 30, 2001.) For FY 2002, payments would be updated by the market basket index increase minus .25 percentage point. The temporary increase in payment rates provided in BBRA 99 for FY 2001 and FY 2002 (.5 percent and .75 percent, respectively) would be included in the base on which updates are computed.

Section 322. Clarification of physician certification

Effective for certifications of terminal illness made on or after the date of enactment, the provision would modify current law to specify that the physician's or hospice medical director's certification of terminal illness would be based on his/her clinical judgment regarding the normal course of the individual's illness. The Secretary would be required to study and report to Congress within 2 years of enactment on the appropriateness of certification of terminally ill individuals and the effect of this provision on such certification.

Section 323. MedPAC report on access to, and use of, hospice benefit

The provision would require MedPAC to examine the factors affecting the use of Medicare hospice benefits, including delay of entry into the hospice program and urban and rural differences in utilization rates. The provision would require a report on the study to be submitted to Congress 18 months after enactment.

Section 331. Relief From Medicare Part A late enrollment penalty for group buy-in for state and local retirees

The provision would exempt certain state and local retirees, retiring prior to January 1, 2002, from the Part A delayed enrollment penalties. These would be groups of persons for whom the state or local government elected to pay the delayed Part A enrollment penalty for life. The amount of the delayed enrollment penalty which would otherwise be assessed would be reduced by an amount equal to the total amount of Medicare payroll taxes paid by the employee and the employer on behalf of the employee.

Section 332. Posting of information on nursing facility staffing.

The provision would require skilled nursing facilities to post nurse staffing information daily for each shift in the facility.

TITLE IV—PROVISIONS RELATING TO PART B

Subtitle A—Hospital Outpatient Services

Section 401. Revision of hospital outpatient PPS payment update

Effective as if enacted with the BBRA 99, the provision would modify the current law update rates applicable to the hospital outpatient PPS by providing in FY 2001 an update equal to the full rate of increase in the market basket index. As under current law, the increase in FY 2002 would be the market basket index increase minus one percentage point.

If the Secretary determines that updates to the adjustment factor used to convert the relative utilization weights under the PPS into payment amounts have, or are likely to, result in hospitals' changing their coding or classification of covered services, thereby changing aggregate payments, the Secretary would be authorized to adjust the conversion factor in later years to eliminate the effect of coding or classification changes.

Section 402. Clarifying process and standards for determining eligibility of devices for pass-through payments under hospital outpatient PPS

The provision would modify the procedures and standards by which certain medical devices are categorized and determined eligible for pass-through payments under the PPS. Through public rule-making procedures, the Secretary would be required to establish criteria for defining special payment categories under the PPS for new medical devices. The Secretary would be required to promulgate, through the use of a program memorandum, initial categories that would encompass each of the individual devices that the Secretary had designated as qualifying for the pass-through payments to date. In addition, similar devices not so designated because they were payable under Medicare prior to December 31, 1996, would also be included in initial categories. The Secretary would be required to create additional new categories in the future to accommodate new technologies meeting the ''not insignificant cost'' test established in BBRA 99.

Once the categories were established, pass-through payments currently authorized under section 1833(t)(b) of the Social Security Act would proceed on a category-specific, rather than device-specific basis. These payments would be designated as ''category-based pass-through payments.'' These payments would be continued to be made for the 2 to 3 years payment period originally specified in BBRA 99, and, for each given category, would begin when the first such payment is made for any device included in a specified category. At the conclusion of this transitional payment period, categories would sunset and payment for the device would be included in the underlying PPS payment for the related service.

Section 403. Application of OPD PPS transitional corridor payments to certain hospitals that did not submit a 1996 cost report

Effective as if enacted with BBRA 99, the provision would modify current law as enacted in BBA 99 to enable all hospitals, not just those hospitals filing 1996 cost reports, to be eligible for transitional payments under the PPS.

Section 404. Application of rules for determining provider-based status for certain entities

The provision would grandfather existing arrangements whereby certain entities (such as outpatient clinics, skilled nursing facilities, etc.) are considered ''provider-based'' entities, meaning they are affiliated financially and clinically with a main hospital. Existing provider-based status designations would continue for two years beginning October 1, 2000. If a facility or organization requests approval for provider-based status during the period October 1, 2000, through September 31, 2002, it could not be treated as if it did not have such status during the period of time the determination is pending. In making such a status determination on or after October 1, 2000, HCFA would treat the applicant as satisfying any requirements or standards for geographic location if it satisfied geographic location requirements in regulations or is located not more than 35 miles from the main campus of the hospital.

An applicant facility or organization would be treated as satisfying all requirements for provider-based status if it is owned or operated by a unit of State or local government or is a public or private nonprofit corporation that is formally granted governmental powers by a unit of State or local government, or is a private hospital that, under contract, serves certain low income households or has a certain disproportionate share adjustment.

These provisions are in effect during a two-year period beginning on October 1, 2000.

Section 405. Treatment of children's hospitals under prospective payment system

The BBRA 99 provides special ''hold harmless'' payments to ensure that cancer hospitals would receive no less under the hospital outpatient PPS than they would have received, in aggregate, under the ''pre-BBA'' system, that is, the pre-PPS payment system. Effective as if included in the BBRA 99, the provision would extend this hold harmless protection to children's hospitals.

Sec 406. Inclusion of temperature monitored cryoablation

The provision would include temperature monitored cryoablation as part of the transitional pass-through for certain medical devices, drugs, and biologicals under the hospital outpatient prospective payment system, effective April 1, 2001.

Subtitle B—Provisions Relating to Physicians Services

Section 411. GAO studies relating to physicians' services

The provision would require the GAO to conduct a study on the appropriateness of furnishing in physicians offices specialist services (such as gastrointestinal endoscopic physicians services) which are ordinarily furnished in hospital outpatient departments. The GAO would also be required to study the refinements to the practice expense relative value units made during the transition to the resource-based system.

Section 412. Physician group practice demonstration

The provision would require the Secretary to conduct demonstration projects to test, and if proven effective, expand the use of incentives to health care groups participating under Medicare. Such incentives would be designed to encourage coordination of care furnished under Medicare Parts A and B by institutional and other providers and practitioners; to encourage investment in administrative structures and processes to encourage efficient service delivery; and to reward physicians for improving health outcomes. The Secretary would establish for each group participating in a demonstration, a base expenditure amount and an expenditure target (reflecting base expenditures adjusted for risk and expected growth rates). The Secretary would pay each group a bonus for each year equal to a portion of the savings for the year relative to the target. In addition, at such time as the Secretary had developed appropriate criteria, the Secretary would pay an additional bonus related to process and outcome improvements. Total payments under demonstrations could not exceed what the Secretary estimates would be paid in the absence of the demonstration program.

Section 413. Study on enrollment procedures for groups that retain independent contractor physicians

The provision would require the Comptroller General to conduct a study of the current Medicare enrollment process for groups that retain independent contractor physicians; particular emphasis would be placed on hospital-based physicians, such as emergency department staffing groups.

Subtitle C—Other Services

Section 421. One-year extension of moratorium on therapy caps; report on standards for supervision of physical therapy assistants

The provision would extend the moratorium on the physical therapy and occupational therapy caps for 1 year through 2002; it would also extend the requirement for focused reviews of therapy claims for the same period. The Secretary would be required to conduct a study on the implications of eliminating the ''in the room'' supervision requirement for Medicare payment for physical therapy assistants who are supervised by physical therapists and the implications of this requirement on the physical therapy cap.

Section 422. Update in renal dialysis composite rate

The provision would specify that the composite rate payment for renal dialysis services would be increased by 2.4% for 2001. The provision would require the Secretary to collect data and develop an end-stage renal disease (ESRD) market basket whereby the Secretary could estimate before the beginning of a year the percentage increase in costs for the mix of labor and non-labor goods and services included in the composite rate. The Secretary would report to Congress on the index together with recommendations on the appropriateness of an annual or periodic update mechanism for dialysis services. The Comptroller General would be required to study the access of beneficiaries to dialysis services. There is a hold harmless provision for facilities who received exemptions for their 2000 rates, and for facilities that had their applications denied in 2000 but resubmit them by July 1, 2001and are approved.

Section 423. Payment for ambulance services

The provision would provide for the full inflation update in ambulance payments for 2001. It would also specify that any phase-in of the ambulance fee schedule would provide for full payment of national mileage rates in states where separate mileage payments were not made prior to implementation of the fee schedule.

Section 424. Ambulatory surgical centers

The provision would delay implementation of proposed regulatory changes to the ambulatory payment classification system, which are based on 1994 cost data, until January 1, 2002. At that time, such changes would be phased in over 4 years: in the first year the payment amounts would be 25 percent of the revised rates and 75 percent of the prior system rates; in the second year payments would be 50 percent of the revised rates and 50 percent of the prior system rates, etc. The provision also requires that the revised system, based on 1999 (or later) cost data, be implemented January 1, 2003. (The phase-in of the revised system and 1994 data would end when the system with 1999 or later data was implemented.)

Section 425. Full update for durable medical equipment

The provision would modify updates to payments for durable medical equipment. For 2001, the payments for covered DME would be increased by the full increase in the consumer price index for urban consumers during the 12-month period ending June 2000. No increase would be authorized for 2002.

Section 426. Full update for orthotics and prosthetics

The provision would modify updates to payments for orthotics and prosthetics: in 2000 the rates would be increased by one percent; in 2001, the increase would be equal to the percentage increase in the consumer price index for urban consumers during the 12–month period ending with June, 2000; for 2002, payments would be increased by one percent over the prior year's amounts.

Section 427. Establishment of special payment provisions and requirements for prosthetics and certain custom fabricated orthotic items

Under the provision, certain prosthetics or custom fabricated orthotics would be covered by Medicare if furnished by a qualified practitioner and fabricated by a qualified practitioner or qualified supplier. The Secretary would be required to establish a list of such items in consultation with experts. Within one year of enactment, the Secretary would be required to promulgate regulations to provide these items, using negotiated rulemaking procedures.

Not later than 6 months from enactment, the Comptroller General would be required to submit to Congress a report on the Secretary's compliance with the Administrative Procedures Act with regard to HCFA Ruling 96–1; certain impacts of that ruling; the potential for fraud and abuse in provision of prosthetics and orthotics under special payment rules and for custom fabricated items; and the effect on Medicare and Medicaid payments if that ruling were overturned.

Section 428. Replacement of prosthetic devices and parts

The provision would authorize Medicare coverage for replacement of artificial limbs, or replacement parts for such devices, if ordered by a physician for specified reasons. Effective for items furnished on or after enactment, coverage would apply to prosthetic items 3 or more years old, and would supersede any 5–year age rules for such items under current law.

Section 429. Revised part B payment for drugs and biologicals and related services

The provision would require the Comptroller General to study and submit a report to Congress and the Secretary on the reimbursement for drugs and biologicals and for related services under Medicare; the report would include specific recommendations for revised payment methodologies. The Secretary would revise the current payment methodologies for covered drugs and biologicals and related services based on these recommendations; however, total payments under the revised methodologies could not exceed the aggregate payments the Secretary estimates would have been made under the current law. The provision would establish a temporary injunction on changes in payment rates until the Secretary reviewed the GAO report.

Section 430. Contrast enhanced diagnostic procedures under hospital prospective payment system

The provision would require the Secretary to create under that hospital outpatient PPS additional and separate groups of covered services which include procedures that utilize contrast media. The provision would take effect January 1, 2001. and separate groups of covered services which include procedures that utilize contrast media.

Section 431. Qualifications for community mental health centers

The provision would clarify the qualifications for community mental health centers providing partial hospitalization services under Medicare.

Section 432. Modification of medicare billing requirements for certain indian providers

The provision would authorize hospitals and free-standing ambulatory care clinics of the Indian Health Service to bill Medicare for services which are paid for under the physician fee schedule.

Section 433. GAO study on coverage of surgical first assisting services of certified registered nurse first assistants

The provision would require the Comptroller General to conduct a study on the effect on both the program and beneficiaries of

covering surgical first assisting services of certified registered nurse first assistants.

Section 434. MedPAC study and report on medicare reimbursement for services provided by certain providers

The provision would require MedPAC to conduct a study on the appropriateness of current payment rates for services provided by a certified nurse midwife, physician assistant, nurse practitioner, and clinical nurse specialist.

Section 435. MedPAC study and report on medicare coverage of services provided by certain non-physician providers

The provision would require MedPAC to conduct a study to determine the appropriateness of Medicare coverage of the services provided by a surgical technologist, marriage counselor, pastoral care counselor, and licensed professional counselor of mental health.

Section 436. GAO study and report on the costs of emergency and medical transportation services

The provision would require the Comptroller General to conduct a study on the costs of providing emergency and medical transportation services across the range of acuity levels of conditions for which such transportation services are provided.

Section 437. GAO studies and reports on medicare payments

The provision would require the Comptroller General to conduct a study on the post-payment audit process for physicians services. The study would include the proper level of resources HCFA should devote to educating physicians regarding coding and billing, documentation requirements, and calculation of overpayments. The Comptroller General would also be required to conduct a study of the aggregate effects of regulatory, audit, oversight and paperwork burdens on physicians and other health care providers participating in Medicare.

Section 439. MedPAC study on access to outpatient pain management services

The provision would require MedPAC to conduct a study on the barriers to coverage and payment for outpatient interventional pain medicine procedures under Medicare.

TITLE V—PROVISION RELATING TO PARTS A AND B

Subtitle A—Home Health Services

Section 501. 1–Year additional delay in application of 15 percent reduction on payment limits fo home health services

The provision would require that the aggregate amount of Medicare payments to home health agencies in the second year of the PPS (FY 2002) shall equal the aggregate payments in the first year of the PPS, updated by the market basket index (MBI) increase minus 1.1 percentage points. The 15 percent reduction to aggregate PPS amounts, which, under current law, would go into effect October 1, 2001, would be delayed until October 1, 2002.

The Comptroller General (rather than the Secretary) would be required to submit, by April 1, 2002, a report analyzing the need for the 15 percent or other reduction.

If the Secretary determines that updates to the PPS system for a previous fiscal year (or estimates of such adjustments for a future fiscal year) did (or are likely to) result in a change in aggregate payments due to changes in coding or classification of beneficiaries' service needs that do not reflect real changes in case mix, effective for home health episodes concluding on or after October 1, 2001, the Secretary may adjust PPS amounts to eliminate the effect of such coding or classification changes.

Section 502. Restoration of full home health market basket update for home health services for fiscal year 2001

The provision would modify the home health PPS updates. During the period October 1, 2000, through March 31, 2001, the rates promulgated in the home health PPS regulations on July 3, 2000, would apply for 60–day episodes of care (or visits) ending in that period. For the period April 1, 2001, through September 31, 2001, those rates would be increased by 2.2 percent for 60–day episodes (or visits) ending in that time period.

Section 503. Temporary two-month extension of periodic interim payments

The provision would extend applicability of periodic interim payments provided under current law. Home health agencies that were receiving such payments as of September 30, 2000, would continue to receive them until December 1, 2000. The payments in each of November and December 2000 would equal the amount those agencies received in October 2000. The amounts would be included in the agency's last settled cost report before implementation of the PPS.

Section 504. Use of telehealth in delivery of home health services

The provision would clarify that the telecommunications provisions should not be construed as preventing a home health agency from providing a service, for which payment is made under the prospective payment system, via a telecommunications system, provided that the services do not substitute for ''in-person'' home health services ordered by a physician as part of a plan of care or are not considered a home health visit for purposes of eligibility or payment.

Section 505. Study on costs to home health agencies of purchasing nonroutine medical supplies

The provision would require that, not later than October 1, 2001, the Comptroller General shall submit to Congress a report regarding the variation in prices home health agencies pay for nonroutine supplies, the volume of supplies used, and what effect the variations have on the provision of services. The Secretary would be required to make recommendations on whether Medicare payment for those supplies should be made separately from the home health PPS.

Section 506. Treatment of branch offices; GAO study on supervision of home health care provided in isolated rural areas

The provision would clarify that neither time nor distance between a home health agency parent office and a branch office shall be the sole determinant of a home health agency's branch office status. The Secretary would be authorized to include forms of technology in determining ''supervision'' for purposes of determining a home health agency's branch office status.

Not later than January 1, 2002, the Comptroller General would be required to submit to Congress a report regarding the adequacy of supervision and quality of home health services provided by home health agency branch offices and subunits in isolated rural areas and to make recommendations on whether national standards for supervision would be appropriate in assuring quality.

Section 507. Clarification of the homebound benefit

The provision clarifies that the need for adult day care for patient's plan of treatment does not preclude appropriate coverage for home health care for other medical conditions. The provision also clarifies the ability of homebound beneficiaries to attend religious services without being disqualified from receiving home health benefits.

Subtitle B—Direct Graduate Medical Education

Section 511. Increase in floor for direct graduate medical education payments

A hospital's approved per resident amount for cost reporting periods beginning during FY2002 would not be less than 85% of the locality adjusted national average per resident amount.

Section 512. Change in distribution formula for Medicare+Choice-related nursing and allied health education costs

A hospital would receive nursing and allied health payments for Medicare managed care enrollees based on its per day cost of allied and nursing health programs and number of days attributed to Medicare enrollees in comparison to that in all other hospitals. The provision would be effective for portions of cost reporting periods occurring on or after January 1, 2001.

Subtitle C—Changes in Medicare Coverage and Appeals Process

Section 521. Revisions to medicare appeals process

The provision would modify the Medicare appeals process. Generally, initial determinations by the Secretary would be concluded no later than 45-days from the date the Secretary received a claim for benefits. Any individual dissatisfied with the initial determination would be entitled to a redetermination by the carrier or fiscal intermediary who made the initial determination. Such redetermination would be required to be completed within 30 days of a beneficiary's request. Beneficiaries could appeal the outcome of a redetermination by seeking a reconsideration. Generally, a request for a reconsideration must be initiated no later than 180 days after the date the individual receives the notice of an adverse redetermination. In addition, if contested amounts are greater than $100, an individual would be able to appeal an adverse reconsideration decision by requesting a hearing by the Secretary (first for a hearing by an administrative law judge, then in certain circumstances, for a hearing before the Department Appeals Board). If the dispute is not satisfactorily resolved through this administrative process, and if contested amounts are greater than $1,000, the individual would be able to request judicial review of the Secretary's final decision. Aggregation of claims to meet these thresholds would be permitted.

An expedited determination would be available for a beneficiary who received notice: 1) that a provider plans to terminate services and a physician certifies that failure to continue the provisions of the services is likely to place the beneficiary's health at risk; or 2) that the provider plans to discharge the beneficiary.

The Secretary would enter into 3–year contracts with at least 12 qualified independent contractors (QICs) to conduct reconsiderations. A QIC would promptly notify beneficiaries and Medicare claims processing contractors of its determinations. A beneficiary could appeal the decision of a QIC to an ALJ. In cases where the ALJ decision is not rendered within the 90-day deadline, the appealing party would be able to request a DAB hearing.

The Secretary would perform outreach activities to inform beneficiaries, providers,

and suppliers of their appeal rights and procedures. The Secretary would submit to Congress an annual report including information on the number of appeals for the previous year, identifying issues that require administrative or legislative actions, and including recommendations for change as necessary. The report would also contain an analysis of the consistency of the QIC determinations as well as the cause for any identified inconsistencies.

Section 522. Revisions to medicare coverage process

The provision would clarify when and under what circumstances Medicare coverage policy could be challenged. An aggrieved party could file a complaint concerning a national coverage decision. Such complaint would be reviewed by the Department Appeals Board (DAB) of HHS. The provision would also permit an aggrieved party to file a complaint concerning a local coverage determination. In this case, the determination would be reviewed by an administrative law judge. If unsatisfied, complainants could subsequently seek review of such a local policy by the DAB. In both cases, a DAB decision would constitute final HHS action, and would be subject to judicial review. The provision would also permit an affected party to submit a request to the Secretary to issue a national coverage or noncoverage determination if one has not been issued. The Secretary would have 90 days to respond. HHS would be required to prepare an annual report on national coverage determinations.

Subtitle D—Improving Access to New Technologies

Section 531. Reimbursement improvements for new clinical laboratory tests and durable medical equipment

The provision would specify that the national limitation amount for a new clinical laboratory test would equal 100% of the national median for such test. The Secretary would be required to establish procedures that permit public consultation for coding and payment determinations for new clinical diagnostic laboratory tests and new durable medical equipment. The Secretary would be required to report to Congress on specific procedures used to adjust payments for advanced technologies; the report would include recommendations for legislative changes needed to assure fair and appropriate payments.

Section 532. Retention of HCPCS level III Codes.

The provision would extend the time for the use of local codes (known as HCPCS level III codes) through December 31, 2003; the Secretary would be required to make the codes available to the public.

Section 533. Recognition of new medical technologies under medicare inpatient hospital PPS

The Secretary would be required to submit a report to Congress no later than April 1, 2001, on potential methods for more rapidly incorporating new medical services and technologies used in the inpatient setting in the clinical coding system used with respect to payment for inpatient services. The Secretary would be required to identify the preferred methods for expediting these coding modifications in her report, and to implement such method by October 1, 2001. Additional hospital payments could be made by means of a new technology group (DRG), an add-on payment, payment adjustment or other mechanism. However, separate fee schedules for additional new technology payments would not be permitted. The Secretary would implement the new mechanism on a budget neutral basis. The total amount of projected additional payments under the mechanism would be limited to an amount not greater than the Secretary's annual estimation of the costs attributable to the introduction of new technology in the hospital sector as a whole (as estimated for purposes of the annual hospital update calculation).

Subtitle E—Other Provisions

Section 541. Increase in reimbursement for bad debt

Effective beginning with cost reports starting in FY2001, the provision would increase the percentage of the reasonable costs associated with beneficiaries' bad debt in hospitals that Medicare would reimburse to 70%.

Section 542. Treatment of certain physician pathology services under medicare

The provision would permit independent laboratories, under a grandfather arrangement to continue, for a 2-year period (2001–2002), direct billing for the technical component of pathology services provided to hospital inpatients and hospital outpatients. The Comptroller General would be required to conduct a study of the effect of these provisions on hospitals and laboratories and access of fee-for-service beneficiaries to the technical component of physician pathology services. The report would include recommendations on whether the provisions should continue after the 2-year period for either (or both) inpatient and outpatient hospital services and whether the provision should be extended to other hospitals.

Section 543. Extension of advisory opinion authority

The Office of the Inspector General's authority to issue advisory opinions to outside parties who request guidance on the applicability of the anti-kickback statute, safe harbor provisions and other OIG health care fraud and abuse sanctions would be made permanent.

Section 544. Change in annual MedPAC reporting

The provision would delay the reporting date for the MedPAC report on issues affecting the Medicare program by 15 days to June 15. The provision would also require record votes on recommendations contained both in this report and the March report on payment policies.

Section 545. Development of patient assessment instruments

The provision would require the Secretary to report to the Congress on the development of standard instruments for the assessment of the health and functional status of patients and make recommendations on the use of such standard instruments for payment purposes.

Section 546. GAO report on impact of the emergency medical treatment and Active Labor Act (EMTALA) on hospital emergency departments

GAO would be required to evaluate the impact of the Emergency Medical Treatment and Active Labor Act on hospitals, emergency physicians, and on-call physicians covering emergency departments and to submit a report to Congress by May 1, 2001.

TITLE VI—PROVISIONS RELATING TO PART C (MEDICARE+CHOICE PROGRAM) AND OTHER MEDICARE MANAGED CARE PROVISIONS

Subtitle A—Medicare+Choice Payment Reforms

Section 601. Increase in minimum payment amount

The provision would set the minimum payment amount for aged enrollees within the 50 states and the District of Columbia in a Metropolitan Statistical Area with a population of more than 250,000 at $525 in 2001. For all other areas within the 50 States and the District of Columbia, the minimum would be $475. For any area outside the 50 States and the District of Columbia, the $525 and $475 minimum amounts would also be applied, except that the 2001 minimum payment amount could not exceed 120% of the 2000 minimum payment amount.

Section 602. Increase in minimum percentage increase

This provision would apply a 3% minimum update in 2001 and return to the current law minimum update of 2% thereafter.

Section 603. 10-Year phase in of risk adjustment

Until such time that risk adjustment is based on data from inpatient hospital and ambulatory settings, 10% of payments would be based on risk-adjusted inpatient data built on the 15 principal inpatient diagnostic cost groups (PIP–DCGs) and 90% would be adjusted solely using the older demographic method. Beginning with the first year that risk adjustment is based on data from inpatient hospitals and ambulatory settings, it would be phased in over 10 years, in equal increments. (The Secretary currently plans to implement this new system in 2004.)

Section 604. Transition to revised Medicare+Choice payment rates

Within 2 weeks after the date of enactment of the Act, the Secretary must announce revised M+C capitation rates for 2001, due to changes from this Act. Plans that previously provided notice of their intention to terminate contracts or reduce their service area for 2001 would have 2 weeks after announcement of the revised rates to rescind their notice and submit ACR information. Further, any M+C organization that would receive higher capitation payments as a result of this Act must submit revised ACR information within 2 weeks after announcement of the revised rates. Plans may only reduce premiums, reduce cost sharing, enhance benefits, or utilize stabilization funds. Notwithstanding the issuance of revised rates, M+C organizations would continue to be paid on a fee-for-service basis for costs associated with new national coverage determinations that are made mid-year.

Section 605. Revision of payment rates for ESRD patients enrolled in Medicare+Choice plans

This provision would require that the Secretary increase the M+C payment rates for enrollees with ESRD. The revised rates would reflect the demonstration rate (including the risk-adjustment methodology) of social health maintenance organizations' ESRD capitation demonstrations. The revised rates would include adjustments for factors such as renal treatment modality, age, and underlying cause of the disease.

Section 606. Permitting premium reductions as additional benefits under Medicare+Choice plans

This provision would permit M+C plans to offer reduced Medicare Part B premiums to their enrollees as part of providing any required additional benefits or reduced cost-

sharing. An M+C organization could elect a reduction in its M+C payment up to 125% of the annual Part B premium. However, only 80% of this amount could be used to reduce an enrollee's actual Part B premium. This would have the effect of returning up to 100% of the beneficiary's Part B premium. The reduction would apply uniformly to each enrollee of the M+C plan. Plans would include information about Part B premium reductions as part of the required information that is provided to enrollees for comparing plan options.

Section 607. Full implementation of risk adjustment for congestive heart failure enrollees for 2001

This provision would fully implement risk adjustment based on inpatient hospital diagnoses for an individual who had a qualifying congestive heart failure inpatient diagnosis between July 1, 1999 and June 30, 2000, if that individual was enrolled in a coordinated care plan offered on January 1, 2001. This would apply for only 1 year, beginning on January 1, 2001. This payment amount would be excluded from the determination of the budget neutrality factor.

Section 608. Expansion of application of Medicare+Choice new entry bonus

This provision would expand the application of the new entry bonus for M+C plans to include areas for which notification had been provided, as of October 3, 2000, that no plans would be available January 1, 2001.

Section 609. Report on inclusion of certain costs of the Department of Veterans Affairs and Military Facility Services in calculating Medicare+Choice payment rates

The Secratary shall report to Congress by January 1, 2003, on a method to phase-in the costs of military facility services furnished by the Department of Veterans Affairs or the Department of Defense to Medicare-eligible beneficiaries in the calculation of an area's M+C capitation payment. This report would include, on a county-by-county basis: the actual or estimated costs of such services to Medicare-eligible beneficiaries; the change in M+C capitation payment rates if such costs were included in the calculation of payment rates; one or more proposals for the implementation of payment adjustments to M+C plans in counties where the payment rate has been affected due to failure to account for the cost of such services; and a system to ensure that when a M+C enrollee receives covered services through a facility of these Departments, there is an appropriate payment recovery to the Medicare program.

Subtitle B—Other Medicare+Choice Reforms

Section 611. Payments of additional amounts for new benefits covered during a contract term

The provision would require payment adjustments to M+C plans if a legislative change resulted in significant increased costs, similar to the current law requirements for adjusting payments due to significant increased costs resulting from National Coverage Determination (NCDs). In addition, this provision would require that cost projections and payment adjustments be based on actuarial estimates provided by the Chief Actuary of the Health Care Financing Administration.

Section 612. Restriction on implementation of significant new regulatory requirements mid-year

The provision would preclude the Secretary from implementing, other than at the beginning of a calendar year, regulations that impose new, significant regulatory requirements on M+C organizations and plans.

Section 613. Timely approval of marketing material that follows model marketing language

The provision would require the Secretary to make decisions, within 10 days, approving or modifying marketing material used by M+C organizations, provided that the organization uses model language specified by the Secretary. This provision would apply to marketing material submitted on or after January 1, 2001.

Section 614. Avoiding duplicative regulation

This provision would further stipulate when Medicare law preempts State law or regulation from applying to M+C plans, by specifying that the term benefit requirements includes cost-sharing requirements. Second, the provision would stipulate that State laws and regulations affecting marketing materials, and summaries and schedules of benefits regarding an M+C plan, would also be preempted by Medicare law.

Section 615. election of uniform local coverage policy For Medicare+Choice plan covering multiple localities

An M+C organization offering a plan in an area with more than one local coverage policy would be able to elect to have the local coverage policy for the part of the area that is most beneficial to M+C enrollees (as identified by the Secretary) apply to all M+C enrollees enrolled in the plan.

Section 616. Eliminating health disparities in Medicare+Choice Program

This provision would expand the M+C quality assurance programs for M+C plans to include a separate focus on racial and ethnic minorities. The Secretary would also be required to report to Congress how the quality assurance programs focus on racial and ethnic minorities, within 2 years after enactment and biannually thereafter.

Section 617. Medicare+Choice Program compatibility with employer or union group health plans

In order to make the M+C program compatible with employer or union group health plans, this provision would allow the Secretary to waive or modify requirements that hinder the design of, offering of, or enrollment in certain M+C plans. Plans included in the category are M+C plans under contract between M+C organizations and employers, labor organizations, or trustees of a fund established by employers and/or labor organizations.

Section 618. Special Medigap enrollment anti-discrimination provision for certain beneficiaries

This provision would extend the period for Medigap enrollment for certain M+C enrollees affected by termination of coverage. For individuals enrolled in an M+C plan during a 12–month trial period, their trial period would begin again if they re-enrolled in another M+C plan because of an involuntary termination. During this new trial period, they would retain their rights to enroll in a Medigap policy; however, the total time for a trial period could not exceed 2 years from the time they first enrolled in an M+C plan.

Section 619. Restoring effective date of elections and changes of elections of Medicare+Choice plans

This provision would allow individuals who enroll in an M+C plan after the 10th day of the month to receive coverage beginning on the first day of the next calendar month, effective January 1, 2001.

Section 620. Permitting ESRD beneficiaries to enroll in another Medicare+Choice plan if the plan in which they are enrolled is terminated

This provision would permit ESRD beneficiaries to enroll in another M+C plan if they lost coverage when their plan terminated its contract or reduced its service area. This provision would also be retroactive, to include individuals whose enrollment in an M+C plan was terminated between December 31, 1998 and enactment of this legislation.

Section 621. Providing choice for skilled nursing facility services under the Medicare+Choice program

Effective for M+C contracts entered into or renewed on or after the date of enactment, the provision would require an M+C plan to cover post-hospitalization skilled nursing care through an enrollee's ''home skilled nursing facility'' if the plan has a contract with the facility or if the home facility agrees to accept substantially similar payment under the same terms and conditions that apply to similarly situated SNFs that are under contract with the plan. A ''home skilled nursing facility'' is defined as (a) one in which the enrollee resided at the time of the hospital admission that triggered eligibility for SNF care upon discharge, or (b) is the facility that is providing such services through the continuing care retirement community in which the enrollee resided at the time of hospital admission, or (c) is the facility in which the spouse of the enrollee is residing at the time of the enrollee's hospital discharge. The beneficiary would be required to receive coverage for SNF care at the home facility that is no less favorable than he or she would receive otherwise in another SNF that has a contract with the plan.

Home skilled nursing facilities are permitted to refuse to accept Medicare+Choice enrollees or to impose conditions on their acceptance of such an enrollee.

The provision would require the Medicare Payment Advisory Commission (MedPAC) to analyze and, within 2 years of enactment, report to Congress on the effects of this provision on the scope of benefits, administrative and other costs incurred by M+C organizations, and the contractual relationships between those plans and SNFs.

Section 622. Providing for accountability of Medicare+Choice plans

The provision would mandate review of ACR submissions by the HCFA Chief Actuary with respect to submissions for ACRs filed for 2001 and thereafter.

Subtitle C—Other Managed Care Reforms

Section 631. 1–Year extension of Social Health Maintenance Organization (SHMO) demonstration poject

The provision would extend SHMO waivers until 30 months after the Secretary submits a report with a plan for integration and transition of SHMOs into an option under the M+C program. This 30–month extension would supersede the 18–month extension in BBRA 99.

Section 632. Revised terms and conditions for extension of Medicare Community Nursing Organization (CNO) Demonstration Project

Effective as if enacted with BBRA99, the provision would eliminate the requirement that CNO capitated payments be reduced to ensure budget neutrality. Through December 2001, the projects would operate under the same terms and conditions applicable during 1999, but with modification to the capitation rates. From October 1, 2000, through December 31, 2000, the capitation rates would be adjusted for inflation since 1999 and for changes

in service packages, but reduced by 10 percent for in projects in Arizona, Minnesota, and Illinois and by 15 percent in New York. In 2001, the rates would be determined by actuarially adjusting the rates in the prior period for inflation, utilization, and changes to the service package. Adjustments would be made to case management fees for certain frail enrollees, and requirements would be imposed to create greater uniformity in clinical features among participating sites and to improve quality and enrollee satisfaction.

By July 1, 2001, the Secretary would be required to submit to the House Committees on Ways and Means and Commerce and the Senate Committee on Finance a report evaluating the projects for the period July 1997 through December 1999 and for the extension period after September 30, 2000. A final report would be required by July 1, 2002. The provision would require certain methods to be used to compare spending per beneficiary under the projects.

Section 633. Extension of Medicare municipal health services demonstration projects

The provision would extend the Medicare municipal health services demonstration projects for 2 additional years, through December 31, 2004.

Section 634. Service area expansion for medicare cost contracts during transition period

This provision would allow service area expansion for Medicare cost contracts, if the request was submitted to the Secretary before September 1, 2003.

TITLE VII—MEDICAID

Section 701. DSH payments

(a) Modifications to DSH allotments

For FY2001, the provision would set each state's DSH allotment equal to its allotment for FY2000 increased by the percentage change in the consumer price index for that year, subject to a ceiling that would be equal to 12% of that state's total medical assistance payments in that year.

For FY2002, the provision would set each state's DSH allotment equal to its allotment for 2001 as determined above, increased by the percentage change in the consumer price index for FY2001, subject to a ceiling equal to 12% of that state's total medical assistance payments in that year.

For extremely low DSH states, states whose FY1999 federal and state DSH expenditures (as reported to HCFA on August 31, 2000) are greater than zero but less than one percent of the state's total medical assistance expenditures during that fiscal year, the DSH allotments for FY2001 would be equal to 1 percent of the state's total amount of expenditures under their plan for such assistance during that fiscal year. For subsequent fiscal years, the allotments for extremely low DSH states would be equal to their allotment for the previous year, increased by the percentage change in the consumer price index for the previous year, subject to a ceiling of 12% of that state's total medical assistance payments in that year.

Effective on the date that the final regulation for Medicaid upper payment limits is published in the Federal Register.

(b) Assuring identification of Medicaid managed care patients

Effective for Medicaid managed care contracts in effect on January 1, 2001, the provision would clarify that Medicaid enrollees of managed care organizations and primary care case management organizations are to be included for the purposes of calculating the Medicaid inpatient utilization rate and the low-income utilization rate. Also effective January 1, 2001, states must include in their MCO contracts information that allows the state to determine which hospital services are provided to Medicaid beneficiaries through managed care, and would also require states to include a sponsorship code for the managed care entity on the Medicaid beneficiary's identification card.

(c) Application of Medicaid DSH transition rule to public hospitals in all states

The provision would revise BBA97, as modified by BBRA 99, so that the 175% hospital-specific limit, formerly applied only to certain public hospitals in California, applies to qualifying public hospitals in all states. The higher limit would apply for two state fiscal years beginning on the first day of the state fiscal year that begins after September 30, 2002 and ends on the last day of the succeeding state fiscal year. Hospitals that would qualify for the higher hospital-specific limit would be those owned or operated by a state and meet the minimum federal requirements for disproportionate share hospitals. The permanent ceiling for California would not be affected.

For states operating under waivers approved under section 1115 of the Social Security Act, increased payments for public hospitals under this provision would be included in the baseline expenditure limit for the purposes of determining budget neutrality.

(d) Assistance for certain public hospitals

The provision would provide additional funds for certain public hospitals that are: owned or operated by a state (or by an instrumentality or unit of government within a state); are not receiving DSH payments as of October 1, 2000; and have a low-income utilization rate in excess of 65% as of the same date. Funds are provided in addition to the DSH allotment for any state with eligible hospitals and the total for all states cannot exceed the following amounts: $15 million for FY 2002; $176 million for 2003; $269 million for 2004; $330 million for 2005; and for FY 2006 and each fiscal year thereafter; $375 million.

(e) DSH payment accountability standards

The provision would require the Secretary to implement accountability standards to ensure that DSH payments are used to reimburse States and hospitals that are eligible for such payments and are otherwise in accordance with Medicaid statutory requirements.

Section 702. New prospective payment system for federally-qualified health centers and rural health clinics

The provision would create a new Medicaid prospective payment system for federally qualified health centers (FQHCs) and rural health centers (RHCs) beginning in FY2001. In FY2001 existing FQHCs and RHCs would be paid per visit payments equal to 100% of the average costs incurred during 1999 and 2000 adjusted to take into account any increase or decrease in the scope of services furnished. For entities first qualifying as FQHCs or RHCs after 2000, the per visit payments would begin in the first year that the center or clinic attains qualification and would be based on 100% of the costs incurred during that year based on the rates established for similar centers or clinics with similar caseloads in the same adjacent geographic area. In the absence of such similar centers or clinics, the methodology would be based on that used for developing rates for established FQHCs or RHCs or a methodology or reasonable specifications as established by the Secretary. For each fiscal year thereafter, per visit payments for all FQHCs and RHCs would be equal to amounts for the preceding fiscal year increased by the percentage increase in the Medicare Economic Index applicable to primary care services for that fiscal year, and adjusted for any increase or decrease in the scope of services furnished during that fiscal year. In managed care contracts, States must make supplemental payments to the center or clinic that would be equal to the difference between contracted amounts and the cost-based amounts. Those payments would be paid on a schedule mutually agreed to by the State and the FQHC or RHC. Alternative payment methods would be permitted only when payments are at least equal to amounts otherwise provided.

The provision would also direct the Comptroller General to provide for a study on how to rebase or refine cost payment methods for the services of FQHCs and RHCs. The report would be due to Congress no later than 4 years after the date of enactment.

Section 703. Streamlined approval of continued state-wide 1115 Medicaid waivers

The provision would define the process for submitting requests for and receiving extensions of Medicaid demonstration waivers authorized under Section 1115 of the Social Security Act which have already received initial 3-year extensions. It would require each state requesting such an extension to submit an application at least 120 days prior to the expiration date of the existing waiver. No later than 45 days after the Secretary receives such application, the Secretary would be required to notify the State if she intends to review the existing terms and conditions of the project and would inform the State of proposed changes in the terms and conditions of the waiver. If the Secretary fails to provide such notification, the request would be deemed approved. During the 30-day period beginning after the Secretary provides the proposed terms and conditions to the state, those terms and conditions would be negotiated. No later than 120 days after the date that the request for extension was submitted (or such later date as agreed to by the chief executive officer of the State) the Secretary would be required to approve the application subject to the agreed upon terms and conditions or, in the absence of an agreement, such terms and conditions that are determined by the Secretary to be reasonably consistent with the overall objective of the waiver, or disapprove the application. If the waiver is not approved or disapproved during this period, the request would be deemed approved in the terms and conditions as have been agreed to (if any) by the Secretary and the State. Approvals would be for periods not to exceed 3 years and would be subject to the final reporting and evaluation requirements in current law.

Section 704. Medicaid county-organized health systems

The provision would allow the current exemption for certain Health Insuring Organizations (HIOs) from certain Medicaid HMO contracting requirements to apply as long as no more than 14% of all Medicaid beneficiaries in the state are enrolled in those HIOs. This provision would be effective as if included in the enactment of the Consolidated Omnibus Budget Reconciliation Act of 1985.

Sec. 705. Deadline for issuance of final regulation relating to Medicaid upper payment limits

The provision would require the Secretary to issue final regulations governing upper payment limits no later than December 31,

2000. It also requires that the final regulation establish a separate UPL for non-state-owned or operated government facilities based on the proposed rule described above.

The provision also requires the final regulation to stipulate a third set of rules governing the transition period for certain states. This additional set of rules would apply to states with payment arrangements approved or in effect on or before October 1, 1992, or under which claims for federal matching were paid on or before that date, and for which such payments exceed the UPLs established under the final regulation. For these states, a 6-year transition period would apply, beginning with the period that begins on the first state fiscal year that starts after September 30, 2002 and ends on September 30, 2008. For each year during the transition period, applicable states must reduce excess payments by 15%. Full compliance with final regulations is required by October 1, 2008.

Section 706. Alaska FMAP

The provision would change the formula for calculating the state percentage and thus the federal matching percentage for Alaska for fiscal years 2001 through 2005. The state percentage for Alaska would be calculated by using an adjusted per capita income instead of the per capita income generally used. The adjusted per capita income for Alaska would be calculated as the three year average per capita income for the state divided by 1.05.

TITLE VIII—STATE CHILDREN'S HEALTH INSURANCE PROGRAM

Section 801. Special rule for redistribution and availability of unused fiscal year 1998 and 1999 SCHIP allotments

The provision would establish a new method for distributing unspent FY1998 and FY1999 allotments. States that use all their SCHIP allotments (for each of those years) would receive an amount equal to estimated spending in excess of their original exhausted allotment. Each territory that spends its original allotment would receive an amount that bears the same ratio to 1.05% of the total amount available for redistribution as the ratio of its original allotment to the total allotment for all territories.

States that do not use all their SCHIP allotment would receive an amount equal to the total amount of unspent funds, less amounts distributed to states that fully exhausted their original allotments, multiplied by the ratio of a state's unspent original allotment to the total amount of unspent funds. States may use up to 10% of the retained FY1998 funds for outreach activities.

To calculate the amounts available for redistribution in each formula described above, the Secretary would use amounts reported by states not later than November 30 of the relevant fiscal year on HCFA Form 64 or HCFA Form 21, as approved by the Secretary. Redistributed funds would be available through the end of FY2002.

Section 802. Authority to pay Medicaid expansion SCHIP costs from title XXI appropriation

This provision provides a technical accounting clarification requested by the Health Care Financing Administration. It would authorize the payment of the costs of SCHIP Medicaid expansions and costs of benefits provided during periods of presumptive eligibility from the SCHIP appropriation rather than from the Medicaid appropriation, with a subsequent offset. In addition, the provision would codify proposed rules regarding the order of payments for benefits and administrative costs from state-specific SCHIP allotments.

TITLE IX—OTHER PROVISIONS

Subtitle A—PACE Program

Section 901. Extension of transition for current waivers

The provision would permit the Secretary to continue to operate the Program of All-Inclusive Care for the Elderly (PACE) under waivers for a period of 36 months (rather than 24 months), and States may do so for 4 years (rather than 3 years). OBRA 86 required the Secretary to grant waivers of certain Medicare and Medicaid requirements to not more than 10 public or non-profit private community-based organizations to provide health and long-term care services on a capitated basis to frail elderly persons at risk of institutionalization. BBA 97 established PACE as a permanent provider under Medicare and as a special benefit under Medicaid.

Section 902. Continuing of certain operating arrangements permitted

If prior to becoming a permanent component of Medicare, a PACE demonstration project had contractual or other operating arrangements that are not recognized under permanent program regulations, the provision would require the Secretary, in consultation with the state agency, to permit it to continue under such arrangements as long as it is consistent with the objectives of the PACE program.

Section 903. Flexibility in exercising waiver authority

The provision would enable the Secretary to exercise authority to modify or waive Medicare or Medicaid requirements to respond to the needs of PACE programs related to employment and the use of community care physicians. The Secretary must approve requests for such waivers within 90 days of the date the request for waiver is received.

Subtitle B—Outreach to Eligible Low-Income Medicare Beneficiaries

Section 911. Outreach on availability of medicare cost-sharing assistance to eligible low-income Medicare beneficiaries

The provision would require the Commissioner of the Social Security Administration to conduct outreach efforts to identify individuals who may be eligible for Medicaid payment of Medicare cost sharing and to notify these persons of the availability of such assistance. The Commissioner would also be required to furnish, at least annually, a list of such individuals who reside in each state to that state's agency responsible for administering the Medicaid program as well as to any other appropriate state agency. The list should include the name and address, and whether such individuals have experienced reductions in Social Security benefits. The provision would also require the General Accounting Office to conduct a study of the impact of the outreach activities of the Commissioner to submit to Congress no later than 18 months after such outreach begins. The provision would be effective one year after date of enactment.

Subtitle C—Maternal and Child Health Block Grant

Section 921. Increase in authorization of appropriations for the maternal and child health services block grant

The provision would increase the authorization of appropriations for the Maternal and Child Health Services Block Grant under Title V from $705,000,000 to $850,000,000 for fiscal year 2001 and each fiscal year thereafter.

Subtitle D—Diabetes

Section 931. Increase in appropriations for special diabetes programs for type I diabetes and Indians

The provision would extend for 1 year, to FY2003, the authority for grants to be made for both the Special Diabetes Program for Type I Diabetes and for the Special Diabetes Programs for Indians under the Public Health Service Act. The provision would also expand funding available for these programs. For each grant program, the provision would increase total funding to $100 million each for FY2001, FY2002 and FY2003. For FY2001 and FY2002, $30 million of the $100 million for each program would be transferred from SCHIP as set forth in the Balanced Budget Act of 1997; the remaining $70 million would be drawn from the Treasury out of funds not otherwise appropriated. In FY2003, the entire $100 million would be drawn from the Treasury out of funds not otherwise appropriated. In addition, the provision would extend the due date on final evaluation reports for these two grant programs from January 1, 2002 to January 1, 2003.

Section 932. Appropriations for Ricky Ray Hemophilia Relief Fund

This provision provides for a direct appropriation of $475 million for FY 2001. Funds would be available until expended.

PAIN RELIEF PROMOTION ACT OF 2000

The conference agreement would enact the provisions of H.R. 5544, as introduced on October 25, 2000. The text of that bill follow:

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Pain Relief Promotion Act of 2000.''

SECTION 2. FINDINGS.

Congress finds that—

(1) in the first decade of the new millennium there should be a new emphasis on pain management and palliative care;

(2) the use of certain narcotics and other drugs or substances with a potential for abuse is strictly regulated under the Controlled Substances Act;

(3) the dispensing and distribution of certain controlled substances by properly registered practitioners for legitimate medical purposes are permitted under the Controlled Substances Act and implementing regulations;

(4) the dispensing or distribution of certain controlled substances for the purpose of relieving pain and discomfort even if it increases the risk of death is a legitimate medical purpose and is permissible under the Controlled Substances Act;

(5) inadequate treatment of pain, especially for chronic diseases and conditions, irreversible diseases such as cancer, and end-of-life care, is a serious public health problem affecting hundreds of thousands of patients every year; physicians should not hesitate to dispense or distribute controlled substances when medically indicated for these conditions; and

(6) for the reasons set forth in section 101 of the Controlled Substances Act (21 U.S.C. 801), the dispensing and distribution of controlled substances for any purpose affect interstate commerce.

TITLE I—PROMOTING PAIN MANAGEMENT AND PALLIATIVE CARE

SEC. 101. ACTIVITIES OF AGENCY FOR HEALTHCARE RESEARCH AND QUALITY.

Part A of title IX of the Public Health Service Act (42 U.S.C. 299 et seq.) is amended by adding at the end the following:

SEC. 903. PROGRAM FOR PAIN MANAGEMENT AND PALLIATIVE CARE RESEARCH AND QUALITY.

(a) IN GENERAL.—Subject to subsections (e) and (f) of section 902, the Director shall carry out a program to accomplish the following:

(1) Promote and advance scientific understanding of pain management and palliative care.

(2) Collect and disseminate protocols and evidence-based practices regarding, pain management and palliative care, with priority given to pain management for terminally ill patients, and make such information available to public and private health care programs and providers, health professions schools, and hospices, and to the general public.

(b) DEFINITION.—In this section, the term ''pain management and palliative care'' means—

(1) the active, total care of patients whose disease or medical condition is not responsive to curative treatment or whose prognosis is limited due to progressive, far-advanced disease; and

(2) the evaluation, diagnosis, treatment, and management of primary and secondary pain, whether acute, chronic, persistent, intractable, or associated with the end of life;

the purpose of which is to diagnose and alleviate pain and other distressing signs and symptoms and to enhance the quality of life, not to hasten or postpone death.

SEC. 102. ACTIVITIES OF HEALTH RESOURCES AND SERVICES ADMINISTRATION.

(a) IN GENERAL.—Part D of title VII of the Public Health Service Act (42 U.S.C. 294 et seq.) is amended—

(1) by redesignating sections 754 through 757 as sections 755 through 758, respectively; and

(2) by inserting after section 753 the following:

SEC. 754. PROGRAM FOR EDUCATION AND TRAINING IN PAIN MANAGEMENT AND PALLIATIVE CARE.

(a) IN GENERAL.—The Secretary, in consultation with the Director of the Agency for Healthcare Research and Quality, may award grants, cooperative agreements, and contracts to health professions schools, hospices, and other public and private entities for the development and implementation of programs to provide education and training to health care professionals in pain management and palliative care.

(b) PRIORITY.—In making awards under subsection (a), the Secretary shall give priority to awards for the implementation of programs under such subsection.

(c) CERTAIN TOPICS.—An award may be made under subsection (a) only if the applicant for the award agrees that the program to be carried out with the award will include information and education on—

(1) means for diagnosing and alleviating pain and other distressing signs and symptoms of patients, especially terminally ill patients, including the medically appropriate use of controlled substances;

(2) applicable laws on controlled substances, including laws permitting health care professionals to dispense or administer controlled substances as needed to relieve pain even in cases where such efforts may unintentionally increase the risk of death; and

(3) recent findings, developments, and improvements in the provision of pain management and palliative care.

(d) PROGRAM SITES.—Education and training under subsection (a) may be provided at or through health professions schools, residency training programs and other graduate programs in the health professions, entities that provide continuing medical education, hospices, and such other programs or sites as the Secretary determines to be appropriate.

(e) EVALUATION OF PROGRAMS.—The Secretary shall (directly or through grants or contracts) provide for the evaluation of programs implemented under subsection (a) in order to determine the effect of such programs on knowledge and practice regarding pain management and palliative care.

(f) PEER REVIEW GROUPS.—In carrying out section 799(f) with respect to this section, the Secretary shall ensure that the membership of each peer review group involved includes individuals with expertise and experience in pain management and palliative care for the population of patients whose needs are to be served by the program.

(g) DEFINITION.—In this section, the term ''pain management and palliative care'' means—

(1) the active, total care of patients whose disease or medical condition is not responsive to curative treatment or whose prognosis is limited due to progressive, far-advanced disease; and

(2) the evaluation, diagnosis, treatment, and management of primary and secondary pain, whether acute, chronic, persistent, intractable, or associated with the end of life:

the purpose of which is to diagnose and alleviate pain and other distressing signs and symptoms and to enhance the quality of life, not to hasten or postpone death.

(b) AUTHORIZATION OF APPROPRIATIONS; ALLOCATION.—

(1) IN GENERAL.—Section 758 of the Public Health Services Act (as redesignated by subsection (a)(1) of this section) is amended, in subsection (b)(1)(C), by striking ''sections 753, 754, and 755'' and inserting ''sections 753, 754, 755, and 756''.

(2) AMOUNT.—With respect to section 758 of the Public Health Service Act (as redesignated by subsection (a)(1) of this section), the dollar amount specified in subsection (b)(1)(C) of such section is deemed to be increased by $5,000,000.

SEC. 103. EFFECTIVE DATE.

The amendments made by this title shall take effect on the date of enactment of this Act.

TITLE II—USE OF CONTROLLED SUBSTANCES CONSISTENT WITH THE CONTROLLED SUBSTANCES ACT

SEC. 201. REINFORCING EXISTING STANDARD FOR LEGITIMATE USE OF CONTROLLED SUBSTANCES.

(a) IN GENERAL.—Section 303 of the Controlled Substances Act (21 U.S.C. 823) is amended by adding at the end the following:

(i)(1) For purposes of this Act and any regulations to implement this Act, alleviating pain or discomfort in the usual course of professional practice is a legitimate medical purpose for the dispensing, distributing, or administering of a controlled substance that is consistent with public health and safety, even if the use of such a substance may increase the risk of death. Nothing in this section authorizes intentionally dispensing, distributing, or administering a controlled substance for the purpose of causing death or assisting another person in causing death.

(2)(A) Notwithstanding any other provision of this Act, in determining whether a registration is consistent with the public interest under this Act, the Attorney General shall give no force and effect to State law authorizing or permitting assisted suicide or euthanasia.

(B) Paragraph (2) applies only to conduct occurring after the date of enactment of this subsection.

(3) Nothing in this subsection shall be construed to alter the roles of the Federal and State governments in regulating the practice of medicine. Regardless of whether the Attorney General determines pursuant to this section that the registration of a practitioner is inconsistent with the public interest, it remains solely within the discretion of State authorities to determine whether action should be taken with respect to the State professional license of the practitioner or State prescribing privileges.

(4) Nothing in the Pain Relief Promotion Act of 2000 (including the amendments made by such Act) shall be construed—

(A) to modify the Federal requirements that a controlled substance be dispensed only for a legitimate medical purpose pursuant to paragraph (1); or

(B) to provide the Attorney General with the authority to issue national standards for pain management and palliative care clinical practice, research, or quality;

except that the Attorney General may take such other actions as may be necessary to enforce this Act.

(b) PAIN RELIEF.—Section 304(c) of the Controlled Substances Act (21 U.S.C. 824(c)) is amended—

(1) by striking ''(c) Before'' and inserting the following:

(c) PROCEDURES.—

(1) ORDER TO SHOW CAUSE.—Before; and

(2) by adding at the end the following:

(2) BURDEN OF PROOF.—At any proceeding under paragraph (1), where the order to show cause is based on the alleged intentions of the applicant or registrant to cause or assist in causing death, and the practitioner claims a defense under paragraph (1) of section 303(i), the Attorney General shall have the burden of proving, by clear and convincing evidence, that the practitioner's intent was to dispense, distribute, or administer a controlled substance for the purpose of causing death or assisting another person in causing death. In meeting such burden, it shall not be sufficient to prove that the applicant or registrant knew that the use of controlled substance may increase the risk of death.

SEC. 202. EDUCATION AND TRAINING PROGRAMS.

Section 502(a) of the Controlled Substances Act (21 U.S.C. 872(a) is amended—

(1) by striking ''and'' at the end of paragraph (5);

(2) by striking the period at the end of paragraph (6) and inserting ''; and'' and

(3) by adding at the end the following:

(7) educational and training programs for Federal, State, and local personnel, incorporating recommendations, subject to the provisions of subsection (e) and (f) of section 902 of the Public Health Service Act, by the Secretary of Health and Human Services, on the means by which investigation and enforcement actions by law enforcement personnel may better accommodate the necessary and legitimate use of controlled substances in pain management and palliative care.

Nothing in this subsection shall be construed to alter the roles of the Federal and State governments in regulating the practice of medicine.

SEC. 203. FUNDING AUTHORITY.

Notwithstanding any other provision of law, the operation of the diversion control fee account program of the Drug Enforcement Administration shall be construed to include carrying out section 303(i) of the Controlled Substances Act (21 U.S.C. 823(i)), as added by this Act, and subsections (a)(4) and (c)(2) of section 304 of the Controlled Substances Act (21 U.S.C. 824), as amended by this Act.

SEC. 204. EFFECTIVE DATE.

The amendments made by this title shall take effect on the date of enactment of this Act.

SMALL BUSINESS REAUTHORIZATION ACT OF 2000

The conference agreement would enact the provisions of H.R. 5545, as introduced on October 25, 2000. The text of that bill follows:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Small Business Reauthorization Act of 2000''.

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

Sec. 1. Short title; table of contents.

TITLE I—SMALL BUSINESS INNOVATION RESEARCH PROGRAM

Sec. 101. Short title.
Sec. 102. Findings.
Sec. 103. Extension of SBIR program.
Sec. 104. Annual report.
Sec. 105. Third phase assistance.
Sec. 106. Report on programs for annual performance plan.
Sec. 107. Output and outcome data.
Sec. 108. National Research Council reports.
Sec. 109. Federal agency expenditures for the SBIR program.
Sec. 110. Policy directive modifications.
Sec. 111. Federal and State technology partnership program.
Sec. 112. Mentoring networks.
Sec. 113. Simplified reporting requirements.
Sec. 114. Rural outreach program extension.

TITLE II—BUSINESS LOAN PROGRAMS

Sec. 201. Short title.
Sec. 202. Levels of participation.
Sec. 203. Loan amounts.
Sec. 204. Interest on defaulted loans.
Sec. 205. Prepayment of loans.
Sec. 206. Guarantee fees.
Sec. 207. Lease terms.
Sec. 208. Appraisals for loans secured by real property.
Sec. 209. Sale of guaranteed loans made for export purposes.
Sec. 210. Microloan program.

TITLE III—CERTIFIED DEVELOPMENT COMPANY PROGRAM

Sec. 301. Short title.
Sec. 302. Women-owned businesses.
Sec. 303. Maximum debenture size.
Sec. 304. Fees.
Sec. 305. Premier certified lenders program.
Sec. 306. Sale of certain defaulted loans.
Sec. 307. Loan liquidation.

TITLE IV—CORRECTIONS TO THE SMALL BUSINESS INVESTMENT ACT OF 1958

Sec. 401. Short title.
Sec. 402. Definitions.
Sec. 403. Investment in small business investment companies.
Sec. 404. Subsidy fees.
Sec. 405. Distributions.
Sec. 406. Conforming amendment.

TITLE V—REAUTHORIZATION OF SMALL BUSINESS PROGRAMS

Sec. 501. Short title.
Sec. 502. Reauthorization of small business programs.
Sec. 503. Additional reauthorizations.
Sec. 504. Cosponsorship.

TITLE VI—HUBZONE PROGRAM

Subtitle A—HUBZones in Native America

Sec. 601. Short title.
Sec. 602. HUBZone small business concern.
Sec. 603. Qualified HUBZone small business concern.
Sec. 604. Other definitions.

Subtitle B—Other HUBZone Provisions

Sec. 611. Definitions.
Sec. 612. Eligible contracts.
Sec. 613. HUBZone redesignated areas.
Sec. 614. Community development.
Sec. 615. Reference corrections.

TITLE VII—NATIONAL WOMEN'S BUSINESS COUNCIL REAUTHORIZATION

Sec. 701. Short title.
Sec. 702. Membership of the Council.
Sec. 703. Repeal of procurement project.
Sec. 704. Studies and other research.
Sec. 705. Authorization of appropriations.

TITLE VIII—MISCELLANEOUS PROVISIONS

Sec. 801. Loan application processing.
Sec. 802. Application of ownership requirements.
Sec. 803. Subcontracting preference for veterans.
Sec. 804. Small Business Development Center Program funding.
Sec. 805. Surety bonds.
Sec. 806. Size standards.
Sec. 807. Native Hawaiian organizations under section 8(a).
Sec. 808. National Veterans Business Development Corporation correction.
Sec. 809. Private sector resources for SCORE.
Sec. 810. Contract data collection.
Sec. 811. Procurement program for women-owned small business concerns.

TITLE IX—COMMUNITY RENEWAL AND NEW MARKETS INITIATIVES

Sec. 901. New markets venture capital program.
Sec. 902. BusinessLINC grants and cooperative agreements.

TITLE I—SMALL BUSINESS INNOVATION RESEARCH PROGRAM

SECTION 101. SHORT TITLE.

(a) SHORT TITLE.—This title may be cited as the ''Small Business Innovation Research Program Reauthorization Act of 2000''.

SEC. 102. FINDINGS.

Congress finds that—

(1) the small business innovation research program established under the Small Business Innovation Development Act of 1982, and reauthorized by the Small Business Research and Development Enhancement Act of 1992 (in this title referred to as the ''SBIR program'') is highly successful in involving small businesses in federally funded research and development;

(2) the SBIR program made the cost-effective and unique research and development capabilities possessed by the small businesses of the Nation available to Federal agencies and departments;

(3) the innovative goods and services developed by small businesses that participated in the SBIR program have produced innovations of critical importance in a wide variety of high-technology fields, including biology, medicine, education, and defense;

(4) the SBIR program is a catalyst in the promotion of research and development, the commercialization of innovative technology, the development of new products and services, and the continued excellence of this Nation's high-technology industries; and

(5) the continuation of the SBIR program will provide expanded opportunities for one of the Nation's vital resources, its small businesses, will foster invention, research, and technology, will create jobs, and will increase this Nation's competitiveness in international markets.

SEC. 103. EXTENSION OF SBIR PROGRAM.

Section 9(m) of the Small Business Act (15 U.S.C. 638(m)) is amended to read as follows:

''(m) TERMINATION.—The authorization to carry out the Small Business Innovation Research Program established under this section shall terminate on September 30, 2008.''.

SEC. 104. ANNUAL REPORT.

Section 9(b)(7) of the Small Business Act (15 U.S.C. 638(b)(7)) is amended by striking ''and the Committee on Small Business of the House of Representatives'' and inserting '', and to the Committee on Science and the Committee on Small Business of the House of Representatives,''.

SEC. 105. THIRD PHASE ASSISTANCE.

Section 9(e)(4)(C)(i) of the Small Business Act (15 U.S.C. 638(e)(4)(C)(i)) is amended by striking ''; and'' and inserting ''; or''.

SEC. 106. REPORT ON PROGRAMS FOR ANNUAL PERFORMANCE PLAN.

Section 9(g) of the Small Business Act (15 U.S.C. 638(g)) is amended—

(1) in paragraph (7), by striking ''and'' at the end;

(2) in paragraph (8), by striking the period at the end and inserting a semicolon; and

(3) by adding at the end the following:

''(9) include, as part of its annual performance plan as required by subsections (a) and (b) of section 1115 of title 31, United States Code, a section on its SBIR program, and shall submit such section to the Committee on Small Business of the Senate, and the Committee on Science and the Committee on Small Business of the House of Representatives; and''.

SEC. 107. OUTPUT AND OUTCOME DATA.

(a) COLLECTION.—Section 9(g) of the Small Business Act (15 U.S.C. 638(g)), as amended by section 106 of this Act, is further amended by adding at the end the following:

''(10) collect, and maintain in a common format in accordance with subsection (v), such information from awardees as is necessary to assess the SBIR program, including information necessary to maintain the database described in subsection (k).''.

(b) REPORT TO CONGRESS.—Section 9(b)(7) of the Small Business Act (15 U.S.C. 638(b)(7)), as amended by section 104 of this Act, is further amended by inserting before the period at the end '', including the data on output and outcomes collected pursuant to subsections (g)(10) and (o)(9), and a description of the extent to which Federal agencies are providing in a timely manner information needed to maintain the database described in subsection (k)''.

(c) DATABASE.—Section 9(k) of the Small Business Act (15 U.S.C. 638(k)) is amended to read as follows:

''(k) DATABASE.—

''(1) PUBLIC DATABASE.—Not later than 180 days after the date of enactment of the Small Business Innovation Research Program Reauthorization Act of 2000, the Administrator shall develop, maintain, and make available to the public a searchable, up-to-date, electronic database that includes—

''(A) the name, size, location, and an identifying number assigned by the Administrator, of each small business concern that has received a first phase or second phase SBIR award from a Federal agency;

''(B) a description of each first phase or second phase SBIR award received by that small business concern, including—

''(i) an abstract of the project funded by the award, excluding any proprietary information so identified by the small business concern;

''(ii) the Federal agency making the award; and

''(iii) the date and amount of the award;

''(C) an identification of any business concern or subsidiary established for the commercial application of a product or service for which an SBIR award is made; and

''(D) information regarding mentors and Mentoring Networks, as required by section 35(d).

''(2) GOVERNMENT DATABASE.—Not later than 180 days after the date of enactment of the Small Business Innovation Research Program Reauthorization Act of 2000, the Administrator, in consultation with Federal agencies required to have an SBIR program pursuant to subsection (f)(1), shall develop and maintain a database to be used solely for SBIR program evaluation that—

''(A) contains for each second phase award made by a Federal agency—

''(i) information collected in accordance with paragraph (3) on revenue from the sale of new products or services resulting from the research conducted under the award;

''(ii) information collected in accordance with paragraph (3) on additional investment from any source, other than first phase or second phase SBIR or STTR awards, to further the research and development conducted under the award; and

''(iii) any other information received in connection with the award that the Administrator, in conjunction with the SBIR program managers of Federal agencies, considers relevant and appropriate;

''(B) includes any narrative information that a small business concern receiving a second phase award voluntarily submits to further describe the outputs and outcomes of its awards;

''(C) includes for each applicant for a first phase or second phase award that does not receive such an award—

''(i) the name, size, and location, and an identifying number assigned by the Administration;

''(ii) an abstract of the project; and

''(iii) the Federal agency to which the application was made;

''(D) includes any other data collected by or available to any Federal agency that such agency considers may be useful for SBIR program evaluation; and

''(E) is available for use solely for program evaluation purposes by the Federal Government or, in accordance with policy directives issued by the Administration, by other authorized persons who are subject to a use and nondisclosure agreement with the Federal Government covering the use of the database.

''(3) UPDATING INFORMATION FOR DATABASE.—

''(A) IN GENERAL.—A small business concern applying for a second phase award under this section shall be required to update information in the database established under this subsection for any prior second phase award received by that small business concern. In complying with this paragraph, a small business concern may apportion sales or additional investment information relating to more than one second phase award among those awards, if it notes the apportionment for each award.

''(B) ANNUAL UPDATES UPON TERMINATION.—A small business concern receiving a second phase award under this section shall—

''(i) update information in the database concerning that award at the termination of the award period; and

''(ii) be requested to voluntarily update such information annually thereafter for a period of 5 years.

''(4) PROTECTION OF INFORMATION.—Information provided under paragraph (2) shall be considered privileged and confidential and not subject to disclosure pursuant to section 552 of title 5, United States Code.

''(5) RULE OF CONSTRUCTION.—Inclusion of information in the database under this subsection shall not be considered to be publication for purposes of subsection (a) or (b) of section 102 of title 35, United States Code.''.

SEC. 108. NATIONAL RESEARCH COUNCIL REPORTS.

(a) STUDY AND RECOMMENDATIONS.—The head of each agency with a budget of more than $50,000,000 for its SBIR program for fiscal year 1999, in consultation with the Small Business Administration, shall, not later than 6 months after the date of enactment of this Act, cooperatively enter into an agreement with the National Academy of Sciences for the National Research Council to—

(1) conduct a comprehensive study of how the SBIR program has stimulated technological innovation and used small businesses to meet Federal research and development needs, including—

(A) a review of the value to the Federal research agencies of the research projects being conducted under the SBIR program, and of the quality of research being conducted by small businesses participating under the program, including a comparison of the value of projects conducted under the SBIR program to those funded by other Federal research and development expenditures;

(B) to the extent practicable, an evaluation of the economic benefits achieved by the SBIR program, including the economic rate of return, and a comparison of the economic benefits, including the economic rate of return, achieved by the SBIR program with the economic benefits, including the economic rate of return, of other Federal research and development expenditures;

(C) an evaluation of the noneconomic benefits achieved by the SBIR program over the life of the program;

(D) a comparison of the allocation for fiscal year 2000 of Federal research and development funds to small businesses with such allocation for fiscal year 1983, and an analysis of the factors that have contributed to such allocation; and

(E) an analysis of whether Federal agencies, in fulfilling their procurement needs, are making sufficient effort to use small businesses that have completed a second phase award under the SBIR program; and

(2) make recommendations with respect to—

(A) measures of outcomes for strategic plans submitted under section 306 of title 5, United States Code, and performance plans submitted under section 1115 of title 31, United States Code, of each Federal agency participating in the SBIR program;

(B) whether companies who can demonstrate project feasibility, but who have not received a first phase award, should be eligible for second phase awards, and the potential impact of such awards on the competitive selection process of the program;

(C) whether the Federal Government should be permitted to recoup some or all of its expenses if a controlling interest in a company receiving an SBIR award is sold to a foreign company or to a company that is not a small business concern;

(D) how to increase the use by the Federal Government in its programs and procurements of technology-oriented small businesses; and

(E) improvements to the SBIR program, if any are considered appropriate.

(b) PARTICIPATION BY SMALL BUSINESS.—

(1) IN GENERAL.—In a manner consistent with law and with National Research Council study guidelines and procedures, knowledgeable individuals from the small business community with experience in the SBIR program shall be included—

(A) in any panel established by the National Research Council for the purpose of performing the study conducted under this section; and

(B) among those who are asked by the National Research Council to peer review the study.

(2) CONSULTATION.—To ensure that the concerns of small business are appropriately considered under this subsection, the National Research Council shall consult with and consider the views of the Office of Technology and the Office of Advocacy of the Small Business Administration and other interested parties, including entities, organizations, and individuals actively engaged in enhancing or developing the technological capabilities of small business concerns.

(c) PROGRESS REPORTS.—The National Research Council shall provide semiannual progress reports on the study conducted under this section to the Committee on Science and the Committee on Small Business of the House of Representatives, and to the Committee on Small Business of the Senate.

(d) REPORT.—The National Research Council shall transmit to the heads of agencies entering into an agreement under this section and to the Committee on Science and the Committee on Small Business of the House of Representatives, and to the Committee on Small Business of the Senate—

(1) not later than 3 years after the date of enactment of this Act, a report including the results of the study conducted under subsection (a)(1) and recommendations made under subsection (a)(2); and

(2) not later than 6 years after that date of enactment, an update of such report.

SEC. 109. FEDERAL AGENCY EXPENDITURES FOR THE SBIR PROGRAM.

Section 9(i) of the Small Business Act (15 U.S.C. 638(i)) is amended—

(1) by striking ''(i) Each Federal'' and inserting the following:

''(i) ANNUAL REPORTING.—

''(1) IN GENERAL.—Each Federal''; and

(2) by adding at the end the following:

''(2) CALCULATION OF EXTRAMURAL BUDGET.—

''(A) METHODOLOGY.—Not later than 4 months after the date of enactment of each appropriations Act for a Federal agency required by this section to have an SBIR program, the Federal agency shall submit to the Administrator a report, which shall include a description of the methodology used for calculating the amount of the extramural budget of that Federal agency.

''(B) ADMINISTRATOR'S ANALYSIS.—The Administrator shall include an analysis of the methodology received from each Federal agency referred to in subparagraph (A) in the report required by subsection (b)(7).''.

SEC. 110. POLICY DIRECTIVE MODIFICATIONS.

Section 9(j) of the Small Business Act (15 U.S.C. 638(j)) is amended by adding at the end the following:

''(3) ADDITIONAL MODIFICATIONS.—Not later than 120 days after the date of enactment of the Small Business Innovation Research Program Reauthorization Act of 2000, the Administrator shall modify the policy directives issued pursuant to this subsection—

''(A) to clarify that the rights provided for under paragraph (2)(A) apply to all Federal funding awards under this section, including the first phase (as described in subsection (e)(4)(A)), the second phase (as described in subsection (e)(4)(B)), and the third phase (as described in subsection (e)(4)(C));

''(B) to provide for the requirement of a succinct commercialization plan with each application for a second phase award that is moving toward commercialization;

''(C) to require agencies to report to the Administration, not less frequently than annually, all instances in which an agency pursued research, development, or production of a technology developed by a small business concern using an award made under the SBIR program of that agency, and determined that it was not practicable to enter into a follow-on non-SBIR program funding agreement with the small business concern, which report shall include, at a minimum—

''(i) the reasons why the follow-on funding agreement with the small business concern was not practicable;

''(ii) the identity of the entity with which the agency contracted to perform the research, development, or production; and

''(iii) a description of the type of funding agreement under which the research, development, or production was obtained; and

''(D) to implement subsection (v), including establishing standardized procedures for the provision of information pursuant to subsection (k)(3).''.

SEC. 111. FEDERAL AND STATE TECHNOLOGY PARTNERSHIP PROGRAM.

(a) FINDINGS.—Congress finds that—

(1) programs to foster economic development among small high-technology firms vary widely among the States;

(2) States that do not aggressively support the development of small high-technology firms, including participation by small business concerns

in the SBIR program, are at a competitive disadvantage in establishing a business climate that is conducive to technology development; and

(3) building stronger national, State, and local support for science and technology research in these disadvantaged States will expand economic opportunities in the United States, create jobs, and increase the competitiveness of the United States in the world market.

(b) FEDERAL AND STATE TECHNOLOGY PARTNERSHIP PROGRAM.—The Small Business Act (15 U.S.C. 631 et seq.) is amended—

(1) by redesignating section 34 as section 36; and

(2) by inserting after section 33 the following:

"SEC. 34. FEDERAL AND STATE TECHNOLOGY PARTNERSHIP PROGRAM.

''(a) DEFINITIONS.—In this section and section 35, the following definitions apply:

''(1) APPLICANT.—The term 'applicant' means an entity, organization, or individual that submits a proposal for an award or a cooperative agreement under this section.

''(2) BUSINESS ADVICE AND COUNSELING.—The term 'business advice and counseling' means providing advice and assistance on matters described in section 35(c)(2)(B) to small business concerns to guide them through the SBIR and STTR program process, from application to award and successful completion of each phase of the program.

''(3) FAST PROGRAM.—The term 'FAST program' means the Federal and State Technology Partnership Program established under this section.

''(4) MENTOR.—The term 'mentor' means an individual described in section 35(c)(2).

''(5) MENTORING NETWORK.—The term 'Mentoring Network' means an association, organization, coalition, or other entity (including an individual) that meets the requirements of section 35(c).

''(6) RECIPIENT.—The term 'recipient' means a person that receives an award or becomes party to a cooperative agreement under this section.

''(7) SBIR PROGRAM.—The term 'SBIR program' has the same meaning as in section 9(e)(4).

''(8) STATE.—The term 'State' means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.

''(9) STTR PROGRAM.—The term 'STTR program' has the same meaning as in section 9(e)(6).

''(b) ESTABLISHMENT OF PROGRAM.—The Administrator shall establish a program to be known as the Federal and State Technology Partnership Program, the purpose of which shall be to strengthen the technological competitiveness of small business concerns in the States.

''(c) GRANTS AND COOPERATIVE AGREEMENTS.—

''(1) JOINT REVIEW.—In carrying out the FAST program under this section, the Administrator and the SBIR program managers at the National Science Foundation and the Department of Defense shall jointly review proposals submitted by applicants and may make awards or enter into cooperative agreements under this section based on the factors for consideration set forth in paragraph (2), in order to enhance or develop in a State—

''(A) technology research and development by small business concerns;

''(B) technology transfer from university research to technology-based small business concerns;

''(C) technology deployment and diffusion benefiting small business concerns;

''(D) the technological capabilities of small business concerns through the establishment or operation of consortia comprised of entities, organizations, or individuals, including—

''(i) State and local development agencies and entities;

''(ii) representatives of technology-based small business concerns;

''(iii) industries and emerging companies;

''(iv) universities; and

''(v) small business development centers; and

''(E) outreach, financial support, and technical assistance to technology-based small business concerns participating in or interested in participating in an SBIR program, including initiatives—

''(i) to make grants or loans to companies to pay a portion or all of the cost of developing SBIR proposals;

''(ii) to establish or operate a Mentoring Network within the FAST program to provide business advice and counseling that will assist small business concerns that have been identified by FAST program participants, program managers of participating SBIR agencies, the Administration, or other entities that are knowledgeable about the SBIR and STTR programs as good candidates for the SBIR and STTR programs, and that would benefit from mentoring, in accordance with section 35;

''(iii) to create or participate in a training program for individuals providing SBIR outreach and assistance at the State and local levels; and

''(iv) to encourage the commercialization of technology developed through SBIR program funding.

''(2) SELECTION CONSIDERATIONS.—In making awards or entering into cooperative agreements under this section, the Administrator and the SBIR program managers referred to in paragraph (1)—

''(A) may only consider proposals by applicants that intend to use a portion of the Federal assistance provided under this section to provide outreach, financial support, or technical assistance to technology-based small business concerns participating in or interested in participating in the SBIR program; and

''(B) shall consider, at a minimum—

''(i) whether the applicant has demonstrated that the assistance to be provided would address unmet needs of small business concerns in the community, and whether it is important to use Federal funding for the proposed activities;

''(ii) whether the applicant has demonstrated that a need exists to increase the number or success of small high-technology businesses in the State, as measured by the number of first phase and second phase SBIR awards that have historically been received by small business concerns in the State;

''(iii) whether the projected costs of the proposed activities are reasonable;

''(iv) whether the proposal integrates and coordinates the proposed activities with other State and local programs assisting small high-technology firms in the State; and

''(v) the manner in which the applicant will measure the results of the activities to be conducted.

''(3) PROPOSAL LIMIT.—Not more than 1 proposal may be submitted for inclusion in the FAST program under this section to provide services in any one State in any 1 fiscal year.

''(4) PROCESS.—Proposals and applications for assistance under this section shall be in such form and subject to such procedures as the Administrator shall establish.

''(d) COOPERATION AND COORDINATION.—In carrying out the FAST program under this section, the Administrator shall cooperate and coordinate with—

''(1) Federal agencies required by section 9 to have an SBIR program; and

''(2) entities, organizations, and individuals actively engaged in enhancing or developing the technological capabilities of small business concerns, including—

''(A) State and local development agencies and entities;

''(B) State committees established under the Experimental Program to Stimulate Competitive Research of the National Science Foundation (as established under section 113 of the National Science Foundation Authorization Act of 1988 (42 U.S.C. 1862g));

''(C) State science and technology councils; and

''(D) representatives of technology-based small business concerns.

''(e) ADMINISTRATIVE REQUIREMENTS.—

''(1) COMPETITIVE BASIS.—Awards and cooperative agreements under this section shall be made or entered into, as applicable, on a competitive basis.

''(2) MATCHING REQUIREMENTS.—

''(A) IN GENERAL.—The non-Federal share of the cost of an activity (other than a planning activity) carried out using an award or under a cooperative agreement under this section shall be—

''(i) 50 cents for each Federal dollar, in the case of a recipient that will serve small business concerns located in one of the 18 States receiving the fewest SBIR first phase awards (as described in section 9(e)(4)(A));

''(ii) except as provided in subparagraph (B), 1 dollar for each Federal dollar, in the case of a recipient that will serve small business concerns located in one of the 16 States receiving the greatest number of such SBIR first phase awards; and

''(iii) except as provided in subparagraph (B), 75 cents for each Federal dollar, in the case of a recipient that will serve small business concerns located in a State that is not described in clause (i) or (ii) that is receiving such SBIR first phase awards.

''(B) LOW-INCOME AREAS.—The non-Federal share of the cost of the activity carried out using an award or under a cooperative agreement under this section shall be 50 cents for each Federal dollar that will be directly allocated by a recipient described in subparagraph (A) to serve small business concerns located in a qualified census tract, as that term is defined in section 42(d)(5)(C)(ii) of the Internal Revenue Code of 1986. Federal dollars not so allocated by that recipient shall be subject to the matching requirements of subparagraph (A).

''(C) TYPES OF FUNDING.—The non-Federal share of the cost of an activity carried out by a recipient shall be comprised of not less than 50 percent cash and not more than 50 percent of indirect costs and in-kind contributions, except that no such costs or contributions may be derived from funds from any other Federal program.

''(D) RANKINGS.—For purposes of subparagraph (A), the Administrator shall reevaluate the ranking of a State once every 2 fiscal years, beginning with fiscal year 2001, based on the most recent statistics compiled by the Administrator.

''(3) DURATION.—Awards may be made or cooperative agreements entered into under this section for multiple years, not to exceed 5 years in total.

''(f) REPORTS.—

''(1) INITIAL REPORT.—Not later than 120 days after the date of enactment of the Small Business Innovation Research Program Reauthorization Act of 2000, the Administrator shall prepare and submit to the Committee on Small Business of the Senate and the Committee on Science and the Committee on Small Business of the House of Representatives a report, which shall include, with respect to the FAST program, including Mentoring Networks—

''(A) a description of the structure and procedures of the program;

''(B) a management plan for the program; and

''(C) a description of the merit-based review process to be used in the program.

''(2) ANNUAL REPORTS.—The Administrator shall submit an annual report to the Committee on Small Business of the Senate and the Committee on Science and the Committee on Small Business of the House of Representatives regarding—

''(A) the number and amount of awards provided and cooperative agreements entered into under the FAST program during the preceding year;

''(B) a list of recipients under this section, including their location and the activities being performed with the awards made or under the cooperative agreements entered into; and

''(C) the Mentoring Networks and the mentoring database, as provided for under section 35, including—

''(i) the status of the inclusion of mentoring information in the database required by section 9(k); and

''(ii) the status of the implementation and description of the usage of the Mentoring Networks.

''(g) REVIEWS BY INSPECTOR GENERAL.—

''(1) IN GENERAL.—The Inspector General of the Administration shall conduct a review of—

''(A) the extent to which recipients under the FAST program are measuring the performance of the activities being conducted and the results of such measurements; and

''(B) the overall management and effectiveness of the FAST program.

''(2) REPORT.—During the first quarter of fiscal year 2004, the Inspector General of the Administration shall submit a report to the Committee on Small Business of the Senate and the Committee on Science and the Committee on Small Business of the House of Representatives on the review conducted under paragraph (1).

''(h) PROGRAM LEVELS.—

''(1) IN GENERAL.—There is authorized to be appropriated to carry out the FAST program, including Mentoring Networks, under this section and section 35, $10,000,000 for each of fiscal years 2001 through 2005.

''(2) MENTORING DATABASE.—Of the total amount made available under paragraph (1) for fiscal years 2001 through 2005, a reasonable amount, not to exceed a total of $500,000, may be used by the Administration to carry out section 35(d).

''(i) TERMINATION.—The authority to carry out the FAST program under this section shall terminate on September 30, 2005.''.

(c) COORDINATION OF TECHNOLOGY DEVELOPMENT PROGRAMS.—Section 9 of the Small Business Act (15 U.S.C. 638) is amended by adding at the end the following:

''(u) COORDINATION OF TECHNOLOGY DEVELOPMENT PROGRAMS.—

''(1) DEFINITION OF TECHNOLOGY DEVELOPMENT PROGRAM.—In this subsection, the term 'technology development program' means—

''(A) the Experimental Program to Stimulate Competitive Research of the National Science Foundation, as established under section 113 of the National Science Foundation Authorization Act of 1988 (42 U.S.C. 1862g);

''(B) the Defense Experimental Program to Stimulate Competitive Research of the Department of Defense;

''(C) the Experimental Program to Stimulate Competitive Research of the Department of Energy;

''(D) the Experimental Program to Stimulate Competitive Research of the Environmental Protection Agency;

''(E) the Experimental Program to Stimulate Competitive Research of the National Aeronautics and Space Administration;

''(F) the Institutional Development Award Program of the National Institutes of Health; and

''(G) the National Research Initiative Competitive Grants Program of the Department of Agriculture.

''(2) COORDINATION REQUIREMENTS.—Each Federal agency that is subject to subsection (f) and that has established a technology development program may, in each fiscal year, review for funding under that technology development program—

''(A) any proposal to provide outreach and assistance to 1 or more small business concerns interested in participating in the SBIR program, including any proposal to make a grant or loan to a company to pay a portion or all of the cost of developing an SBIR proposal, from an entity, organization, or individual located in—

''(i) a State that is eligible to participate in that program; or

''(ii) a State described in paragraph (3); or

''(B) any proposal for the first phase of the SBIR program, if the proposal, though meritorious, is not funded through the SBIR program for that fiscal year due to funding restraints, from a small business concern located in—

''(i) a State that is eligible to participate in a technology development program; or

''(ii) a State described in paragraph (3).

''(3) ADDITIONALLY ELIGIBLE STATE.—A State referred to in subparagraph (A)(ii) or (B)(ii) of paragraph (2) is a State in which the total value of contracts awarded to small business concerns under all SBIR programs is less than the total value of contracts awarded to small business concerns in a majority of other States, as determined by the Administrator in biennial fiscal years, beginning with fiscal year 2000, based on the most recent statistics compiled by the Administrator.''.

SEC. 112. MENTORING NETWORKS.

The Small Business Act (15 U.S.C. 631 et seq.) is amended by inserting after section 34, as added by section 111(b)(2) of this Act, the following:

''SEC. 35. MENTORING NETWORKS.

''(a) FINDINGS.—Congress finds that—

''(1) the SBIR and STTR programs create jobs, increase capacity for technological innovation, and boost international competitiveness;

''(2) increasing the quantity of applications from all States to the SBIR and STTR programs would enhance competition for such awards and the quality of the completed projects; and

''(3) mentoring is a natural complement to the FAST program of reaching out to new companies regarding the SBIR and STTR programs as an effective and low-cost way to improve the likelihood that such companies will succeed in such programs in developing and commercializing their research.

''(b) AUTHORIZATION FOR MENTORING NETWORKS.—The recipient of an award or participant in a cooperative agreement under section 34 may use a reasonable amount of such assistance for the establishment of a Mentoring Network under this section.

''(c) CRITERIA FOR MENTORING NETWORKS.—A Mentoring Network established using assistance under section 34 shall—

''(1) provide business advice and counseling to high technology small business concerns located in the State or region served by the Mentoring Network and identified under section 34(c)(1)(E)(ii) as potential candidates for the SBIR or STTR programs;

''(2) identify volunteer mentors who—

''(A) are persons associated with a small business concern that has successfully completed one or more SBIR or STTR funding agreements; and

''(B) have agreed to guide small business concerns through all stages of the SBIR or STTR program process, including providing assistance relating to—

''(i) proposal writing;

''(ii) marketing;

''(iii) Government accounting;

''(iv) Government audits;

''(v) project facilities and equipment;

''(vi) human resources;

''(vii) third phase partners;

''(viii) commercialization;

''(ix) venture capital networking; and

''(x) other matters relevant to the SBIR and STTR programs;

''(3) have experience working with small business concerns participating in the SBIR and STTR programs;

''(4) contribute information to the national database referred to in subsection (d); and

''(5) agree to reimburse volunteer mentors for out-of-pocket expenses related to service as a mentor under this section.

''(d) MENTORING DATABASE.—The Administrator shall—

''(1) include in the database required by section 9(k)(1), in cooperation with the SBIR, STTR, and FAST programs, information on Mentoring Networks and mentors participating under this section, including a description of their areas of expertise;

''(2) work cooperatively with Mentoring Networks to maintain and update the database;

''(3) take such action as may be necessary to aggressively promote Mentoring Networks under this section; and

''(4) fulfill the requirements of this subsection either directly or by contract.''.

SEC. 113. SIMPLIFIED REPORTING REQUIREMENTS.

Section 9 of the Small Business Act (15 U.S.C. 638), as amended by this Act, is further amended by adding at the end the following:

''(v) SIMPLIFIED REPORTING REQUIREMENTS.—The Administrator shall work with the Federal agencies required by this section to have an SBIR program to standardize reporting requirements for the collection of data from SBIR applicants and awardees, including data for inclusion in the database under subsection (k), taking into consideration the unique needs of each agency, and to the extent possible, permitting the updating of previously reported information by electronic means. Such requirements shall be designed to minimize the burden on small businesses.''.

SEC. 114. RURAL OUTREACH PROGRAM EXTENSION.

(a) EXTENSION OF TERMINATION DATE.—Section 501(b)(2) of the Small Business Reauthorization Act of 1997 (15 U.S.C. 638 note; 111 Stat. 2622) is amended by striking ''2001'' and inserting ''2005''.

(b) EXTENSION OF AUTHORIZATION OF APPROPRIATIONS.—Section 9(s)(2) of the Small Business Act (15 U.S.C. 638(s)(2)) is amended by striking ''for fiscal year 1998, 1999, 2000, or 2001'' and inserting ''for each of the fiscal years 2000 through 2005,''.

TITLE II—BUSINESS LOAN PROGRAMS

SEC. 201. SHORT TITLE.

This title may be cited as the ''Small Business Loan Improvement Act of 2000''.

SEC. 202. 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)—

(A) by striking ''80 percent'' and inserting ''85 percent''; and

(B) by striking ''$100,000'' and inserting ''$150,000''.

SEC. 203. 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. 204. INTEREST ON DEFAULTED LOANS.

Section 7(a)(4)(B) of the Small Business Act (15 U.S.C. 636(a)(4)(B)) 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, 2000.''.

SEC. 205. PREPAYMENT OF LOANS.

Section 7(a)(4) of the Small Business Act (15 U.S.C. 636(a)(4)) is further 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 percent of the amount of prepayment, if the borrower prepays during the first year after disbursement;

''(II) 3 percent of the amount of prepayment, if the borrower prepays during the second year after disbursement; and

''(III) 1 percent of the amount of prepayment, if the borrower prepays during the third year after disbursement.''.

SEC. 206. GUARANTEE FEES.

Section 7(a)(18) of the Small Business Act (15 U.S.C. 636(a)(18)) is amended to read as follows:

''(18) GUARANTEE FEES.—

''(A) IN GENERAL.—With respect to each loan guaranteed under this subsection (other than a loan that is repayable in 1 year or less), the Administration shall collect a guarantee fee, which shall be payable by the participating lender, and may be charged to the borrower, as follows:

''(i) A guarantee fee equal to 2 percent of the deferred participation share of a total loan amount that is not more than $150,000.

''(ii) A guarantee fee equal to 3 percent of the deferred participation share of a total loan amount that is more than $150,000, but not more than $700,000.

''(iii) A guarantee fee equal to 3.5 percent of the deferred participation share of a total loan amount that is more than $700,000.

''(B) RETENTION OF CERTAIN FEES.—Lenders participating in the programs established under this subsection may retain not more than 25 percent of a fee collected under subparagraph (A)(i).''.

SEC. 207. 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 one 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.''.

SEC. 208. APPRAISALS FOR LOANS SECURED BY REAL PROPERTY.

(a) SMALL BUSINESS ACT.—Section 7(a) of the Small Business Act (15 U.S.C. 636(a)) is amended by adding at the end the following:

''(29) REAL ESTATE APPRAISALS.—With respect to a loan under this subsection that is secured by commercial real property, an appraisal of such property by a State licensed or certified appraiser—

''(A) shall be required by the Administration in connection with any such loan for more than $250,000; or

''(B) may be required by the Administration or the lender in connection with any such loan for $250,000 or less, if such appraisal is necessary for appropriate evaluation of creditworthiness.''.

(b) SMALL BUSINESS INVESTMENT ACT OF 1958.—Section 502(3)(E) of the Small Business Investment Act of 1958 (15 U.S.C. 696(3)(E)) is amended—

(1) by striking ''The collateral'' and inserting the following:

''(i) IN GENERAL.—The collateral''; and

(2) by adding at the end the following:

''(ii) APPRAISALS.—With respect to commercial real property provided by the small business concern as collateral, an appraisal of the property by a State licensed or certified appraiser—

''(I) shall be required by the Administration before disbursement of the loan if the estimated value of that property is more than $250,000; or

''(II) may be required by the Administration or the lender before disbursement of the loan if the estimated value of that property is $250,000 or less, and such appraisal is necessary for appropriate evaluation of creditworthiness.''.

SEC. 209. SALE OF GUARANTEED LOANS MADE FOR EXPORT PURPOSES.

Section 5(f)(1)(C) of the Small Business Act (15 U.S.C. 634(f)(1)(C)) is amended to read as follows:

''(C) each loan, except each loan made under section 7(a)(14), shall have been fully disbursed to the borrower prior to any sale.''.

SEC. 210. MICROLOAN PROGRAM.

(a) IN GENERAL.—Section 7(m) of the Small Business Act (15 U.S.C. 636(m)) is amended—

(1) in paragraphs (1)(B)(iii) and (3)(E), by striking ''$25,000'' each place it appears and inserting ''$35,000'';

(2) in paragraphs (1)(A)(iii)(I), (3)(A)(ii), and (4)(C)(i)(II), by striking ''$7,500'' each place it appears and inserting ''$10,000'';

(3) in paragraph (3)(E), by striking ''$15,000'' and inserting ''$20,000'';

(4) in paragraph (5)(A)—

(A) by striking ''25 grants'' and inserting ''55 grants''; and

(B) by striking ''$125,000'' and inserting ''$200,000'';

(5) in paragraph (6)(B), by striking ''$10,000'' and inserting ''$15,000''; and

(6) in paragraph (7), by striking subparagraph (A) and inserting the following:

''(A) NUMBER OF PARTICIPANTS.—Under the program authorized by this subsection, the Administration may fund, on a competitive basis, not more than 300 intermediaries.''.

(b) CONFORMING AMENDMENTS.—Section 7(m)(11)(B) of the Small Business Act (15 U.S.C. 636(m)(11)(B)) is amended by striking ''$25,000'' and inserting ''$35,000''.

TITLE III—CERTIFIED DEVELOPMENT COMPANY PROGRAM

SEC. 301. SHORT TITLE.

This title may be cited as the ''Certified Development Company Program Improvements Act of 2000''.

SEC. 302. WOMEN-OWNED BUSINESSES.

Section 501(d)(3)(C) of the Small Business Investment Act of 1958 (15 U.S.C. 695(d)(3)(C)) is amended by inserting before the comma ''or women-owned business development''.

SEC. 303. 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. 304. 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. 305. PREMIER CERTIFIED LENDERS PROGRAM.

Section 217(b) of the Small Business Administration Reauthorization and Amendments Act of 1994 (Public Law 103–403, 15 U.S.C. 697 note) (relating to section 508 of the Small Business Investment Act of 1958) is repealed.

SEC. 306. 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) through (i) as subsections (e) through (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. 307. 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 one 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 subparagraph (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 on which 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.

TITLE IV—CORRECTIONS TO THE SMALL BUSINESS INVESTMENT ACT OF 1958

SEC. 401. SHORT TITLE.

This title may be cited as the ''Small Business Investment Corrections Act of 2000''.

SEC. 402. DEFINITIONS.

(a) SMALL BUSINESS CONCERN.—Section 103(5)(A)(i) of the Small Business Investment Act of 1958 (15 U.S.C. 662(5)(A)(i)) is amended by inserting before the semicolon at the end the following: ''regardless of the allocation of control during the investment period under any investment agreement between the business concern and the entity making the investment''.

(b) LONG TERM.—Section 103 of the Small Business Investment Act of 1958 (15 U.S.C. 662) is amended—

(1) in paragraph (15), by striking ''and'' at the end;

(2) in paragraph (16), by striking the period at the end and inserting ''; and''; and

(3) by adding at the end the following:

''(17) the term 'long term', when used in connection with equity capital or loan funds invested in any small business concern or smaller enterprise, means any period of time not less than 1 year.''.

SEC. 403. INVESTMENT IN SMALL BUSINESS INVESTMENT COMPANIES.

Section 302(b) of the Small Business Investment Act of 1958 (15 U.S.C. 682(b)) is amended—

(1) by striking ''(b) Notwithstanding'' and inserting the following:

''(b) FINANCIAL INSTITUTION INVESTMENTS.—

''(1) CERTAIN BANKS.—Notwithstanding''; and

(2) by adding at the end the following:

''(2) CERTAIN SAVINGS ASSOCIATIONS.—Notwithstanding any other provision of law, any Federal savings association may invest in any 1 or more small business investment companies, or in any entity established to invest solely in small business investment companies, except that in no event may the total amount of such investments by any such Federal savings association exceed 5 percent of the capital and surplus of the Federal savings association.''.

SEC. 404. SUBSIDY FEES.

(a) DEBENTURES.—Section 303(b) of the Small Business Investment Act of 1958 (15 U.S.C. 683(b)) is amended by striking ''plus an additional charge of 1 percent per annum which shall be paid to and retained by the Administration'' and inserting ''plus, for debentures obligated after September 30, 2000, an additional charge, in an amount established annually by the Administration, of not more than 1 percent per year as necessary to reduce to zero the cost (as defined in section 502 of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a)) to the Administration of purchasing and guaranteeing debentures under this Act, which shall be paid to and retained by the Administration''.

(b) PARTICIPATING SECURITIES.—Section 303(g)(2) of the Small Business Investment Act of 1958 (15 U.S.C. 683(g)(2)) is amended by striking ''plus an additional charge of 1 percent per annum which shall be paid to and retained by the Administration'' and inserting ''plus, for participating securities obligated after September 30, 2000, an additional charge, in an amount established annually by the Administration, of not more than 1 percent per year as necessary to reduce to zero the cost (as defined in section 502 of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a)) to the Administration of purchasing and guaranteeing participating securities under this Act, which shall be paid to and retained by the Administration''.

SEC. 405. DISTRIBUTIONS.

Section 303(g)(8) of the Small Business Investment Act of 1958 (15 U.S.C. 683(g)(8)) is amended—

(1) by striking ''subchapter s corporation'' and inserting ''subchapter S corporation'';

(2) by striking ''the end of any calendar quarter based on a quarterly'' and inserting ''any time during any calendar quarter based on an''; and

(3) by striking ''quarterly distributions for a calendar year,'' and inserting ''interim distributions for a calendar year,''.

SEC. 406. CONFORMING AMENDMENT.

Section 310(c)(4) of the Small Business Investment Act of 1958 (15 U.S.C. 687b(c)(4)) is amended by striking ''five years'' and inserting ''1 year''.

TITLE V—REAUTHORIZATION OF SMALL BUSINESS PROGRAMS

SEC. 501. SHORT TITLE.

This title may be cited as the ''Small Business Programs Reauthorization Act of 2000''.

SEC. 502. REAUTHORIZATION OF SMALL BUSINESS PROGRAMS.

Section 20 of the Small Business Act (15 U.S.C. 631 note) is amended by adding at the end the following:

''(g) FISCAL YEAR 2001.—

''(1) PROGRAM LEVELS.—The following program levels are authorized for fiscal year 2001:

''(A) For the programs authorized by this Act, the Administration is authorized to make—

''(i) $45,000,000 in technical assistance grants as provided in section 7(m); and

''(ii) $60,000,000 in direct loans, as provided in 7(m).

''(B) For the programs authorized by this Act, the Administration is authorized to make $19,050,000,000 in deferred participation loans and other financings. Of such sum, the Administration is authorized to make—

''(i) $14,500,000,000 in general business loans as provided in section 7(a);

''(ii) $4,000,000,000 in financings as provided in section 7(a)(13) of this Act and section 504 of the Small Business Investment Act of 1958;

''(iii) $500,000,000 in loans as provided in section 7(a)(21); and

''(iv) $50,000,000 in loans as provided in section 7(m).

''(C) For the programs authorized by title III of the Small Business Investment Act of 1958, the Administration is authorized to make—

''(i) $2,500,000,000 in purchases of participating securities; and

''(ii) $1,500,000,000 in guarantees of debentures.

''(D) For the programs authorized by part B of title IV of the Small Business Investment Act of 1958, the Administration is authorized to enter into guarantees not to exceed $4,000,000,000 of which not more than 50 percent may be in bonds approved pursuant to section 411(a)(3) of that Act.

''(E) The Administration is authorized to make grants or enter cooperative agreements for a total amount of $5,000,000 for the Service Corps of Retired Executives program authorized by section 8(b)(1).

''(2) ADDITIONAL AUTHORIZATIONS.—

''(A) There are authorized to be appropriated to the Administration for fiscal year 2001 such sums as may be necessary to carry out the provisions of this Act not elsewhere provided for, including administrative expenses and necessary loan capital for disaster loans pursuant to section 7(b), and to carry out title IV of the Small Business Investment Act of 1958, including salaries and expenses of the Administration.

''(B) Notwithstanding any other provision of this paragraph, for fiscal year 2001—

''(i) no funds are authorized to be used as loan capital for the loan program authorized by section 7(a)(21) except by transfer from another Federal department or agency to the Administration, unless the program level authorized for general business loans under paragraph (1)(B)(i) is fully funded; and

''(ii) the Administration may not approve loans on its own behalf or on behalf of any other Federal department or agency, by contract or otherwise, under terms and conditions other than those specifically authorized under this Act or the Small Business Investment Act of 1958, except that it may approve loans under section 7(a)(21) of this Act in gross amounts of not more than $1,250,000.

''(h) FISCAL YEAR 2002.—

''(1) PROGRAM LEVELS.—The following program levels are authorized for fiscal year 2002:

''(A) For the programs authorized by this Act, the Administration is authorized to make—

''(i) $60,000,000 in technical assistance grants as provided in section 7(m); and

''(ii) $80,000,000 in direct loans, as provided in 7(m).

''(B) For the programs authorized by this Act, the Administration is authorized to make $20,050,000,000 in deferred participation loans and other financings. Of such sum, the Administration is authorized to make—

''(i) $15,000,000,000 in general business loans as provided in section 7(a);

''(ii) $4,500,000,000 in financings as provided in section 7(a)(13) of this Act and section 504 of the Small Business Investment Act of 1958;

''(iii) $500,000,000 in loans as provided in section 7(a)(21); and

''(iv) $50,000,000 in loans as provided in section 7(m).

''(C) For the programs authorized by title III of the Small Business Investment Act of 1958, the Administration is authorized to make—

''(i) $3,500,000,000 in purchases of participating securities; and

''(ii) $2,500,000,000 in guarantees of debentures.

''(D) For the programs authorized by part B of title IV of the Small Business Investment Act of 1958, the Administration is authorized to enter into guarantees not to exceed $5,000,000,000 of which not more than 50 percent may be in bonds approved pursuant to section 411(a)(3) of that Act.

''(E) The Administration is authorized to make grants or enter cooperative agreements for a total amount of $6,000,000 for the Service Corps of Retired Executives program authorized by section 8(b)(1).

''(2) ADDITIONAL AUTHORIZATIONS.—

''(A) There are authorized to be appropriated to the Administration for fiscal year 2002 such sums as may be necessary to carry out the provisions of this Act not elsewhere provided for, including administrative expenses and necessary loan capital for disaster loans pursuant to section 7(b), and to carry out title IV of the Small Business Investment Act of 1958, including salaries and expenses of the Administration.

''(B) Notwithstanding any other provision of this paragraph, for fiscal year 2002—

''(i) no funds are authorized to be used as loan capital for the loan program authorized by section 7(a)(21) except by transfer from another Federal department or agency to the Administration, unless the program level authorized for general business loans under paragraph (1)(B)(i) is fully funded; and

''(ii) the Administration may not approve loans on its own behalf or on behalf of any other Federal department or agency, by contract or otherwise, under terms and conditions other than those specifically authorized under this

Act or the Small Business Investment Act of 1958, except that it may approve loans under section 7(a)(21) of this Act in gross amounts of not more than $1,250,000.

''(i) FISCAL YEAR 2003.—

''(1) PROGRAM LEVELS.—The following program levels are authorized for fiscal year 2003:

''(A) For the programs authorized by this Act, the Administration is authorized to make—

''(i) $70,000,000 in technical assistance grants as provided in section 7(m); and

''(ii) $100,000,000 in direct loans, as provided in 7(m).

''(B) For the programs authorized by this Act, the Administration is authorized to make $21,550,000,000 in deferred participation loans and other financings. Of such sum, the Administration is authorized to make—

''(i) $16,000,000,000 in general business loans as provided in section 7(a);

''(ii) $5,000,000,000 in financings as provided in section 7(a)(13) of this Act and section 504 of the Small Business Investment Act of 1958;

''(iii) $500,000,000 in loans as provided in section 7(a)(21); and

''(iv) $50,000,000 in loans as provided in section 7(m).

''(C) For the programs authorized by title III of the Small Business Investment Act of 1958, the Administration is authorized to make—

''(i) $4,000,000,000 in purchases of participating securities; and

''(ii) $3,000,000,000 in guarantees of debentures.

''(D) For the programs authorized by part B of title IV of the Small Business Investment Act of 1958, the Administration is authorized to enter into guarantees not to exceed $6,000,000,000 of which not more than 50 percent may be in bonds approved pursuant to section 411(a)(3) of that Act.

''(E) The Administration is authorized to make grants or enter into cooperative agreements for a total amount of $7,000,000 for the Service Corps of Retired Executives program authorized by section 8(b)(1).

''(2) ADDITIONAL AUTHORIZATIONS.—

''(A) There are authorized to be appropriated to the Administration for fiscal year 2003 such sums as may be necessary to carry out the provisions of this Act not elsewhere provided for, including administrative expenses and necessary loan capital for disaster loans pursuant to section 7(b), and to carry out title IV of the Small Business Investment Act of 1958, including salaries and expenses of the Administration.

''(B) Notwithstanding any other provision of this paragraph, for fiscal year 2003—

''(i) no funds are authorized to be used as loan capital for the loan program authorized by section 7(a)(21) except by transfer from another Federal department or agency to the Administration, unless the program level authorized for general business loans under paragraph (1)(B)(i) is fully funded; and

''(ii) the Administration may not approve loans on its own behalf or on behalf of any other Federal department or agency, by contract or otherwise, under terms and conditions other than those specifically authorized under this Act or the Small Business Investment Act of 1958, except that it may approve loans under section 7(a)(21) of this Act in gross amounts of not more than $1,250,000.''.

SEC. 503. ADDITIONAL REAUTHORIZATIONS.

(a) DRUG-FREE WORKPLACE PROGRAM.—Section 27 of the Small Business Act (15 U.S.C. 654) is amended—

*(1) in the section heading, by striking ''**drug-free workplace demonstration program**'' and inserting ''**paul d. coverdell drug-free workplace program**''; and*

(2) in subsection (g)(1), by striking ''$10,000,000 for fiscal years 1999 and 2000'' and inserting ''$5,000,000 for each of fiscal years 2001 through 2003''.

(b) HUBZONE PROGRAM.—Section 31 of the Small Business Act (15 U.S.C. 657a) is amended by adding at the end the following:

''(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out the program established by this section $10,000,000 for each of fiscal years 2001 through 2003.''.

(c) VERY SMALL BUSINESS CONCERNS PROGRAM.—Section 304(i) of the Small Business Administration Reauthorization and Amendments Act of 1994 (Public Law 103–403; 15 U.S.C. 644 note) is amended by striking ''September 30, 2000'' and inserting ''September 30, 2003''.

(d) SOCIALLY AND ECONOMICALLY DISADVANTAGED BUSINESSES PROGRAM.—Section 7102(c) of the Federal Acquisition Streamlining Act of 1994 (Public Law 103–355; 15 U.S.C. 644 note) is amended by striking ''September 30, 2000'' and inserting ''September 30, 2003''.

(e) SBDC SERVICES.—Section 21(c)(3)(T) of the Small Business Act (15 U.S.C. 648(c)(3)(T)) is amended by striking ''2000'' and inserting ''2003''.

SEC. 504. COSPONSORSHIP.

(a) IN GENERAL.—Section 8(b)(1)(A) of the Small Business Act (15 U.S.C. 637(b)(1)(A)) is amended to read as follows:

''(1)(A) to provide—

''(i) technical, managerial, and informational aids to small business concerns—

''(I) by advising and counseling on matters in connection with Government procurement and policies, principles, and practices of good management;

''(II) by cooperating and advising with—

''(aa) voluntary business, professional, educational, and other nonprofit organizations, associations, and institutions (except that the Administration shall take such actions as it determines necessary to ensure that such cooperation does not constitute or imply an endorsement by the Administration of the organization or its products or services, and shall ensure that it receives appropriate recognition in all printed materials); and

''(bb) other Federal and State agencies;

''(III) by maintaining a clearinghouse for information on managing, financing, and operating small business enterprises; and

''(IV) by disseminating such information, including through recognition events, and by other activities that the Administration determines to be appropriate; and

''(ii) through cooperation with a profit-making concern (referred to in this paragraph as a 'cosponsor'), training, information, and education to small business concerns, except that the Administration shall—

''(I) take such actions as it determines to be appropriate to ensure that—

''(aa) the Administration receives appropriate recognition and publicity;

''(bb) the cooperation does not constitute or imply an endorsement by the Administration of any product or service of the cosponsor;

''(cc) unnecessary promotion of the products or services of the cosponsor is avoided; and

''(dd) utilization of any 1 cosponsor in a marketing area is minimized; and

''(II) develop an agreement, executed on behalf of the Administration by an employee of the Administration in Washington, the District of Columbia, that provides, at a minimum, that—

''(aa) any printed material to announce the cosponsorship or to be distributed at the cosponsored activity, shall be approved in advance by the Administration;

''(bb) the terms and conditions of the cooperation shall be specified;

''(cc) only minimal charges may be imposed on any small business concern to cover the direct costs of providing the assistance;

''(dd) the Administration may provide to the cosponsorship mailing labels, but not lists of names and addresses of small business concerns compiled by the Administration;

''(ee) all printed materials containing the names of both the Administration and the cosponsor shall include a prominent disclaimer that the cooperation does not constitute or imply an endorsement by the Administration of any product or service of the cosponsor; and

''(ff) the Administration shall ensure that it receives appropriate recognition in all cosponsorship printed materials.''.

(b) EXTENSION OF COSPONSORSHIP AUTHORITY.—Section 401(a)(2) of the Small Business Administration Reauthorization and Amendments Act of 1994 (15 U.S.C. 637 note) is amended by striking ''September 30, 2000'' and inserting ''September 30, 2003''.

TITLE VI—HUBZONE PROGRAM

Subtitle A—HUBZones in Native America

SEC. 601. SHORT TITLE.

This subtitle may be cited as the ''HUBZones in Native America Act of 2000''.

SEC. 602. HUBZONE SMALL BUSINESS CONCERN.

Section 3(p)(3) of the Small Business Act (15 U.S.C. 632(p)(3)) is amended to read as follows:

''(3) HUBZONE SMALL BUSINESS CONCERN.—The term 'HUBZone small business concern' means—

''(A) a small business concern that is owned and controlled by 1 or more persons, each of whom is a United States citizen;

''(B) a small business concern that is—

''(i) an Alaska Native Corporation owned and controlled by Natives (as determined pursuant to section 29(e)(1) of the Alaska Native Claims Settlement Act (43 U.S.C. 1626(e)(1))); or

''(ii) a direct or indirect subsidiary corporation, joint venture, or partnership of an Alaska Native Corporation qualifying pursuant to section 29(e)(1) of the Alaska Native Claims Settlement Act (43 U.S.C. 1626(e)(1)), if that subsidiary, joint venture, or partnership is owned and controlled by Natives (as determined pursuant to section 29(e)(2)) of the Alaska Native Claims Settlement Act (43 U.S.C. 1626(e)(2))); or

''(C) a small business concern—

''(i) that is wholly owned by 1 or more Indian tribal governments, or by a corporation that is wholly owned by 1 or more Indian tribal governments; or

''(ii) that is owned in part by 1 or more Indian tribal governments, or by a corporation that is wholly owned by 1 or more Indian tribal governments, if all other owners are either United States citizens or small business concerns.''.

SEC. 603. QUALIFIED HUBZONE SMALL BUSINESS CONCERN.

(a) IN GENERAL.—Section 3(p)(5)(A)(i) of the Small Business Act (15 U.S.C. 632(p)(5)(A)(i)) is amended by striking subclauses (I) and (II) and inserting the following:

''(I) it is a HUBZone small business concern—

''(aa) pursuant to subparagraph (A) or (B) of paragraph (3), and that its principal office is located in a HUBZone and not fewer than 35 percent of its employees reside in a HUBZone; or

''(bb) pursuant to paragraph (3)(C), and not fewer than 35 percent of its employees engaged in performing a contract awarded to the small business concern on the basis of a preference provided under section 31(b) reside within any Indian reservation governed by 1 or more of the tribal government owners, or reside within any HUBZone adjoining any such Indian reservation;

''(II) the small business concern will attempt to maintain the applicable employment percentage under subclause (I) during the performance of any contract awarded to the small business concern on the basis of a preference provided under section 31(b); and''.

(b) CLARIFYING AMENDMENT.—Section 3(p)(5)(D)(i) of the Small Business Act (15

U.S.C. 632(p)(5)(D)(i)) is amended by inserting ''once the Administrator has made the certification required by subparagraph (A)(i) regarding a qualified HUBZone small business concern and has determined that subparagraph (A)(ii) does not apply to that concern,'' before ''include''.

SEC. 604. OTHER DEFINITIONS.

Section 3(p) of the Small Business Act (15 U.S.C. 632(p)) is amended by adding at the end the following:

''(6) NATIVE AMERICAN SMALL BUSINESS CONCERNS.—

''(A) ALASKA NATIVE CORPORATION.—The term 'Alaska Native Corporation' has the same meaning as the term 'Native Corporation' in section 3 of the Alaska Native Claims Settlement Act (43 U.S.C. 1602).

''(B) ALASKA NATIVE VILLAGE.—The term 'Alaska Native Village' has the same meaning as the term 'Native village' in section 3 of the Alaska Native Claims Settlement Act (43 U.S.C. 1602).

''(C) INDIAN RESERVATION.—The term 'Indian reservation'—

''(i) has the same meaning as the term 'Indian country' in section 1151 of title 18, United States Code, except that such term does not include—

''(I) any lands that are located within a State in which a tribe did not exercise governmental jurisdiction on the date of enactment of this paragraph, unless that tribe is recognized after that date of enactment by either an Act of Congress or pursuant to regulations of the Secretary of the Interior for the administrative recognition that an Indian group exists as an Indian tribe (part 83 of title 25, Code of Federal Regulations); and

''(II) lands taken into trust or acquired by an Indian tribe after the date of enactment of this paragraph if such lands are not located within the external boundaries of an Indian reservation or former reservation or are not contiguous to the lands held in trust or restricted status on that date of enactment; and

''(ii) in the State of Oklahoma, means lands that—

''(I) are within the jurisdictional areas of an Oklahoma Indian tribe (as determined by the Secretary of the Interior); and

''(II) are recognized by the Secretary of the Interior as eligible for trust land status under part 151 of title 25, Code of Federal Regulations (as in effect on the date of enactment of this paragraph).''.

Subtitle B—Other HUBZone Provisions

SEC. 611. DEFINITIONS.

(a) QUALIFIED CENSUS TRACT.—Section 3(p)(4)(A) of the Small Business Act (15 U.S.C. 632(p)(4)(A)) is amended by striking ''(I)''.

(b) QUALIFIED NONMETROPOLITAN COUNTY.—Section 3(p)(4) of the Small Business Act (15 U.S.C. 632(p)(4)) is amended by striking subparagraph (B) and inserting the following:

''(B) QUALIFIED NONMETROPOLITAN COUNTY.—The term 'qualified nonmetropolitan county' means any county—

''(i) that was not located in a metropolitan statistical area (as defined in section 143(k)(2)(B) of the Internal Revenue Code of 1986) at the time of the most recent census taken for purposes of selecting qualified census tracts under section 42(d)(5)(C)(ii) of the Internal Revenue Code of 1986; and

''(ii) in which—

''(I) the median household income is less than 80 percent of the nonmetropolitan State median household income, based on the most recent data available from the Bureau of the Census of the Department of Commerce; or

''(II) the unemployment rate is not less than 140 percent of the Statewide average unemployment rate for the State in which the county is located, based on the most recent data available from the Secretary of Labor.''.

SEC. 612. ELIGIBLE CONTRACTS.

(a) COMMODITIES CONTRACTS.—Section 31(b)(3) of the Small Business Act (15 U.S.C. 657a(b)(3)) is amended—

(1) by striking ''In any'' and inserting the following:

''(A) IN GENERAL.—Subject to subparagraph (B), in any''; and

(2) by adding at the end the following:

''(B) PROCUREMENT OF COMMODITIES.—For purchases by the Secretary of Agriculture of agricultural commodities, the price evaluation preference shall be—

''(i) 10 percent, for the portion of a contract to be awarded that is not greater than 25 percent of the total volume being procured for each commodity in a single invitation;

''(ii) 5 percent, for the portion of a contract to be awarded that is greater than 25 percent, but not greater than 40 percent, of the total volume being procured for each commodity in a single invitation; and

''(iii) zero, for the portion of a contract to be awarded that is greater than 40 percent of the total volume being procured for each commodity in a single invitation.

''(C) TREATMENT OF PREFERENCE.—A contract awarded to a HUBZone small business concern under a preference described in subparagraph (B) shall not be counted toward the fulfillment of any requirement partially set aside for competition restricted to small business concerns.''.

(b) DEFINITIONS.—Section 3(p) of the Small Business Act (15 U.S.C. 632(p)), as amended by this Act, is amended—

(1) in paragraph (5)(A)(i)(III)—

(A) in item (aa), by striking ''and'' at the end; and

(B) by adding at the end the following:

''(cc) in the case of a contract for the procurement by the Secretary of Agriculture of agricultural commodities, none of the commodity being procured will be obtained by the prime contractor through a subcontract for the purchase of the commodity in substantially the final form in which it is to be supplied to the Government; and''; and

(2) by adding at the end the following:

''(7) AGRICULTURAL COMMODITY.—The term 'agricultural commodity' has the same meaning as in section 102 of the Agricultural Trade Act of 1978 (7 U.S.C. 5602).''.

SEC. 613. HUBZONE REDESIGNATED AREAS.

Section 3(p) of the Small Business Act (15 U.S.C. 632(p)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (B), by striking ''or'' at the end;

(B) in subparagraph (C), by striking the period at the end and inserting ''; or''; and

(C) by adding at the end the following:

''(D) redesignated areas.''; and

(2) in paragraph (4), by adding at the end the following:

''(C) REDESIGNATED AREA.—The term 'redesignated area' means any census tract that ceases to be qualified under subparagraph (A) and any nonmetropolitan county that ceases to be qualified under subparagraph (B), except that a census tract or a nonmetropolitan county may be a 'redesignated area' only for the 3-year period following the date on which the census tract or nonmetropolitan county ceased to be so qualified.''.

SEC. 614. COMMUNITY DEVELOPMENT.

Section 3(p) of the Small Business Act (15 U.S.C. 632(p)), as amended by this Act, is amended—

(1) in paragraph (3)—

(A) in subparagraph (B), by striking ''or'' at the end;

(B) in subparagraph (C), by striking the period at the end and inserting ''; or''; and

(C) by adding at the end the following:

''(D) a small business concern that is—

''(i) wholly owned by a community development corporation that has received financial assistance under Part 1 of Subchapter A of the Community Economic Development Act of 1981 (42 U.S.C. 9805 et seq.); or

''(ii) owned in part by 1 or more community development corporations, if all other owners are either United States citizens or small business concerns.''; and

(2) in paragraph (5)(A)(i)(I)(aa), by striking ''subparagraph (A) or (B)'' and inserting ''subparagraph (A), (B), or (D)''.

SEC. 615. REFERENCE CORRECTIONS.

(a) SECTION 3.—Section 3(p)(5)(C) of the Small Business Act (15 U.S.C. 632(p)(5)(C)) is amended by striking ''subclause (IV) and (V) of subparagraph (A)(i)'' and inserting ''items (aa) and (bb) of subparagraph (A)(i)(III)''.

(b) SECTION 8.—Section 8(d)(4)(D) of the Small Business Act (15 U.S.C. 637(d)(4)(D)) is amended by inserting ''qualified HUBZone small business concerns,'' after ''small business concerns,''.

TITLE VII—NATIONAL WOMEN'S BUSINESS COUNCIL REAUTHORIZATION

SEC. 701. SHORT TITLE.

This title may be cited as the ''National Women's Business Council Reauthorization Act of 2000''.

SEC. 702. MEMBERSHIP OF THE COUNCIL.

Section 407 of the Women's Business Ownership Act of 1988 (15 U.S.C. 631 note) is amended—

(1) in subsection (a), by striking ''Not later'' and all that follows through ''the President'' and inserting ''The President'';

(2) in subsection (b)—

(A) by striking ''Not later'' and all that follows through ''the Administrator'' and inserting ''The Administrator''; and

(B) by striking ''the Assistant Administrator of the Office of Women's Business Ownership and'';

(3) in subsection (d), by striking '', except that'' and all that follows through the end of the subsection and inserting a period; and

(4) in subsection (h), by striking ''Not later'' and all that follows through ''the Administrator'' and inserting ''The Administrator''.

SEC. 703. REPEAL OF PROCUREMENT PROJECT.

Section 409 of the Women's Business Ownership Act of 1988 (15 U.S.C. 631 note) is repealed.

SEC. 704. STUDIES AND OTHER RESEARCH.

Section 410 of the Women's Business Ownership Act of 1988 (15 U.S.C. 631 note) is amended to read as follows:

''SEC. 409. STUDIES AND OTHER RESEARCH.

''(a) IN GENERAL.—The Council may conduct such studies and other research relating to the award of Federal prime contracts and subcontracts to women-owned businesses, to access to credit and investment capital by women entrepreneurs, or to other issues relating to women-owned businesses, as the Council determines to be appropriate.

''(b) CONTRACT AUTHORITY.—In conducting any study or other research under this section, the Council may contract with 1 or more public or private entities.''.

SEC. 705. AUTHORIZATION OF APPROPRIATIONS.

Section 411 of the Women's Business Ownership Act of 1988 (15 U.S.C. 631 note) is amended to read as follows:

''SEC. 410. AUTHORIZATION OF APPROPRIATIONS.

''(a) IN GENERAL.—There is authorized to be appropriated to carry out this title $1,000,000, for each of fiscal years 2001 through 2003, of which $550,000 shall be available in each such fiscal year to carry out section 409.

''(b) BUDGET REVIEW.—No amount made available under this section for any fiscal year may be obligated or expended by the Council before the date on which the Council reviews and

approves the operating budget of the Council to carry out the responsibilities of the Council for that fiscal year.''.

TITLE VIII—MISCELLANEOUS PROVISIONS

SEC. 801. LOAN APPLICATION PROCESSING.

(a) STUDY.—The Administrator of the Small Business Administration shall conduct a study to determine the average time that the Administration requires to process an application for each type of loan or loan guarantee made under the Small Business Act (15 U.S.C. 631 et seq.).

(b) TRANSMITTAL.—Not later than 1 year after the date of enactment of this Act, the Administrator shall transmit to Congress the results of the study conducted under subsection (a).

SEC. 802. APPLICATION OF OWNERSHIP REQUIREMENTS.

(a) SMALL BUSINESS ACT.—Section 7(a) of the Small Business Act (15 U.S.C. 636(a)) is amended by adding at the end the following:

''(30) OWNERSHIP REQUIREMENTS.—Ownership requirements to determine the eligibility of a small business concern that applies for assistance under any credit program under this Act shall be determined without regard to any ownership interest of a spouse arising solely from the application of the community property laws of a State for purposes of determining marital interests.''.

(b) SMALL BUSINESS INVESTMENT ACT OF 1958.—Section 502 of the Small Business Investment Act of 1958 (15 U.S.C. 696) is amended by adding at the end the following:

''(6) OWNERSHIP REQUIREMENTS.—Ownership requirements to determine the eligibility of a small business concern that applies for assistance under any credit program under this title shall be determined without regard to any ownership interest of a spouse arising solely from the application of the community property laws of a State for purposes of determining marital interests.''.

SEC. 803. SUBCONTRACTING PREFERENCE FOR VETERANS.

Section 8(d) of the Small Business Act (15 U.S.C. 637(d)) is amended—

(1) in paragraph (1), by inserting ''small business concerns owned and controlled by veterans,'' after ''small business concerns,'' the first place that term appears in each of the first and second sentences;

(2) in paragraph (3)—

(A) in subparagraph (A), by inserting ''small business concerns owned and controlled by service-disabled veterans,'' after ''small business concerns owned and controlled by veterans,'' in each of the first and second sentences; and

(B) in subparagraph (F), by inserting ''small business concern owned and controlled by service-disabled veterans,'' after ''small business concern owned and controlled by veterans,''; and

(3) in each of paragraphs (4)(D), (4)(E), (6)(A), (6)(C), (6)(F), and (10)(B), by inserting ''small business concerns owned and controlled by service-disabled veterans,'' after ''small business concerns owned and controlled by veterans,''.

SEC. 804. SMALL BUSINESS DEVELOPMENT CENTER PROGRAM FUNDING.

(a) AUTHORIZATION.—

(1) IN GENERAL.—Section 20(a)(1) of the Small Business Act (15 U.S.C. 631 note) is amended by striking ''For fiscal year 1985'' and all that follows through ''expended.'' and inserting the following: ''For fiscal year 2000 and each fiscal year thereafter, there are authorized to be appropriated such sums as may be necessary and appropriate, to remain available until expended, and to be available solely—

''(A) to carry out the Small Business Development Center Program under section 21, but not to exceed the annual funding level, as specified in section 21(a);

''(B) to pay the expenses of the National Small Business Development Center Advisory Board, as provided in section 21(i);

''(C) to pay the expenses of the information sharing system, as provided in section 21(c)(8);

''(D) to pay the expenses of the association referred to in section 21(a)(3)(A) for conducting the certification program, as provided in section 21(k)(2); and

''(E) to pay the expenses of the Administration, including salaries of examiners, for conducting examinations as part of the certification program conducted by the association referred to in section 21(a)(3)(A).''.

(2) TECHNICAL AMENDMENT.—Section 20(a) of the Small Business Act (15 U.S.C. 631 note) is amended by moving the margins of paragraphs (3) and (4), including subparagraphs (A) and (B) of paragraph (4), 2 ems to the left.

(b) FUNDING FORMULA.—Section 21(a)(4)(C) of the Small Business Act (15 U.S.C. 648(a)(4)(C)) is amended to read as follows:

''(C) FUNDING FORMULA.—

''(i) IN GENERAL.—Subject to clause (iii), the amount of a formula grant received by a State under this subparagraph shall be equal to an amount determined in accordance with the following formula:

''(I) The annual amount made available under section 20(a) for the Small Business Development Center Program, less any reductions made for expenses authorized by clause (v) of this subparagraph, shall be divided on a pro rata basis, based on the percentage of the population of each State, as compared to the population of the United States.

''(II) If the pro rata amount calculated under subclause (I) for any State is less than the minimum funding level under clause (iii), the Administration shall determine the aggregate amount necessary to achieve that minimum funding level for each such State.

''(III) The aggregate amount calculated under subclause (II) shall be deducted from the amount calculated under subclause (I) for States eligible to receive more than the minimum funding level. The deductions shall be made on a pro rata basis, based on the population of each such State, as compared to the total population of all such States.

''(IV) The aggregate amount deducted under subclause (III) shall be added to the grants of those States that are not eligible to receive more than the minimum funding level in order to achieve the minimum funding level for each such State, except that the eligible amount of a grant to any State shall not be reduced to an amount below the minimum funding level.

''(ii) GRANT DETERMINATION.—The amount of a grant that a State is eligible to apply for under this subparagraph shall be the amount determined under clause (i), subject to any modifications required under clause (iii), and shall be based on the amount available for the fiscal year in which performance of the grant commences, but not including amounts distributed in accordance with clause (iv). The amount of a grant received by a State under any provision of this subparagraph shall not exceed the amount of matching funds from sources other than the Federal Government, as required under subparagraph (A).

''(iii) MINIMUM FUNDING LEVEL.—The amount of the minimum funding level for each State shall be determined for each fiscal year based on the amount made available for that fiscal year to carry out this section, as follows:

''(I) If the amount made available is not less than $81,500,000 and not more than $90,000,000, the minimum funding level shall be $500,000.

''(II) If the amount made available is less than $81,500,000, the minimum funding level shall be the remainder of $500,000 minus a percentage of $500,000 equal to the percentage amount by which the amount made available is less than $81,500,000.

''(III) If the amount made available is more than $90,000,000, the minimum funding level shall be the sum of $500,000 plus a percentage of $500,000 equal to the percentage amount by which the amount made available exceeds $90,000,000.

''(iv) DISTRIBUTIONS.—Subject to clause (iii), if any State does not apply for, or use, its full funding eligibility for a fiscal year, the Administration shall distribute the remaining funds as follows:

''(I) If the grant to any State is less than the amount received by that State in fiscal year 2000, the Administration shall distribute such remaining funds, on a pro rata basis, based on the percentage of shortage of each such State, as compared to the total amount of such remaining funds available, to the extent necessary in order to increase the amount of the grant to the amount received by that State in fiscal year 2000, or until such funds are exhausted, whichever first occurs.

''(II) If any funds remain after the application of subclause (I), the remaining amount may be distributed as supplemental grants to any State, as the Administration determines, in its discretion, to be appropriate, after consultation with the association referred to in subsection (a)(3)(A).

''(v) USE OF AMOUNTS.—

''(I) IN GENERAL.—Of the amounts made available in any fiscal year to carry out this section—

''(aa) not more than $500,000 may be used by the Administration to pay expenses enumerated in subparagraphs (B) through (D) of section 20(a)(1); and

''(bb) not more than $500,000 may be used by the Administration to pay the examination expenses enumerated in section 20(a)(1)(E).

''(II) LIMITATION.—No funds described in subclause (I) may be used for examination expenses under section 20(a)(1)(E) if the usage would reduce the amount of grants made available under clause (i)(I) of this subparagraph to less than $85,000,000 (after excluding any amounts provided in appropriations Acts for specific institutions or for purposes other than the general small business development center program) or would further reduce the amount of such grants below such amount.

''(vi) EXCLUSIONS.—Grants provided to a State by the Administration or another Federal agency to carry out subsection (a)(6) or (c)(3)(G), or for supplemental grants set forth in clause (iv)(II) of this subparagraph, shall not be included in the calculation of maximum funding for a State under clause (ii) of this subparagraph.

''(vii) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subparagraph $125,000,000 for each of fiscal years 2001, 2002, and 2003.

''(viii) STATE DEFINED.—In this subparagraph, the term 'State' means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.''.

SEC. 805. SURETY BONDS.

(a) CONTRACT AMOUNTS.—Section 411 of the Small Business Investment Act of 1958 (15 U.S.C. 694b) is amended—

(1) in subsection (a)(1), by striking ''$1,250,000'' and inserting ''$2,000,000''; and

(2) in subsection (e)(2), by striking ''$1,250,000'' and inserting ''$2,000,000''.

(b) EXTENSION OF CERTAIN AUTHORITY.—Section 207 of the Small Business Administration Reauthorization and Amendment Act of 1988 (15 U.S.C. 694b note) is amended by striking ''2000'' and inserting ''2003''.

SEC. 806. SIZE STANDARDS.

(a) INDUSTRY CLASSIFICATIONS.—Section 15(a) of the Small Business Act (15 U.S.C. 644(a)) is

amended in the eighth sentence, by striking ''four-digit standard'' and all that follows through ''published'' and inserting ''definition of a 'United States industry' under the North American Industry Classification System, as established''.

(b) ANNUAL RECEIPTS.—Section 3(a)(1) of the Small Business Act (15 U.S.C. 632(a)(1)) is amended by striking ''$500,000'' and inserting ''$750,000''.

SEC. 807. NATIVE HAWAIIAN ORGANIZATIONS UNDER SECTION 8(a).

Section 8(a)(15)(A) of the Small Business Act (15 U.S.C. 637(a)(15)(A)) is amended to read as follows:

''(A) is a nonprofit corporation that has filed articles of incorporation with the director (or the designee thereof) of the Hawaii Department of Commerce and Consumer Affairs, or any successor agency,''.

SEC. 808. NATIONAL VETERANS BUSINESS DEVELOPMENT CORPORATION CORRECTION.

Section 33(k) of the Small Business Act (15 U.S.C. 657c(k)) is amended—

(1) by striking paragraph (1) and inserting the following:

''(1) IN GENERAL.—Subject to paragraph (2), there are authorized to be appropriated to the Corporation to carry out this section—

''(A) $4,000,000 for fiscal year 2001;

''(B) $4,000,000 for fiscal year 2002;

''(C) $2,000,000 for fiscal year 2003; and

''(D) $2,000,000 for fiscal year 2004.'';

(2) in paragraph (2)(A), by striking ''2001'' each place it appears and inserting ''2002''; and

(3) in paragraph (2)(B), by striking ''2002 or 2003'' and inserting ''2003 or 2004''.

SEC. 809. PRIVATE SECTOR RESOURCES FOR SCORE.

Section 8(b)(1)(B) of the Small Business Act (15 U.S.C. 637(b)(1)(B)) is amended by adding at the end the following: ''Notwithstanding any other provision of law, SCORE may solicit cash and in-kind contributions from the private sector to be used to carry out its functions under this Act, and may use payments made by the Administration pursuant to this subparagraph for such solicitation.''.

SEC. 810. CONTRACT DATA COLLECTION.

(a) DEFINITION OF BUNDLED CONTRACT.—Section 3(o)(1) of the Small Business Act (15 U.S.C. 632(o)(1)) is amended to read as follows:

''(1) BUNDLED CONTRACT.—The term 'bundled contract' means a contract, or a modification of an existing contract, that is entered into to meet—

''(A) requirements that are consolidated in a bundling of contract requirements regardless of whether the contracting agency has conducted a study of the effects of the solicitation for the contract on civilian or military personnel of the United States; or

''(B) any procurement requirement that permits the consolidation of 2 or more procurement requirements.''.

(b) ANALYSIS REQUIRED WITH RESPECT TO BUNDLED CONTRACTS.—Section 15(e)(2)(A) of the Small Business Act (15 U.S.C. 644(e)(2)(A)) is amended—

(1) by striking ''(A) IN GENERAL.—'' and inserting the following:

''(A) DETERMINATION OF NECESSITY.—

''(i) IN GENERAL.—''; and

(2) by adding at the end the following:

''(ii) IDENTIFICATION OF DISPLACED PRIME CONTRACTORS.—The market research required by clause (i) shall identify each small business concern that will be displaced as a prime contractor as a result of the award of a contract described in such clause, and the Administrator shall maintain such data for a period of not less than 10 years.

''(iii) BUNDLED CONTRACTS SUBJECT TO RECOMPETITION.—

''(I) IN GENERAL.—Not less than 30 days before issuing a solicitation to recompete a previously bundled contract as a contract that continues to contain the bundling of contract requirements of the original bundled contract, the head of the agency shall notify the Administrator and transmit a report to the Administrator containing the results of the market research required under clause (i).

''(II) REVIEW AND DETERMINATION.—The Administrator shall, not later than 30 days after notification under subclause (I), review and determine—

''(aa) the amount of savings and benefits (in accordance with this subsection) achieved under the bundling of contract requirements; and

''(bb) whether such savings and benefits will continue to be realized if the contract remains bundled and whether such benefits would be greater if the procurement requirements were divided into separate solicitations suitable for award to small business concerns.

''(II) APPEAL.—

''(aa) IN GENERAL.—If, after conducting a review under subclause (II), the Administrator reaches a conclusion with respect to the savings and benefits of the recompeted bundle different than that reached by the head of the contracting agency as part of the market analysis required under clause (i) and such head proceeds with a solicitation for the contract, the Administrator shall file an appeal with the Administrator of the Office of Federal Procurement Policy.

''(bb) NOTICE.—If the Administrator files an appeal under item (aa), the Administrator shall notify the head of the contracting agency.

''(cc) FILING OF REPORTS.—Not less than 5 calendar days after notice is given under item (bb), the Administrator shall submit a report containing information on the Administrator's conclusions and determinations under subclause (II), and the head of the contracting agency shall submit the report described in subclause (I), to the Administrator of the Office of Federal Procurement Policy.

''(dd) DECISION.—Not later than 7 calendar days after the submission of reports under item (cc), the Administrator of the Office of Federal Procurement Policy shall determine whether the subject contract shall be recompeted as bundled contract.''.

(c) ANNUAL REPORT ON CONTRACT BUNDLING.—Section 15 of the Small Business Act (15 U.S.C. 644) is amended by adding at the end the following:

''(p) ANNUAL REPORT ON CONTRACT BUNDLING.—

''(1) IN GENERAL.—Not later than 1 year after the date of enactment of this subsection, and annually in March thereafter, the Administration shall transmit a report on contract bundling to the Committees on Small Business of the House of Representatives and the Senate.

''(2) CONTENTS.—Each report transmitted under paragraph (1) shall include—

''(A) data on the number, arranged by industrial classification, of small business concerns displaced as prime contractors as a result of the award of bundled contracts by Federal agencies; and

''(B) a description of the activities with respect to previously bundled contracts of each Federal agency during the preceding year, including—

''(i) data on the number and total dollar amount of all contract requirements that were bundled; and

''(ii) with respect to each bundled contract, data or information on—

''(I) the justification for the bundling of contract requirements;

''(II) the cost savings realized by bundling the contract requirements over the life of the contract;

''(III) the extent to which maintaining the bundled status of contract requirements is projected to result in continued cost savings;

''(IV) the extent to which the bundling of contract requirements complied with the contracting agency's small business subcontracting plan, including the total dollar value awarded to small business concerns as subcontractors and the total dollar value previously awarded to small business concerns as prime contractors; and

''(V) the impact of the bundling of contract requirements on small business concerns unable to compete as prime contractors for the consolidated requirements and on the industries of such small business concerns, including a description of any changes to the proportion of any such industry that is composed of small business concerns.''.

(d) REPORTING OF BUNDLED CONTRACT OPPORTUNITIES.—Section 414(a) of the Small Business Reauthorization Act of 1997 (4 U.S.C. 405 note) is amended—

(1) by striking ''$5,000,000'' and inserting ''$25,000''; and

(2) by striking ''bundling of contract requirements'' and inserting ''bundled contract''.

(e) PROVISION OF DATA.—Upon the request of the Administrator of the Small Business Administration, the head of any contracting agency shall promptly provide to the Administrator such information as the Administrator determines to be necessary to carry out this section or the amendments made by this section.

SEC. 811. PROCUREMENT PROGRAM FOR WOMEN-OWNED SMALL BUSINESS CONCERNS.

Section 8 of the Small Business Act (15 U.S.C. 637) is amended by adding at the end the following:

''(m) PROCUREMENT PROGRAM FOR WOMEN-OWNED SMALL BUSINESS CONCERNS.—

''(1) DEFINITIONS.—In this subsection, the following definitions apply:

''(A) CONTRACTING OFFICER.—The term 'contracting officer' has the meaning given such term in section 27(f)(5) of the Office of Federal Procurement Policy Act (41 U.S.C. 423(f)(5)).

''(B) SMALL BUSINESS CONCERN OWNED AND CONTROLLED BY WOMEN.—The term 'small business concern owned and controlled by women' has the meaning given such term in section 3(n), except that ownership shall be determined without regard to any community property law.

''(2) AUTHORITY TO RESTRICT COMPETITION.—In accordance with this subsection, a contracting officer may restrict competition for any contract for the procurement of goods or services by the Federal Government to small business concerns owned and controlled by women, if—

''(A) each of the concerns is not less than 51 percent owned by 1 or more women who are economically disadvantaged (and such ownership is determined without regard to any community property law);

''(B) the contracting officer has a reasonable expectation that 2 or more small business concerns owned and controlled by women will submit offers for the contract;

''(C) the contract is for the procurement of goods or services with respect to an industry identified by the Administrator pursuant to paragraph (3);

''(D) the anticipated award price of the contract (including options) does not exceed—

''(i) $5,000,000, in the case of a contract assigned an industrial classification code for manufacturing; or

''(ii) $3,000,000, in the case of all other contracts;

''(E) in the estimation of the contracting officer, the contract award can be made at a fair and reasonable price; and

''(F) each of the concerns—

''(i) is certified by a Federal agency, a State government, or a national certifying entity approved by the Administrator, as a small business concern owned and controlled by women; or

''(ii) certifies to the contracting officer that it is a small business concern owned and controlled by women and provides adequate documentation, in accordance with standards established by the Administration, to support such certification.

''(3) WAIVER.—With respect to a small business concern owned and controlled by women, the Administrator may waive subparagraph (2)(A) if the Administrator determines that the concern is in an industry in which small business concerns owned and controlled by women are substantially underrepresented.

''(4) IDENTIFICATION OF INDUSTRIES.—The Administrator shall conduct a study to identify industries in which small business concerns owned and controlled by women are underrepresented with respect to Federal procurement contracting.

''(5) ENFORCEMENT; PENALTIES.—

''(A) VERIFICATION OF ELIGIBILITY.—In carrying out this subsection, the Administrator shall establish procedures relating to—

''(i) the filing, investigation, and disposition by the Administration of any challenge to the eligibility of a small business concern to receive assistance under this subsection (including a challenge, filed by an interested party, relating to the veracity of a certification made or information provided to the Administration by a small business concern under paragraph (2)(F)); and

''(ii) verification by the Administrator of the accuracy of any certification made or information provided to the Administration by a small business concern under paragraph (2)(F).

''(B) EXAMINATIONS.—The procedures established under subparagraph (A) may provide for program examinations (including random program examinations) by the Administrator of any small business concern making a certification or providing information to the Administrator under paragraph (2)(F).

''(C) PENALTIES.—In addition to the penalties described in section 16(d), any small business concern that is determined by the Administrator to have misrepresented the status of that concern as a small business concern owned and controlled by women for purposes of this subsection, shall be subject to—

''(i) section 1001 of title 18, United States Code; and

''(ii) sections 3729 through 3733 of title 31, United States Code.

''(6) PROVISION OF DATA.—Upon the request of the Administrator, the head of any Federal department or agency shall promptly provide to the Administrator such information as the Administrator determines to be necessary to carry out this subsection.''.

TITLE IX—COMMUNITY RENEWAL AND NEW MARKETS INITIATIVES

SEC. 901. NEW MARKETS VENTURE CAPITAL PROGRAM.

(a) SHORT TITLE.—This section may be cited as the ''New Markets Venture Capital Program Act of 2000''.

(b) NEW MARKETS VENTURE CAPITAL PROGRAM.—Title III of the Small Business Investment Act of 1958 (15 U.S.C. 681 et seq.) is amended—

(1) in the heading for the title, by striking ''SMALL BUSINESS INVESTMENT COMPANIES'' and inserting ''INVESTMENT DIVISION PROGRAMS'';

(2) by inserting before the heading for section 301 the following:

''PART A—SMALL BUSINESS INVESTMENT COMPANIES'';

and

(3) by adding at the end the following:

''PART B—NEW MARKETS VENTURE CAPITAL PROGRAM

''SEC. 351. DEFINITIONS.

''In this part, the following definitions apply:

''(1) DEVELOPMENTAL VENTURE CAPITAL.—The term 'developmental venture capital' means capital in the form of equity capital investments in businesses made with a primary objective of fostering economic development in low-income geographic areas. For the purposes of this paragraph, the term 'equity capital' has the same meaning given such term in section 303(g)(4).

''(2) LOW-INCOME INDIVIDUAL.—The term 'low-income individual' means an individual whose income (adjusted for family size) does not exceed—

''(A) for metropolitan areas, 80 percent of the area median income; and

''(B) for nonmetropolitan areas, the greater of—

''(i) 80 percent of the area median income; or

''(ii) 80 percent of the statewide nonmetropolitan area median income.

''(3) LOW-INCOME GEOGRAPHIC AREA.—The term 'low-income geographic area' means—

''(A) any population census tract (or in the case of an area that is not tracted for population census tracts, the equivalent county division, as defined by the Bureau of the Census of the Department of Commerce for purposes of defining poverty areas), if—

''(i) the poverty rate for that census tract is not less than 20 percent;

''(ii) in the case of a tract—

''(I) that is located within a metropolitan area, 50 percent or more of the households in that census tract have an income equal to less than 60 percent of the area median gross income; or

''(II) that is not located within a metropolitan area, the median household income for such tract does not exceed 80 percent of the statewide median household income; or

''(iii) as determined by the Administrator based on objective criteria, a substantial population of low-income individuals reside, an inadequate access to investment capital exists, or other indications of economic distress exist in that census tract; or

''(B) any area located within—

''(i) a HUBZone (as defined in section 3(p) of the Small Business Act and the implementing regulations issued under that section);

''(ii) an urban empowerment zone or urban enterprise community (as designated by the Secretary of Housing and Urban Development); or

''(iii) a rural empowerment zone or rural enterprise community (as designated by the Secretary of Agriculture).

''(4) NEW MARKETS VENTURE CAPITAL COMPANY.—The term 'New Markets Venture Capital company' means a company that—

''(A) has been granted final approval by the Administrator under section 354(e); and

''(B) has entered into a participation agreement with the Administrator.

''(5) OPERATIONAL ASSISTANCE.—The term 'operational assistance' means management, marketing, and other technical assistance that assists a small business concern with business development.

''(6) PARTICIPATION AGREEMENT.—The term 'participation agreement' means an agreement, between the Administrator and a company granted final approval under section 354(e), that—

''(A) details the company's operating plan and investment criteria; and

''(B) requires the company to make investments in smaller enterprises at least 80 percent of which are located in low-income geographic areas.

''(7) SPECIALIZED SMALL BUSINESS INVESTMENT COMPANY.—The term 'specialized small business investment company' means any small business investment company that—

''(A) invests solely in small business concerns that contribute to a well-balanced national economy by facilitating ownership in such concerns by persons whose participation in the free enterprise system is hampered because of social or economic disadvantages;

''(B) is organized or chartered under State business or nonprofit corporations statutes, or formed as a limited partnership; and

''(C) was licensed under section 301(d), as in effect before September 30, 1996.

''(8) STATE.—The term ''State'' means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and any other commonwealth, territory, or possession of the United States;

''SEC. 352. PURPOSES.

''The purposes of the New Markets Venture Capital Program established under this part are—

''(1) to promote economic development and the creation of wealth and job opportunities in low-income geographic areas and among individuals living in such areas by encouraging developmental venture capital investments in smaller enterprises primarily located in such areas; and

''(2) to establish a developmental venture capital program, with the mission of addressing the unmet equity investment needs of small enterprises located in low-income geographic areas, to be administered by the Administrator—

''(A) to enter into participation agreements with New Markets Venture Capital companies;

''(B) to guarantee debentures of New Markets Venture Capital companies to enable each such company to make developmental venture capital investments in smaller enterprises in low-income geographic areas; and

''(C) to make grants to New Markets Venture Capital companies, and to other entities, for the purpose of providing operational assistance to smaller enterprises financed, or expected to be financed, by such companies.

''SEC. 353. ESTABLISHMENT.

''In accordance with this part, the Administrator shall establish a New Markets Venture Capital Program, under which the Administrator may—

''(1) enter into participation agreements with companies granted final approval under section 354(e) for the purposes set forth in section 352;

''(2) guarantee the debentures issued by New Markets Venture Capital companies as provided in section 355; and

''(3) make grants to New Markets Venture Capital companies, and to other entities, under section 358.

''SEC. 354. SELECTION OF NEW MARKETS VENTURE CAPITAL COMPANIES.

''(a) ELIGIBILITY.—A company shall be eligible to apply to participate, as a New Markets Venture Capital company, in the program established under this part if—

''(1) the company is a newly formed for-profit entity or a newly formed for-profit subsidiary of an existing entity;

''(2) the company has a management team with experience in community development financing or relevant venture capital financing; and

''(3) the company has a primary objective of economic development of low-income geographic areas.

''(b) APPLICATION.—To participate, as a New Markets Venture Capital company, in the program established under this part a company meeting the eligibility requirements set forth in subsection (a) shall submit an application to the Administrator that includes—

''(1) a business plan describing how the company intends to make successful developmental

venture capital investments in identified low-income geographic areas;

''(2) information regarding the community development finance or relevant venture capital qualifications and general reputation of the company's management;

''(3) a description of how the company intends to work with community organizations and to seek to address the unmet capital needs of the communities served;

''(4) a proposal describing how the company intends to use the grant funds provided under this part to provide operational assistance to smaller enterprises financed by the company, including information regarding whether the company intends to use licensed professionals, when necessary, on the company's staff or from an outside entity;

''(5) with respect to binding commitments to be made to the company under this part, an estimate of the ratio of cash to in-kind contributions;

''(6) a description of the criteria to be used to evaluate whether and to what extent the company meets the objectives of the program established under this part;

''(7) information regarding the management and financial strength of any parent firm, affiliated firm, or any other firm essential to the success of the company's business plan; and

''(8) such other information as the Administrator may require.

''(c) CONDITIONAL APPROVAL.—

''(1) IN GENERAL.—From among companies submitting applications under subsection (b), the Administrator shall, in accordance with this subsection, conditionally approve companies to participate in the New Markets Venture Capital Program.

''(2) SELECTION CRITERIA.—In selecting companies under paragraph (1), the Administrator shall consider the following:

''(A) The likelihood that the company will meet the goals of its business plan.

''(B) The experience and background of the company's management team.

''(C) The need for developmental venture capital investments in the geographic areas in which the company intends to invest.

''(D) The extent to which the company will concentrate its activities on serving the geographic areas in which it intends to invest.

''(E) The likelihood that the company will be able to satisfy the conditions under subsection (d).

''(F) The extent to which the activities proposed by the company will expand economic opportunities in the geographic areas in which the company intends to invest.

''(G) The strength of the company's proposal to provide operational assistance under this part as the proposal relates to the ability of the applicant to meet applicable cash requirements and properly utilize in-kind contributions, including the use of resources for the services of licensed professionals, when necessary, whether provided by persons on the company's staff or by persons outside of the company.

''(H) Any other factors deemed appropriate by the Administrator.

''(3) NATIONWIDE DISTRIBUTION.—The Administrator shall select companies under paragraph (1) in such a way that promotes investment nationwide.

''(d) REQUIREMENTS TO BE MET FOR FINAL APPROVAL.—The Administrator shall grant each conditionally approved company a period of time, not to exceed 2 years, to satisfy the following requirements:

''(1) CAPITAL REQUIREMENT.—Each conditionally approved company shall raise not less than $5,000,000 of private capital or binding capital commitments from one or more investors (other than agencies or departments of the Federal Government) who meet criteria established by the Administrator.

''(2) NONADMINISTRATION RESOURCES FOR OPERATIONAL ASSISTANCE.—

''(A) IN GENERAL.—In order to provide operational assistance to smaller enterprises expected to be financed by the company, each conditionally approved company—

''(i) shall have binding commitments (for contribution in cash or in kind)—

''(I) from any sources other than the Small Business Administration that meet criteria established by the Administrator;

''(II) payable or available over a multiyear period acceptable to the Administrator (not to exceed 10 years); and

''(III) in an amount not less than 30 percent of the total amount of capital and commitments raised under paragraph (1);

''(ii) shall have purchased an annuity—

''(I) from an insurance company acceptable to the Administrator;

''(II) using funds (other than the funds raised under paragraph (1)) from any source other than the Administrator; and

''(III) that yields cash payments over a multiyear period acceptable to the Administrator (not to exceed 10 years) in an amount not less than 30 percent of the total amount of capital and commitments raised under paragraph (1); or

''(iii) shall have binding commitments (for contributions in cash or in kind) of the type described in clause (i) and shall have purchased an annuity of the type described in clause (ii), which in the aggregate make available, over a multiyear period acceptable to the Administrator (not to exceed 10 years), an amount not less than 30 percent of the total amount of capital and commitments raised under paragraph (1).

''(B) EXCEPTION.—The Administrator may, in the discretion of the Administrator and based upon a showing of special circumstances and good cause, consider an applicant to have satisfied the requirements of subparagraph (A) if the applicant has—

''(i) a viable plan that reasonably projects the capacity of the applicant to raise the amount (in cash or in-kind) required under subparagraph (A); and

''(ii) binding commitments in an amount equal to not less than 20 percent of the total amount required under paragraph (A).

''(C) LIMITATION.—In order to comply with the requirements of subparagraphs (A) and (B), the total amount of a company's in-kind contributions may not exceed 50 percent of the company's total contributions.

''(e) FINAL APPROVAL; DESIGNATION.—The Administrator shall, with respect to each applicant conditionally approved to operate as a New Markets Venture Capital company under subsection (c), either—

''(1) grant final approval to the applicant to operate as a New Markets Venture Capital company under this part and designate the applicant as such a company, if the applicant—

''(A) satisfies the requirements of subsection (d) on or before the expiration of the time period described in that subsection; and

''(B) enters into a participation agreement with the Administrator; or

''(2) if the applicant fails to satisfy the requirements of subsection (d) on or before the expiration of the time period described in that subsection, revoke the conditional approval granted under that subsection.

"SEC. 355. DEBENTURES.

''(a) IN GENERAL.—The Administrator may guarantee the timely payment of principal and interest, as scheduled, on debentures issued by any New Markets Venture Capital company.

''(b) TERMS AND CONDITIONS.—The Administrator may make guarantees under this section on such terms and conditions as it deems appropriate, except that the term of any debenture guaranteed under this section shall not exceed 15 years.

''(c) FULL FAITH AND CREDIT OF THE UNITED STATES.—The full faith and credit of the United States is pledged to pay all amounts that may be required to be paid under any guarantee under this part.

''(d) MAXIMUM GUARANTEE.—

''(1) IN GENERAL.—Under this section, the Administrator may guarantee the debentures issued by a New Markets Venture Capital company only to the extent that the total face amount of outstanding guaranteed debentures of such company does not exceed 150 percent of the private capital of the company, as determined by the Administrator.

''(2) TREATMENT OF CERTAIN FEDERAL FUNDS.—For the purposes of paragraph (1), private capital shall include capital that is considered to be Federal funds, if such capital is contributed by an investor other than an agency or department of the Federal Government.

"SEC. 356. ISSUANCE AND GUARANTEE OF TRUST CERTIFICATES.

''(a) ISSUANCE.—The Administrator may issue trust certificates representing ownership of all or a fractional part of debentures issued by a New Markets Venture Capital company and guaranteed by the Administrator under this part, if such certificates are based on and backed by a trust or pool approved by the Administrator and composed solely of guaranteed debentures.

''(b) GUARANTEE.—

''(1) IN GENERAL.—The Administrator may, under such terms and conditions as it deems appropriate, guarantee the timely payment of the principal of and interest on trust certificates issued by the Administrator or its agents for purposes of this section.

''(2) LIMITATION.—Each guarantee under this subsection shall be limited to the extent of principal and interest on the guaranteed debentures that compose the trust or pool.

''(3) PREPAYMENT OR DEFAULT.—In the event that a debenture in a trust or pool is prepaid, or in the event of default of such a debenture, the guarantee of timely payment of principal and interest on the trust certificates shall be reduced in proportion to the amount of principal and interest such prepaid debenture represents in the trust or pool. Interest on prepaid or defaulted debentures shall accrue and be guaranteed by the Administrator only through the date of payment of the guarantee. At any time during its term, a trust certificate may be called for redemption due to prepayment or default of all debentures.

''(c) FULL FAITH AND CREDIT OF THE UNITED STATES.—The full faith and credit of the United States is pledged to pay all amounts that may be required to be paid under any guarantee of a trust certificate issued by the Administrator or its agents under this section.

''(d) FEES.—The Administrator shall not collect a fee for any guarantee of a trust certificate under this section, but any agent of the Administrator may collect a fee approved by the Administrator for the functions described in subsection (f)(2).

''(e) SUBROGATION AND OWNERSHIP RIGHTS.—

''(1) SUBROGATION.—In the event the Administrator pays a claim under a guarantee issued under this section, it shall be subrogated fully to the rights satisfied by such payment.

''(2) OWNERSHIP RIGHTS.—No Federal, State, or local law shall preclude or limit the exercise by the Administrator of its ownership rights in the debentures residing in a trust or pool against which trust certificates are issued under this section.

''(f) MANAGEMENT AND ADMINISTRATION.—

''(1) REGISTRATION.—The Administrator may provide for a central registration of all trust certificates issued under this section.

''(2) CONTRACTING OF FUNCTIONS.—

''(A) IN GENERAL.—The Administrator may contract with an agent or agents to carry out on behalf of the Administrator the pooling and the central registration functions provided for in this section including, notwithstanding any other provision of law—

''(i) maintenance, on behalf of and under the direction of the Administrator, of such commercial bank accounts or investments in obligations of the United States as may be necessary to facilitate the creation of trusts or pools backed by debentures guaranteed under this part; and

''(ii) the issuance of trust certificates to facilitate the creation of such trusts or pools.

''(B) FIDELITY BOND OR INSURANCE REQUIREMENT.—Any agent performing functions on behalf of the Administrator under this paragraph shall provide a fidelity bond or insurance in such amounts as the Administrator determines to be necessary to fully protect the interests of the United States.

''(3) REGULATION OF BROKERS AND DEALERS.—The Administrator may regulate brokers and dealers in trust certificates issued under this section.

''(4) ELECTRONIC REGISTRATION.—Nothing in this subsection may be construed to prohibit the use of a book-entry or other electronic form of registration for trust certificates issued under this section.

''SEC. 357. FEES.

''Except as provided in section 356(d), the Administrator may charge such fees as it deems appropriate with respect to any guarantee or grant issued under this part.

''SEC. 358. OPERATIONAL ASSISTANCE GRANTS.

''(a) IN GENERAL.—

''(1) AUTHORITY.—In accordance with this section, the Administrator may make grants to New Markets Venture Capital companies and to other entities, as authorized by this part, to provide operational assistance to smaller enterprises financed, or expected to be financed, by such companies or other entities.

''(2) TERMS.—Grants made under this subsection shall be made over a multiyear period not to exceed 10 years, under such other terms as the Administrator may require.

''(3) GRANTS TO SPECIALIZED SMALL BUSINESS INVESTMENT COMPANIES.—

''(A) AUTHORITY.—In accordance with this section, the Administrator may make grants to specialized small business investment companies to provide operational assistance to smaller enterprises financed, or expected to be financed, by such companies after the effective date of the New Markets Venture Capital Program Act of 2000.

''(B) USE OF FUNDS.—The proceeds of a grant made under this paragraph may be used by the company receiving such grant only to provide operational assistance in connection with an equity investment (made with capital raised after the effective date of the New Markets Venture Capital Program Act of 2000) in a business located in a low-income geographic area.

''(C) SUBMISSION OF PLANS.—A specialized small business investment company shall be eligible for a grant under this section only if the company submits to the Administrator, in such form and manner as the Administrator may require, a plan for use of the grant.

''(4) GRANT AMOUNT.—

''(A) NEW MARKETS VENTURE CAPITAL COMPANIES.—The amount of a grant made under this subsection to a New Markets Venture Capital company shall be equal to the resources (in cash or in kind) raised by the company under with section 354(d)(2).

''(B) OTHER ENTITIES.—The amount of a grant made under this subsection to any entity other than a New Markets Venture capital company shall be equal to the resources (in cash or in kind) raised by the entity in accordance with the requirements applicable to New Markets Venture Capital companies set forth in section 354(d)(2).

''(5) PRO RATA REDUCTIONS.—If the amount made available to carry out this section is insufficient for the Administrator to provide grants in the amounts provided for in paragraph (4), the Administrator shall make pro rata reductions in the amounts otherwise payable to each company and entity under such paragraph.

''(b) SUPPLEMENTAL GRANTS.—

''(1) IN GENERAL.—The Administrator may make supplemental grants to New Markets Venture Capital companies and to other entities, as authorized by this part, under such terms as the Administrator may require, to provide additional operational assistance to smaller enterprises financed, or expected to be financed, by the companies.

''(2) MATCHING REQUIREMENT.—The Administrator may require, as a condition of any supplemental grant made under this subsection, that the company or entity receiving the grant provide from resources (in cash or in kind), other than those provided by the Administrator, a matching contribution equal to the amount of the supplemental grant.

''(c) LIMITATION.—None of the assistance made available under this section may be used for any overhead or general and administrative expense of a New Markets Venture Capital company or a specialized small business investment company.

''SEC. 359. BANK PARTICIPATION.

''(a) IN GENERAL.—Except as provided in subsection (b), any national bank, any member bank of the Federal Reserve System, and (to the extent permitted under applicable State law) any insured bank that is not a member of such system, may invest in any New Markets Venture Capital company, or in any entity established to invest solely in New Markets Venture Capital companies.

''(b) LIMITATION.—No bank described in subsection (a) may make investments described in such subsection that are greater than 5 percent of the capital and surplus of the bank.

''SEC. 360. FEDERAL FINANCING BANK.

''Section 318 shall not apply to any debenture issued by a New Markets Venture Capital company under this part.

''SEC. 361. REPORTING REQUIREMENTS.

''Each New Markets Venture Capital company that participates in the program established under this part shall provide to the Administrator such information as the Administrator may require, including—

''(1) information related to the measurement criteria that the company proposed in its program application; and

''(2) in each case in which the company under this part makes an investment in, or a loan or grant to, a business that is not located in a low-income geographic area, a report on the number and percentage of employees of the business who reside in such areas.

''SEC. 362. EXAMINATIONS.

''(a) IN GENERAL.—Each New Markets Venture Capital company that participates in the program established under this part shall be subject to examinations made at the direction of the Investment Division of the Small Business Administration in accordance with this section.

''(b) ASSISTANCE OF PRIVATE SECTOR ENTITIES.—Examinations under this section may be conducted with the assistance of a private sector entity that has both the qualifications and the expertise necessary to conduct such examinations.

''(c) COSTS.—

''(1) ASSESSMENT.—

''(A) IN GENERAL.—The Administrator may assess the cost of examinations under this section, including compensation of the examiners, against the company examined.

''(B) PAYMENT.—Any company against which the Administrator assesses costs under this paragraph shall pay such costs.

''(2) DEPOSIT OF FUNDS.—Funds collected under this section shall be deposited in the account for salaries and expenses of the Small Business Administration.

''SEC. 363. INJUNCTIONS AND OTHER ORDERS.

''(a) IN GENERAL.—Whenever, in the judgment of the Administrator, a New Markets Venture Capital company or any other person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of this Act, or of any rule or regulation under this Act, or of any order issued under this Act, the Administrator may make application to the proper district court of the United States or a United States court of any place subject to the jurisdiction of the United States for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, rule, regulation, or order, and such courts shall have jurisdiction of such actions and, upon a showing by the Administrator that such New Markets Venture Capital company or other person has engaged or is about to engage in any such acts or practices, a permanent or temporary injunction, restraining order, or other order, shall be granted without bond.

''(b) JURISDICTION.—In any proceeding under subsection (a), the court as a court of equity may, to such extent as it deems necessary, take exclusive jurisdiction of the New Market Venture Capital company and the assets thereof, wherever located, and the court shall have jurisdiction in any such proceeding to appoint a trustee or receiver to hold or administer under the direction of the court the assets so possessed.

''(c) ADMINISTRATOR AS TRUSTEE OR RECEIVER.—

''(1) AUTHORITY.—The Administrator may act as trustee or receiver of a New Markets Venture Capital company.

''(2) APPOINTMENT.—Upon request of the Administrator, the court may appoint the Administrator to act as a trustee or receiver of a New Markets Venture Capital company unless the court deems such appointment inequitable or otherwise inappropriate by reason of the special circumstances involved.

''SEC. 364. ADDITIONAL PENALTIES FOR NONCOMPLIANCE.

''(a) IN GENERAL.—With respect to any New Markets Venture Capital company that violates or fails to comply with any of the provisions of this Act, of any regulation issued under this Act, or of any participation agreement entered into under this Act, the Administrator may in accordance with this section—

''(1) void the participation agreement between the Administrator and the company; and

''(2) cause the company to forfeit all of the rights and privileges derived by the company from this Act.

''(b) ADJUDICATION OF NONCOMPLIANCE.—

''(1) IN GENERAL.—Before the Administrator may cause a New Markets Venture Capital company to forfeit rights or privileges under subsection (a), a court of the United States of competent jurisdiction must find that the company committed a violation, or failed to comply, in a cause of action brought for that purpose in the district, territory, or other place subject to the jurisdiction of the United States, in which the principal office of the company is located.

''(2) PARTIES AUTHORIZED TO FILE CAUSES OF ACTION.—Each cause of action brought by the United States under this subsection shall be brought by the Administrator or by the Attorney General.

"SEC. 365. UNLAWFUL ACTS AND OMISSIONS; BREACH OF FIDUCIARY DUTY.

''(a) PARTIES DEEMED TO COMMIT A VIOLATION.—Whenever any New Markets Venture Capital company violates any provision of this Act, of a regulation issued under this Act, or of a participation agreement entered into under this Act, by reason of its failure to comply with its terms or by reason of its engaging in any act or practice that constitutes or will constitute a violation thereof, such violation shall also be deemed to be a violation and an unlawful act committed by any person who, directly or indirectly, authorizes, orders, participates in, causes, brings about, counsels, aids, or abets in the commission of any acts, practices, or transactions that constitute or will constitute, in whole or in part, such violation.

''(b) FIDUCIARY DUTIES.—It shall be unlawful for any officer, director, employee, agent, or other participant in the management or conduct of the affairs of a New Markets Venture Capital company to engage in any act or practice, or to omit any act or practice, in breach of the person's fiduciary duty as such officer, director, employee, agent, or participant if, as a result thereof, the company suffers or is in imminent danger of suffering financial loss or other damage.

''(c) UNLAWFUL ACTS.—Except with the written consent of the Administrator, it shall be unlawful—

''(1) for any person to take office as an officer, director, or employee of any New Markets Venture Capital company, or to become an agent or participant in the conduct of the affairs or management of such a company, if the person—

''(A) has been convicted of a felony, or any other criminal offense involving dishonesty or breach of trust, or

''(B) has been found civilly liable in damages, or has been permanently or temporarily enjoined by an order, judgment, or decree of a court of competent jurisdiction, by reason of any act or practice involving fraud, or breach of trust; and

''(2) for any person continue to serve in any of the capacities described in paragraph (1), if—

''(A) the person is convicted of a felony, or any other criminal offense involving dishonesty or breach of trust, or

''(B) the person is found civilly liable in damages, or is permanently or temporarily enjoined by an order, judgment, or decree of a court of competent jurisdiction, by reason of any act or practice involving fraud or breach of trust.

"SEC. 366. REMOVAL OR SUSPENSION OF DIRECTORS OR OFFICERS.

''Using the procedures for removing or suspending a director or an officer of a licensee set forth in section 313 (to the extent such procedures are not inconsistent with the requirements of this part), the Administrator may remove or suspend any director or officer of any New Markets Venture Capital company.

"SEC. 367. REGULATIONS.

''The Administrator may issue such regulations as it deems necessary to carry out the provisions of this part in accordance with its purposes.

"SEC. 368. AUTHORIZATIONS OF APPROPRIATIONS.

''(a) IN GENERAL.—There are authorized to be appropriated for fiscal years 2001 through 2006, to remain available until expended, the following sums:

''(1) Such subsidy budget authority as may be necessary to guarantee $150,000,000 of debentures under this part.

''(2) $30,000,000 to make grants under this part.

''(b) FUNDS COLLECTED FOR EXAMINATIONS.—Funds deposited under section 362(c)(2) are authorized to be appropriated only for the costs of examinations under section 362 and for the costs of other oversight activities with respect to the program established under this part.''.

(c) CONFORMING AMENDMENT.—Section 20(e)(1)(C) of the Small Business Act (15 U.S.C 631 note) is amended by inserting ''part A of'' before ''title III''.

(d) CALCULATION OF MAXIMUM AMOUNT OF SBIC LEVERAGE.—

(1) MAXIMUM LEVERAGE.—Section 303(b)(2) of the Small Business Investment Act of 1958 (15 U.S.C. 683(b)(2)) is amended to read as follows:

''(2) MAXIMUM LEVERAGE.—

''(A) IN GENERAL.—After March 31, 1993, the maximum amount of outstanding leverage made available to a company licensed under section 301(c) of this Act shall be determined by the amount of such company's private capital—

''(i) if the company has private capital of not more than $15,000,000, the total amount of leverage shall not exceed 300 percent of private capital;

''(ii) if the company has private capital of more than $15,000,000 but not more than $30,000,000, the total amount of leverage shall not exceed $45,000,000 plus 200 percent of the amount of private capital over $15,000,000; and

''(iii) if the company has private capital of more than $30,000,000, the total amount of leverage shall not exceed $75,000,000 plus 100 percent of the amount of private capital over $30,000,000 but not to exceed an additional $15,000,000.

''(B) ADJUSTMENTS.—

''(i) IN GENERAL.—The dollar amounts in clauses (i), (ii), and (iii) of subparagraph (A) shall be adjusted annually to reflect increases in the Consumer Price Index established by the Bureau of Labor Statistics of the Department of Labor.

(ii) INITIAL ADJUSTMENTS.—The initial adjustments made under this subparagraph after the date of the enactment of the Small Business Reauthorization Act of 1997 shall reflect only increases from March 31, 1993.

''(C) INVESTMENTS IN LOW-INCOME GEOGRAPHIC AREAS.—In calculating the outstanding leverage of a company for the purposes of subparagraph (A), the Administrator shall not include the amount of the cost basis of any equity investment made by the company in a smaller enterprise located in a low-income geographic area (as defined in section 351), to the extent that the total of such amounts does not exceed 50 percent of the company's private capital.''.

(2) MAXIMUM AGGREGATE LEVERAGE.—Section 303(b)(4) of the Small Business Investment Act of 1958 (15 U.S.C. 683(b)(4)) is amended by adding at the end the following new subparagraph:

''(D) INVESTMENTS IN LOW-INCOME GEOGRAPHIC AREAS.—In calculating the aggregate outstanding leverage of a company for the purposes of subparagraph (A), the Administrator shall not include the amount of the cost basis of any equity investment made by the company in a smaller enterprise located in a low-income geographic area (as defined in section 351), to the extent that the total of such amounts does not exceed 50 percent of the company's private capital.''.

(e) BANKRUPTCY EXEMPTION FOR NEW MARKETS VENTURE CAPITAL COMPANIES.—Section 109(b)(2) of title 11, United States Code, is amended by inserting ''a New Markets Venture Capital company as defined in section 351 of the Small Business Investment Act of 1958,'' after ''homestead association,''.

(f) FEDERAL SAVINGS ASSOCIATIONS.—Section 5(c)(4) of the Home Owners' Loan Act (12 U.S.C. 1464(c)(4)) is amended by adding at the end the following:

''(F) NEW MARKETS VENTURE CAPITAL COMPANIES.—A Federal savings association may invest in stock, obligations, or other securities of any New Markets Venture Capital company as defined in section 351 of the Small Business investment Act of 1958, except that a Federal savings association may not make any investment under this subparagraph if its aggregate outstanding investment under this subparagraph would exceed 5 percent of the capital and surplus of such savings association.''.

SEC. 902. BUSINESSLINC GRANTS AND COOPERATIVE AGREEMENTS.

Section 8 of the Small Business Act (15 U.S.C. 637) is amended by adding at the end the following:

''(n) BUSINESSLINC GRANTS AND COOPERATIVE AGREEMENTS.—

''(1) IN GENERAL.—In accordance with this subsection, the Administrator may make grants to and enter into cooperative agreements with any coalition of private entities, public entities, or any combination of private and public entities—

''(A) to expand business-to-business relationships between large and small businesses; and

''(B) to provide businesses, directly or indirectly, with online information and a database of companies that are interested in mentor-protégé programs or community-based, statewide, or local business development programs.

''(2) MATCHING REQUIREMENT.—Subject to subparagraph (B), the Administrator may make a grant to a coalition under paragraph (1) only if the coalition provides for activities described in paragraph (1)(A) or (1)(B) an amount, either in kind or in cash, equal to the grant amount.

''(3) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection $6,600,000, to remain available until expended, for each of fiscal years 2001 through 2006.''.

Following is explanatory language for H.R. 5545, as introduced on October 25, 2000. References in the following to the ''conference agreement'' refer to the text of that bill.

JOINT STATEMENT OF MANAGERS OF H.R. 2614—SMALL BUSINESS REAUTHORIZATION

TITLE I—SMALL BUSINESS INNOVATION RESEARCH PROGRAM

The Small Business Innovation Research Program Reauthorization Act of 2000 (H.R. 2392) was introduced on June 30, 1999, and referred to the House Committees on Small Business and Science. Both Committees held hearings and the House Committee on Small Business reported H.R. 2392 on September 23, 1999 (H. Rept. 106–329). In the interest of moving the bill to the floor of the House of Representatives promptly, the Committee on Science agreed not to exercise its right to report the legislation, provided that the House Committee on Small Business agreed to add the selected portions of the Science Committee version of the legislation, as Sections 8 through 11 of the House floor text of H.R. 2392. H.R. 2392 passed the House without further amendment on September 27. The Science Committee provisions were explained in floor statements by Congressmen Sensenbrenner, Morella, and Mark Udall.

On March 21, 2000, the Senate Committee marked-up H.R. 2392 and on May 10, 2000, reported the bill (S. Rept. 106–289). The Senate Committee struck several of the sections originating from the House Committee on Science and added sections not in the House-passed legislation, including a requirement that Federal agencies with Small Business Innovation Research (SBIR) programs report their methodology for calculating their SBIR budgets to the Small Business Administration (SBA) and a program to assist states in the development of small high-technology businesses. Negotiations then began among the leadership of the Senate

and House Committees on Small Business and the House Committee on Science (hereinafter referred to as the three committees). The resultant compromise text contains all major House and Senate provisions, some of which have been amended to reflect a compromise position. A section-by-section explanation of the revised text follows. For purposes of this statement, the bill passed by the House of Representatives is referred to as the ''House version'' and the bill reported by the Senate Committee on Small Business is referred to as the ''Senate version.''

Section 101. Short title; table of contents

The compromise text uses the Senate short title: ''Small Business Innovation Research Program Reauthorization Act of 2000.'' The table of contents lists the sections in the compromise text.

Section 102. Findings

The House and Senate versions of the findings are very similar. The compromise text uses the House version of the findings.

Section 103. Extension of the SBIR program

The House version extends the SBIR program for seven years through September 30, 2007. The Senate version extends the program for ten years through September 30, 2010. The compromise text extends the program for eight years through September 30, 2008.

Section 104. Annual report

The House version provides for the annual report on the SBIR program prepared by the SBA to be sent to the Committee on Science, as well as to the House and Senate Committees on Small Business that currently receive it. The Senate version did not include this section. The compromise text adopts the House language.

Section 105. Third phase assistance

The compromise text of this technical amendment is identical to both the House and Senate versions.

Section 106. Report on programs for annual performance plan

This section requires each agency that participates in the SBIR program to submit to Congress a performance plan consistent with the Government Performance and Results Act. The House and Senate versions have the same intent. The compromise text uses the House version.

Section 107. Output and outcome data

Both the House and Senate versions contain sections enabling the collection and maintenance of information from awardees as is necessary to assess the SBIR program. Both the Senate and House versions require the SBA to maintain a public database at SBA containing information on awardees from all SBIR agencies. The Senate version adds paragraphs to the public database section dealing with database identification of businesses or subsidiaries established for the commercial application of SBIR products or services and the inclusion of information regarding mentors and mentoring networks. The House version further requires the SBA to establish and maintain a government database, which is exempt from the Freedom of Information Act and is to be used solely for program evaluation. Outside individuals must sign a non-disclosure agreement before gaining access to the database. The compromise text contains each of these provisions, with certain modifications and clarifications, which are addressed below.

With respect to the public database, the compromise text makes clear that proprietary information, so identified by a small business concern, will not be included in the public database. With respect to the government database, the compromise text clarifies that the inclusion of information in the government database is not to be considered publication for purposes of patent law. The compromise text further permits the SBA to include in the government database any information received in connection with an SBIR award the SBA Administrator, in conjunction with the SBIR agency program managers, consider to be relevant and appropriate or that the Federal agency considers to be useful to SBIR program evaluation.

With respect to small business reporting for the government database, the compromise text directs that when a small business applies for a second phase award it is required to update information in the government database. If an applicant for a second phase award receives the award, it shall update information in the database concerning the award at the termination of the award period and will be requested to voluntarily update the information annually for an additional period of five years. This reporting procedure is similar to current Department of Defense requirements for the reporting of such information. When sales or additional investment information is related to more than one second phase award is involved, the compromise text permits a small business to apportion the information among the awards in any way it chooses, provided the apportionment is noted on all awards so apportioned.

The three committees understand that receiving complete commercialization data on the SBIR program is difficult, regardless of any reasonable time frame that could be established for the reporting of such data. Commercialization may occur many years following the receipt of a research grant and research from an award, while not directly resulting in a marketable product, may set the groundwork for additional research that leads to such a product. Nevertheless, the three committees believe that the government database will provide useful information for program evaluation.

Section 108. National Research Council Reports

The House version requires the four largest SBIR program agencies to enter into an agreement with the National Research Council (NRC) to conduct a comprehensive study of how the SBIR program has stimulated technological innovation and used small businesses to meet Federal research and development needs and to make recommendations on potential improvements to the program. The Senate version contains no similar provision. The study was designed to answer questions remaining from the House Committees' reviews of these programs and to make sure that a current evaluation of the program is available when the program next comes up for reauthorization.

The compromise text makes several changes to the House text. The compromise text adds the National Science Foundation to the agencies entering the agreement with the NRC and requires the agencies to consult with the SBA in entering such agreement. It also expands on the House version, which requires a review of the quality of SBIR research, to require a comparison of the value of projects conducted under SBIR with those funded by other Federal research and development expenditures. The compromise text further broadens the House version's review of the economic rate of return of the SBIR program to require an evaluation of the economic benefits of the SBIR program, including economic rate of return, and a comparison of the economic benefits of the SBIR program with that of other Federal research and development expenditures. The compromise text allows the NRC to choose an appropriate time-frame for such analysis that results in a fair comparison.

The three committees believe that a comprehensive report on the SBIR program and its relation to other Federal research expenditures will be useful in program oversight and will provide Congress with an understanding of the effects of extramural Federal research and development funding provided to large and small businesses and universities. The three committees understand, however, that measuring the direct benefits to the nation's economy from the SBIR program and other Federal research expenditures may be difficult to calculate and may not provide a complete portrayal of the benefits achieved by the SBIR program. Accordingly, the legislation requires the NRC also to review the non-economic benefits of the SBIR program, which may include, among other matters, the increase in scientific knowledge that has resulted from the program. The paragraph in the compromise text calling for recommendations remains the same as the House version, except that the bill now asks the NRC to make recommendations, should there be any.

While the study is to be carried out within National Research Council study guidelines and procedures, the compromise text requires the NRC to take the steps necessary to ensure that individuals from the small business community with expertise in the SBIR program are well-represented in the panel established for performing the study and among the peer reviewers of the study. The NRC is to consult with and consider the views of the SBA's Office of Technology and the SBA's Office of Advocacy and to conduct the study in an open manner that makes sure that the views and experiences of small businesses involved in the program are carefully considered in the design and execution of the study. Extension of the SBIR program for eight years rather than the five being contemplated when the House study provision was initially written has necessitated some adjustments in the study. The report is now required three years rather than four years after the date of enactment of the Act and the NRC is to update the report within six years of enactment. The update is intended to bring current, any information from the study relevant to the reauthorization of the SBIR program. It is not intended to be a second full-fledged study. In addition, semiannual progress reports by NRC to the three committees are required.

Section 109. Federal agency expenditures for the SBIR program

The Senate version requires each Federal agency with an SBIR program to provide the SBA with a report describing its methodology for calculating its extramural budget for purposes of SBIR program set-aside and requires the Administrator of the SBA to include an analysis of the methodology from each agency in its annual report to the Congress. The House version has no similar provision. The compromise text follows the Senate text except that it specifies that each agency, rather than the agency's comptroller, shall submit the agency's report to the Administrator. The three committees intend that each agency's methodology include an itemization of each research program that is excluded from the calculation of its extramural budget for SBIR purposes as well as a brief explanation of why the agency feels each excluded program meets a particular exemption.

Section 110. Policy directive modifications

The House version includes policy directive modifications in Section 9 and the requirement of a second phase commercial plan in Section 10. The Senate version includes policy directive modifications in Section 6. The Senate version and now the compromise text require the Administrator to make modifications to SBA's policy directives 120 days after the date of enactment rather than the 30 days contained in the House version. The compromise text drops the House policy directive dealing with awards exceeding statutory dollar amounts and time limits because this flexibility is already being provided administratively. Addressed below is a description of the policy directive modifications contained in the compromise text that were not included in both the Senate version and the House version.

Section 10 of the House version requires the SBA to modify its policy directives to require that small businesses provide a commercial plan with each application for a second-phase award. The Senate version does not contain a similar provision. The compromise text requires the SBA to modify its policy directives to require that small businesses provide a ''succinct commercialization plan for each second phase award moving towards commercialization.'' The three committees acknowledge that commercialization is a current element of the SBIR program. The statutory definition of SBIR, which is not amended by H.R. 2392, includes ''a second phase, to further develop proposals which meet particular program needs, in which awards shall be made based on the scientific and technical merit and feasibility of the proposals, as evidenced by the first phase, considering among other things the proposal's commercial potential . . .'', and lists evidence of commercial potential as the small business's commercialization record, private sector funding commitments, SBIR Phase III commitments, and the presence of other indicators of the commercial potential. The three committees do not intend that the addition of a commercialization plan either increase or decrease the emphasis an agency places on the commercialization when reviewing second-phase proposals. Rather, the commercialization plan will give SBIR agencies a means of determining the seriousness with which individual applicants approach commercialization.

The commercialization plan, while concise, should show that the business has thought through both the steps it must take to prepare for the fruits of the SBIR award to enter the commercial marketplace or government procurement and the steps to build business expertise as needed during the SBIR second phase time period. The three committees intend that agencies take into consideration the stage of development of the product or process in deciding whether an appropriate commercialization plan has been submitted. In those instances when at the time of the SBIR Phase II proposal, the grantee cannot identify either a product or process with the potential eventually to enter either the commercial or the government marketplace, no commercialization plan is required.

The compromise text also adds new provisions that were not contained in either the Senate version or the House version. Current law (Section 9(j)(3)(C) of the Small Business Act) requires that the Administrator put in place procedures to ensure, to the extent practicable, that an agency which intends to pursue research, development or production of a technology developed by a small business concern under an SBIR program enter into follow-on, non-SBIR funding agreements with the small business concern for such research, development, or production.

The three committees are concerned that agencies sometimes provide these follow-on activities to large companies who are in incumbent positions or through contract bundling without written justification or without the statutorily required documentation of the impracticability of using the small business for the work. So that the SBA and the Congress can track the extent of this problem, the compromise text requires agencies to record and report each such occurrence and to describe in writing why it is impractical to provide the research project to the original SBIR company. Additionally, the compromise text directs the SBA to develop policy directives to implement the new subsection (v), Simplified Reporting Requirements. This subsection requires that the directives regarding collection of data be designed to minimize the burden on small businesses; to permit the updating the database by electronic means; and to use standardized procedures for the collection and reporting of data.

Section 103(a)(2) of P.L. 102–564, which reauthorized the SBIR program in 1992, added language to the description of a third phase award which made it clear that the third phase is intended to be a logical conclusion of research projects selected through competitive procedures in phases one and two. The Report of the House Committee on Small Business (H.Rpt. 102–554, Pt. I) provides that the purpose of that clarification was to indicate the Committee's intent that an agency which wishes to fund an SBIR project in phase three (with non-SBIR monies) or enter into a follow-on procurement contract with an SBIR company, need not conduct another competition in order to satisfy the Federal Competition in Contracting Act (CICA). Rather, by phase three the project has survived two competitions and thus has already satisfied the requirements of CICA, set forth in section 2302(2)(E) of that Act, as they apply to the SBIR program. As there has been confusion among SBIR agencies regarding the intent of this change, the three committees reemphasize the intent initially set forth in H.Rpt. 102–554, Pt. 1, including the clarification that follow-on phase III procurement contracts with an SBIR company may include procurement of products, services, research, or any combination intended for use by the Federal government.

Section 111. Federal and State Technology Partnership Program

This section establishes the FAST program from the Senate version, which is a competitive matching grant program to encourage states to assist in the development of high-technology businesses. The House version does not contain a similar provision. The most significant changes from the Senate version in the compromise text are an extension of the maximum duration of awards from three years to five and the lowering of the matching requirement for funds assisting businesses in low income areas to 50 cents per federal dollar, as advocated by Ranking Member Velazquez of the House Small Business Committee. The compromise text combines the definitions found in the Senate version of this section and the mentoring networks section.

Section 112. Mentoring networks

The Senate version sets forth criteria for mentoring networks that organizations are encouraged to establish with matching funds from the FAST program and creates a database of small businesses willing to act as mentors. The compromise text, except for relocating the program definitions to Section 111, is the same as the Senate text. The House version did not contain a similar provision.

Section 113. Simplified reporting requirements

This section is not in either the House or the Senate versions. It requires the SBA Administrator to work with SBIR program agencies on standardizing SBIR reporting requirements with the ultimate goal of making the SBA's SBIR database more user friendly. This provision requires the SBA to consider the needs of each agency when establishing and maintaining the database. Additionally, it requires the SBA to take measures to reduce the administrative burden on SBIR program participants whenever possible including, for example, permitting updating by electronic means.

Section 114. Rural Outreach Program extension

This provision, which was not in either the House or the Senate versions, extends the life and authorization for appropriations for the Rural Outreach Program of the Small Business Administration for four additional years through fiscal year 2005. It is the intent of the three committees that this program be evaluated on the same schedule and in the same manner as the FAST program. Among other things, the evaluation should examine the extent to which the programs complement or duplicate each other. The evaluation should also include recommendations for improvements to the program, if any.

TITLE II—BUSINESS LOAN PROGRAMS

SECTION 7(A) PROGRAM

The Conferees have been concerned that the availability of smaller 7(a) guaranteed business loans has not been keeping pace with the demands of the small business community. In 1994, SBA initiated the LowDoc pilot loan program to make loans of $100,000 and less more readily available. In 1995, the Congress established a guarantee level of 80% for LowDoc loans. As requested in the Administration's 2001 Budget, during consideration of H.R. 2615 in the House of Representatives, the 80% guarantee was extended up to loans of $150,000. The Senate and the House both acted to increase the size of the LowDoc loans. In addition, both Houses agreed to increase the guaranteed percentage from 80% to 85% in anticipation that small business lenders will be more willing to focus on the smaller sized loans.

In 1988, the Congress acted to establish the maximum 7(a) loan guarantee amount at $750,000. In order to keep up with inflation, the Committee bill increases the maximum guaranteed amount to $1 million. Although a strict inflationary increase in the maximum guaranteed amount would be closer to $1.25 million, the Conferees believe it is prudent to limit the increase to $1 million, which will leave sufficient resources in the program for smaller loans.

The Conference Report also establishes a ceiling on the maximum loan size of $2 million. It has been reported to the Committee that the 7(a) guarantee has been used in conjunction with large loans in excess of $2 million. Under the Federal Credit Reform Act of 1991, appropriated subsidy dollars are used based on the gross amount of the loan. In these cases, the SBA loan guarantee is a relatively small portion of the loan, and the Conferees have questioned whether these loans meet the ''credit elsewhere'' standard

for 7(a) loans and whether this is a good use of appropriated subsidy dollars. Therefore, the Committee agrees with the House of Representatives and has approved a ceiling of $2 million for the gross amount of a 7(a) loan.

In an effort to reduce the size of the credit subsidy rate, in 1997 Congress adopted a provision to reduce SBA's liability for accrued interest on 7(a) loans that are in default. Section 501 deletes this provision since the intended savings from this provision have failed to materialize.

For the past three years, the House and Senate Committees on Small Business have received reports about the increased number of early prepayments of large, long term SBA-guaranteed 7(a) loans. Previously, as the result of an increase in prepayments, the credit subsidy rate was adjusted upwards for Fiscal Year 1998. Subsequently, the number of prepayments continued to climb. In some cases, it has been reported that some small businesses were using the 7(a) program for short term bridge financing, when the program is designed to help small businesses obtain long term credit at a reasonable interest rate. The effect of early prepayments is to reduce the availability of long term 7(a) loans to small businesses that cannot obtain credit elsewhere.

The prepayment penalty approved by the Conferees would assess a fee to the borrower for early prepayment of any 7(a) loan with a term of 15 years or more. A penalty or fee will be assessed against any prepayment in excess of 25% of the outstanding amount of the loan during any of the first three years after disbursement. Five percent will be assessed in the first year, three percent in the second year, and one percent in the third year. If a prepayment in excess of 25% is made, the penalty will be assessed against the entire outstanding balance of the loan.

In 1995, Congress increased the guarantee fees charged to 7(a) borrowers in order to reduce the credit subsidy rate for the 7(a) program. The Senate agrees with provision, suggested by SBA and adopted by the House of Representatives, which simplifies the guarantee fee schedule. For loans totaling $150,000 or less, the guarantee fee would be two percent of the guarantee amount; for loans greater than $150,000 but less than $700,000, the fee would be three percent; and for loans of $700,000 or more, the guarantee fee would be three and ½ percent. In addition, the Conferees approved a new provision designed to be an incentive for lenders to focus more on smaller loans. This provision allows a lender to retain 25% of the guarantee fee for loans of $150,000 or less.

In 1997, Congress approved a new provision for the 504 Certified Development Company program which allows borrowers to lease out 20% of the property being financed so long as the remaining 80% is occupied by the borrower. The Conferees have approved a similar provision for 7(a) borrowers. This new provision permits the property to be financed with a 7(a) loan 20 percent or less of the business space will be rented to tenants with the borrower occupying 60% of the remaining space.

MICROLOAN PROGRAM

This section makes programmatic and technical changes to the Small Business Administration's microloan program to make it more flexible to meet credit needs, more accessible to micro entrepreneurs across the nation, and more streamlined for lenders to make loans and provide management assistance. The Senate Committee on Small Business worked closely with industry and the SBA to develop these changes.

Congress created the microloan program as a pilot in 1991 (Public Law 102–140) to reach very small businesses that were not being served by traditional lenders or SBA's credit programs. Often minorities, women, and low-income individuals, these microentrepreneurs needed very little money to launch a business, but they could not get loans because they were considered unreliable or risky borrowers by traditional credit markets. Their often weak or non-existent credit histories or limited business experience caused traditional commercial lenders to shy away from making such loans. To fill this credit need, the Microloan program was designed to provide loans to non-profit intermediary lenders, who in turn provide fixed-rate loans of not more than $25,000, and on average, loans less than $10,000, to very small businesses. In addition, lending intermediaries receive an annual grant from the SBA to provide on-going technical assistance to small businesses. The technical assistance is fundamental to this program because it teaches microentrepreneurs how to manage a successful business, and running a successful business is key to loan repayment.

As industry experts and micro borrowers have testified numerous times regarding the link between financing and technical assistance, it is critical to the success of micro enterprise, in general, and the SBA microloan program, in particular. The low default rates of loans are evidence of the tremendous success of this program. Since the first microloan was made in 1992, the Federal government has had only one default in its loans to the intermediary loan providers. Equally impressive, the lending intermediaries have had losses of only three to five percent from small businesses, and the losses are fully covered by the mandatory loss reserve that each intermediary must maintain. Because of this successful track record, in 1997 the Congress voted to transform the Microloan program from a demonstration program to a permanent part of the array of SBA credit assistance programs.

There are currently 156 intermediaries and 19 non-lending technical assistance providers in the SBA Microloan Program. To date, the lending intermediaries have made 10,230 loans worth some $105 million. The SBA reports that for every microloan, 1.7 jobs are created. The average loan to a microentrepreneur is about $10,000, with interest rates averaging 11 percent and an average term of 39 months.

Since the microloan program was started in 1991, it has grown from 35 to 156 intermediaries. The market has also changed. Thus, as the Senate Committee on Small Business reviewed the program for reauthorization, it worked with trade associations representing microlenders, the Small Business Administration, and individual microlenders to craft legislation that would meet market needs and foster the success of the program.

Chief among those changes, in large part to reflect inflation, is increasing the maximum loan amount and average loan sizes. The maximum loan amount would increase from $25,000 to $35,000; the average loan size for each intermediary's portfolio would increase from $10,000 to $15,000. For speciality lenders, those making smaller loans and receiving additional technical assistance to make them, this legislation would raise their average loan size from $7,500 to $10,000.

There are 156 intermediaries out of the 200 Congressionally authorized. Three states—Alaska, Louisiana and Wyoming—do not have any intermediaries, though they are working to find appropriate participants. While the need for more technical assistance is partially to blame for the inability of the program to grow and add intermediaries, the industry groups, local economic development leaders and the SBA have asked Congress to expand the program. This Conference Report not only increases the appropriation for direct microloans and technical assistance for each of the next three years to allow the program to expand, but it also takes a balanced approach to increasing the number of intermediaries authorized. The House and Senate Conferees agreed to increase the number of intermediaries from 200 to 300.

TITLE III—CERTIFIED DEVELOPMENT COMPANY PROGRAM

Under the Small Business Investment Act of 1958, 504 guaranteed loans for the following public policy goals are eligible for loans guarantees up to $1,000,000:

Business district revitalization;

Eexpansion of exports;

Expansion of minority business development;

Rural development;

Enhanced economic competition;

Changes necessitated by Federal budget cutbacks; and

Business restructuring arising from Federal mandated standards or policies affecting the environment or the safety and health of employees.

Both the House and Senate bill add loans to women-owned small businesses to the current list of public policy goals specified under the Act.

In August 1988, Congress approved legislation (P.L. 100–418) to increase the 504 loan guarantee ceiling to $750,000 from $500,000, except for a limited number of loans meeting the special public policy purposes. In order to adjust this amount to reflect inflation, the loan guarantee ceiling would need to be increased to approximately $1,250,000. Therefore, the Senate agreed with the position taken by the House and approved an increase to $1,000,000. The House and Senate further agreed to increase the maximum guaranteed amount on loans made to meet the public policy purposes to $1,300,000 from $1,000,000.

PROGRAM FEES

In 1995, at the urging of the SBA and the National Association of Development Companies (NADCO), the trade organization that represents the 504 lenders and Certified Development Companies (CDCs), both the House and Senate agreed to legislation mandating that the 504 program be supported entirely by fees paid by the private sector. These new fees were imposed beginning in FY 1996. Subsequently, the SBA undertook an extensive review of the performance of the 504 program, and the credit subsidy rate, which determines the amount of money that must be maintained in the loss reserve account for this program, was increased from 0.57% to 6.85%, an increase of 1200%. Since the 504 program was being funded only by fees paid by the private sector, the fees paid by the borrower in FY 1997 were increased from 0.125% to 0.875%, which placed a financial burden on 504 borrowers. The Conferees are pleased to note that since FY 1997 the credit subsidy rate estimate has dropped resulting in a decrease in borrower fees from 0.875% to 0.472% for FY 2001. The bill authorizes SBA to collect these fees to offset the credit subsidy cost through September 30, 2003.

PREMIER CERTIFIED LENDERS PROGRAM

In October 1994, Congress approved the Premier Certified Lenders Program on a pilot

basis (P.L. 103–403). In December 1997, this pilot program was extended by Congress, and the limitation on the number of CDCs that could participate in the PCLP was removed (P.L. 105–135). The Senate noted the success of the program and has agreed with the House of Representatives to make the PCLP a permanent part of the 504 program. In making the PCLP pilot a permanent part of the 504 program, the Conferees expect the SBA to continue its efforts to work with the CDC community to take complete advantage of the strengths of the most successful and well-run CDCs.

ASSET SALES

In response to the plans by the SBA to undertake the sale of assets held by the Agency, the both Senate and House approved a provision that requires the SBA to notify CDCs prior to including a 504 loan in an asset sale. The Committee adopted this section in order to insure there is an open dialogue and cooperation between the Agency and the relevant CDCs. For the past four years, the Committee has encouraged the SBA to move forward with its asset sales program; however, we do not believe this step forward should necessarily harm its lending partners.

LOAN LIQUIDATION PROGRAM

In response to reports about low recoveries after the default of a 504 loan, the Congress approved legislation in 1996 to establish the Loan Liquidation Pilot Program (P.L. 104–208). The pilot liquidation program allowed up to 20 qualified CDCs to liquidate loans that they originated. It was implemented by the SBA in June 1997. The results to date for the pilot program are encouraging, and the Conferees have concluded that it is in the best interest of the 504 program to allow additional CDCs to conduct their own liquidation and foreclosure activities. The Committee is pleased to note that the recovery estimate for FY 2001 has increased for the first time since 1995. The Administration's estimate for FY 2001 is 31 percent, and the assumptions used by OMB and the SBA do not include an increase in recoveries that should result from making the Loan Liquidation Program permanent. The Conferees urge the SBA to continue its efforts and to make maximum use of the Loan Liquidation Program so that the recovery level will increase further.

A number of CDCs have demonstrated the ability through the pilot program and other lending programs in which they participate, to perform such activities, and have indicated a willingness to perform such functions to supplement SBA's activities in this area. Accordingly, the Conference Report makes the pilot liquidation program permanent and requires SBA to permit certain CDCs to foreclose and liquidate defaulted loans that they have originated under the 504 loan program.

In order to participate in the loan liquidation program, a CDC must have made at least 10 loans per year for the past three fiscal years, and it must have at least one employee with two years of liquidation experience or be a member of the Accredited Lenders Program with at least one employee with two years of liquidation experience. Representatives of either group must complete a training program developed by SBA. Participants in the pilot liquidation program and Premier Certified Lenders automatically qualify for the permanent liquidation program.

CDCs eligible to participate in liquidation activities are required to perform all liquidation and foreclosure functions pursuant to a liquidation plan approved by SBA. The Conference Report also authorizes CDCs to take other actions, in lieu of full liquidation or foreclosure, to mitigate loan losses pursuant to a workout plan. Prior to a CDC commencing liquidation or foreclosure activities and prior to engaging in other actions to mitigate loan losses, a CDC is required to provide the SBA with a liquidation plan or workout plan, as the case may be, for approval. The SBA has 15 days to approve a liquidation plan or a workout plan. The legislation further permits CDCs to litigate matters relating to their liquidation activities subject to SBA monitoring of such litigation.

SBA is authorized to suspend or revoke the authority of a CDC to liquidate loans if the CDC either does not meet the eligibility requirements or fails to comply with any statutory or regulatory requirement relating to the foreclosure or liquidation of loans or any other applicable provision of law. CDCs are also prohibited from taking any action that would result in an actual or apparent conflict of interest in connection with the liquidation of their loans.

The bill requires the SBA to submit annually to Congress a report on the results of the delegation of authority to CDCs to liquidate and foreclose loans and a comparison of such results to SBA's liquidation performance.

TITLE IV—CORRECTIONS TO THE SMALL BUSINESS INVESTMENT ACT OF 1958

DEFINITIONS

The provisions generally make some technical improvements to the operations of the SBIC Program. Under current law, national banks, member banks of the Federal Reserve, and nonmember insured banks as permitted by State law are allowed to invest in SBICs. The Senate and House Committees approved a provision to allow any Federal Savings Association to make similar investments in SBICs.

The Committees also approved a provision to clarify the what is meant by the term ''long-term'' as found in Section 103 of the Small Business Investment Act. It is the Committees' understanding that the SBA has construed ''long term'' to mean a minimum of five years for all SBIC investments other than those made to ''disadvantaged businesses,'' when ''long term'' is construed to mean four years. The Committee believes the Agency's interpretation of ''long-term'' to be overly restrictive. Under the Generally Accepted Accounting Principles (GAAP), the accounting principles that govern business commerce in the United States, the term ''long-term'' is defined as any period of time greater than one year. Therefore, the Conferees have adopted a definition of ''long-term'' to be a period of time of not less than one year.

SUBSIDY FEES

The President's FY 2001 budget request for SBA, as amended, included a ''0'' credit subsidy rate for the SBIC Debenture program. The House and Senate Committees have been informed by SBA staff that the income generated by fees paid by the SBICs to SBA will actually exceed the amounts needed to fund the reserve account required under the Federal Credit Reform Act of 1990 (2 U.S.C. 661a). The Conferees believe it is important that the SBICs should not be required to pay more in fees than is necessary to bring the credit subsidy rate to ''0.'' Therefore, the Conferees have adopted a provision, similar to the one it adopted for the 504 Development Company Program in 1996, which directs the SBA to reduce the annual fee paid by the SBIC from 1 percent to the amount necessary to reduce the credit subsidy rate to ''0.'' The new provision applies to the SBIC Debenture and Participating Securities programs.

DISTRIBUTIONS

The Senate Committee approved a technical change that permits a qualifying SBIC to make a quarterly tax distribution any time during the applicable calendar quarter. The House passed a similar provision in H.R. 3845. Conferees concur with this provision. Under current law, SBICs may make prioritized payment distributions, profit distributions, and other optional distributions on any date with prior SBA approval. Tax distributions, however, may only be made at the end of calendar year quarters. The SBIC community has informed the Senate Committee that the practical impact of this restriction is that SBICs are forced to delay otherwise permitted interim distributions (including tax distributions) to the end of a quarter or split their distributions into two distributions. Postponing an entire distribution to the end of a quarter has negative cash flow and internal rate of return (IRR) implications. Consequently, most SBICs decide to split their distributions, making tax distributions at the end of the calendar quarter, while making all other distributions at any time during the quarter. Splitting distributions requires the preparation, submission, and SBA review of two sets of documents. The result is an inefficient use of time and resources by SBA and the SBICs.

TITLE V—REAUTHORIZATION OF SMALL BUSINESS PROGRAMS

Sec. 502. Reauthorization of Small Business Programs

Title I of the bill authorizes appropriations for SBA's business loan programs and certain other SBA programs. Included among the loan programs are Section 7(a) Guaranteed Business Loans, 504 Development Company Loans, Microloans, Disaster Loans, and Small Business Investment Company Debentures and Participating Securities.

Funding for these SBA programs is detailed in the following chart. As indicated, the bill is a three year authorization. The Conferees have carefully considered the Administration's funding request for each program as well as recommendations from small business owners, individual entrepreneurs, the lending community, and members of this Conference.

PROGRAM LEVELS FOR SBA REAUTHORIZATION BILL

[In millions of dollars unless otherwise noted]

Program	Current level FY01	FY01 budget request	SBA 3 year authorization request 01/02/03	Reauthorization bill 2001	Reauthorization bill 2002–2003	Reauthorization bill
7(a) (in billions)	$9.8	$11.5	$14.5/15/16	$14.5	$15	$16
504 (in billions)	$3.5	$3.75	$5/5.25/5.5	$4	$4.5	$5

PROGRAM LEVELS FOR SBA REAUTHORIZATION BILL—Continued

[In millions of dollars unless otherwise noted]

Program	Current level FY01	FY01 budget request	SBA 3 year authorization request 01/02/03	Reauthorization bill 2001	Reauthorization bill 2002–2003	Reauthorization bill
SBIC:						
Debentures	$800	$500	$1,000/1,200/1,400	$1,500	$2,500	$3,000
Participating Securities	$1,350/$2,000	$2,000/2,500/3,000	$2,500	$3,500	$4,000	
Microloan:						
Technical Assistance	$23.2	$45.0	$59/80/100	$45	$60	$70
Direct Loans	$29	$60	$75/80/85	$60	$80	$100
Guaranteed Loans	carryover	0	$40/40/40	$50	$50	$50
Delta	$1,000		$0/0/0	$500	$500	$500
Surety Bond Guarantee:						
General Program	$1,800	$1,700	$2,000/2,000/2,000	$4,000	$5,000	$6,000
Preferred Program				50% of total	50% of total	50% of total
SCORE	$3.5	$5.0	$5.9/8/8.5	$5	$6	$7
SBDC	$84.5	$85	$95/95/95	$125	$125	$125
HUBZone	$2.0	$5.0	$6/6/6	$10	$10	$10

DRUG-FREE WORKPLACE PROGRAM

In 1998, the Congress enacted the Drug-Free Workplace Demonstration Program under the leadership of Senator Paul Coverdell of Georgia. The purpose of the program is to provide financial and technical assistance to small business concerns seeking to establish a drug-free workplace program. The law authorized $10 million in FY 1999 and 2000. Section 809 extends the Drug-Free Workplace Program for FY 2001, 2002 and 2003 and authorizes $5 million for each in the period. The Conference Report recognizes the important work of Senator Coverdell and names the program in his honor.

HUBZONE PROGRAM

This subsection would increase the annual authorization for the HUBZone Program to $10,000,000 for fiscal years 2001, 2002, and 2003. It is the Conferees intention that funds appropriated under the authorization in this subsection shall be used for direct HUBZone Program expenses and should not be diverted by the SBA for any other program or account that is not part of the HUBZone Program.

VERY SMALL BUSINESS PROGRAM

This section would extend the Very Small Business Program pilot. The pilot program is targeted at firms seeking to do business with the Federal government with 15 or fewer employees and with less than $1 million in annual receipts. To date, SBA has had insufficient experience and data to evaluate the program, which SBA failed to implement until March 4, 1999, more than four years after Congress enacted the program. The Conferees anticipate that new reporting requirements set forth in the Federal Procurement Data System will provide SBA with sufficient data to evaluate the program over the next three years.

SOCIALLY AND ECONOMICALLY DISADVANTAGED BUSINESSES PROGRAM

The Federal Acquisition Streamlining Act of 1994 (P.L. 103–355; 15 U.S.C. 644 note) establishes procurement procedures to help small business concerns owned and controlled by socially and economically disadvantaged individuals to meet certain Federal procurement goals. The procurement procedures are scheduled to terminate on September 30, 2000. The Conference Report approved an extension of the program for three years, through September 30, 2003.

COSPONSORSHIP

This program provides a means of leveraging the scarce resources at SBA, the Agency engages in a variety of cosponsorships with public and private sector organizations. Current statutory language refers only to training as a permitted cosponsored activity with for-profit entities. SBA defines training as being limited to narrower topics of interest to relatively small numbers of business owners or those in certain types of businesses. There are, however, broader business-related topics, such as the effective use of technology, e-commerce, exporting/importing, about which all small businesses should be informed and educated.

The SBA has recommended that the terms ''information and education'' be added to the types of assistance that can be provided to small businesses. SBA believes this change will give it the flexibility in the types of assistance that can be provided to small businesses. The Conferees agreed with the SBA's recommendation, concluding that while traditional training in these areas may also be offered, the need to reach broader audiences with timely, updated information and education is vital to the success of the largest number of small businesses.

TITLE VI: HUBZONE PROGRAM

The HUBZone program aims to direct portions of Federal contracting dollars into areas of the country that in the past have been out of the economic mainstream. HUBZone areas, which include qualified census tracts, poor rural counties, and Indian reservations, often are relatively out-of-the-way places that the stream of commerce passes by, and thus tend to be in low or moderate income areas. These areas can also include certain rural communities and tend, generally, to be low-traffic areas that do not have a reliable customer base to support business development. As a result, business has been reluctant to move into these areas. It simply has not been profitable, without a customer base to keep them operating.

The HUBZone Act seeks to overcome this problem by making it possible for the Federal government to become a customer for small businesses that locate in HUBZones. While a small business works to establish its regular customer base, a Federal contract can help it stabilize its revenues and remain profitable. This gives small business a chance to get a foothold and provides jobs to these areas. New business and new jobs mean new life and hope for these communities.

Since the HUBZone Act was adopted in the Small Business Reauthorization Act of 1997, the Small Business Administration has been implementing the program. On March 22, 1999, SBA began accepting applications from interested firms. Experience to date has revealed several difficulties with implementation, which the Senate Committee has sought to rectify in this legislation.

Subtitle A—HUBZones in Native America Act

One such problem was an unintended consequence of wording in the 1997 legislation that inadvertently excluded Indian Tribal enterprises and Alaska Native Corporations from participation. The definition of ''HUBZone small business concern'' specified that eligible small businesses must be 100% owned and controlled by U.S. citizens. This provision sought to insure that HUBZone benefits, financed by the American taxpayer, should be available only for U.S. beneficiaries.

However, since citizens are ''born or naturalized'' under the Fourteenth Amendment, ownership by citizens implies ownership by individual flesh-and-blood human beings. Corporate owners and Tribal government owners are not ''born or naturalized'' in the usual meanings of those terms. Thus, the Small Business Administration found that it had no authority to certify small businesses owned wholly or partly by Alaska Native Corporations and Tribal governments.

Since Native American communities were always intended to benefit from HUBZone opportunities, the Committee has included language to make such firms eligible. On many reservations, particularly the isolated ones, the only investment resources available are the Tribal governments. Excluding those governments from investing in their own reservations means, in practical terms, excluding those reservations from the HUBZone program entirely. Similarly, Alaska Native Corporations have corporate resources that are necessary to make real investments in rural Alaska and to provide jobs to Alaska Natives who currently have no hope of getting them.

The Senate Committee was guided by three broad principles in crafting this legislation. First, no firm should be made eligible solely by virtue of who it is. For example, Alaska Native Corporations will not be eligible solely because they are Alaska Native Corporations. Instead, Alaska Native Corporations and Indian Tribal enterprises should be eligible only if they agree to advance the goals of the HUBZone program: job creation and economic development in the areas that need it most.

Second, the Senate Committee sought to make the HUBZone program conform to existing Native American policy. The Committee is aware of controversy over whether to change Alaska Native policy so that Alaska Natives exercise governmental jurisdiction over their lands, just like Tribes in the Lower 48 States do on both their reservations and trust lands. The Alaska Native Claims Settlement Act (ANCSA) of 1971 deliberately refrained from creating Alaska Native jurisdictions in Alaska, and this Committee's legislation is intended to conform to existing practice in ANCSA.

The third principle underlying this bill is that Alaska Natives and Indian Tribes should participate on as even a playing field as possible. Exact equivalence is not possible because the Federal relationship with Alaska Natives differs significantly from the relationship with Indian Tribes, and also because

Alaska is a very different State from the Lower 48. However, ANCSA provided that Alaska Natives should be eligible to participate in Federal Indian programs ''on the same basis as other Native Americans.'' The House Conferees have agreed to adopt the Senate provision.

Subtitle B—Other HUBZone Provisions

Subtitle B contains several technical changes to clarify interpretive issues concerning the original HUBZone Act, as well as new language to correct an unforeseen situation regarding procurement of commodities. Subtitle B makes a further amendment to the categories of eligible HUBZone firms, to include the HUBZone program as one of the tools Community Development Corporations can use in rebuilding their communities and neighborhoods.

The Conference Report includes a technical correction to the definition of ''qualified census tract.'' It also makes two major substantive changes to the definition of ''qualified nonmetropolitan county.''

First, the definition is clarified to ensure that nonmetropolitan counties in the HUBZone program are those that were considered to be such as of the time of the last decennial (10 year) census. The HUBZone program relies on census tracts selected in metropolitan areas based on the last census, so that a metropolitan county—in order to have such census tracts—must have been considered metropolitan at that time. A nonmetropolitan county may be eligible as a HUBZone based on income data collected during the census or on unemployment data produced annually by the Bureau of Labor Statistics.

During the ten-year period between each census, some counties become so integrated into the commercial activities of a metropolitan area that they are moved from the nonmetropolitan category to the metropolitan category. Such counties would become ineligible for HUBZone participation. They would not have been metropolitan counties at the time of the last census, so no qualified census tracts would have been selected there. They would also no longer be nonmetropolitan counties, so the income and unemployment tests available to such counties would no longer apply. Thus, counties that change from nonmetropolitan to metropolitan, in the period between each census, would become ineligible until the next census is taken. The Conference Report corrects this problem by freezing, for HUBZone purposes, the categories of metropolitan and nonmetropolitan counties as they stood at the time of the last census.

The second major change to the definition of ''qualified nonmetropolitan county'' is the addition of a grandfathering clause. Because the Bureau of Labor Statistics (BLS) issues new county-level unemployment data annually, nonmetropolitan counties may shift into and out of eligibility on a yearly basis. The Committee believes that this type of movement is too fluid for a program that should be stable in its first few years. Companies will be confused about the merits of the program if firms lose and gain eligibility from year to year. A company will not want to invest in such a county only to have it suddenly become ineligible, due to new BLS data, before the company has even had the opportunity to recoup its investment by participating in the HUBZone program.

The legislation seeks to stabilize this situation by looking at the unemployment picture over a three-year period for nonmetropolitan counties. It also provides that companies in such a county will have a one year period to pursue HUBZone opportunities and wrap up its activities under the program, after such a county becomes ineligible due to new BLS data. A similar one year period is provided for changes that may result due to enactment of this legislation.

COMMODITIES PROCUREMENT

In 1999, the Senate Committee became aware of potential implementation problems in HUBZone procurements of certain commodities, particularly food-aid commodities purchased by the Department of Agriculture (USDA), that could lead to unintended and anti-competitive results. Because bids for commodities generally tend to fall within a narrow range of prices, the 10% price evaluation preference that currently exists could be overwhelmingly decisive. In such purchases, a handful of HUBZone firms could secure significant portions of these markets. This, in turn, could prompt other vendors to abandon these markets, thus reducing USDA's vendor base and reducing competition. These are results that would be contrary to the goals set forth in §2 of the Small Business Act.

To prevent irreparable harm to USDA's vendor base until the matter could be addressed more comprehensively in this legislation, Senator Bond sponsored a proviso in the Fiscal 2000 Agriculture Appropriations Act. As adopted in the conference report, §751 of that Act limited the price evaluation preference to 5% for up to half of the total dollar value of each commodity in a particular tender (solicitation). It also prohibited contract awards to a HUBZone firm that would be of such magnitude as to require the firm to subcontract to purchase the commodity being procured, since such a scenario would simply allow these firms to purchase commodities from subcontractors and in turn sell them to the Government at inflated prices.

The legislation seeks to address this issue on a more permanent basis. The Conferees are aware that USDA relies upon a complex computer program to evaluate commodities bids, and thus the Conference Report seeks to set a long-term policy that will not require frequent and expensive changes to this software. Although the legislation reduces the level of HUBZone program incentives that otherwise would be available under the HUBZone Act, the bill still seeks to ensure substantial awards to HUBZone concerns, while protecting existing incentives available to other types of small business concerns. The Conferees intend that these incentives help commodities procurements contribute their fair share toward achieving the Government-wide goal of 23% of prime contract dollars to small business concerns, but without the anti-competitive effects of awarding overwhelming shares of the market to HUBZone firms.

COMMUNITY DEVELOPMENT CORPORATIONS

For reasons similar to the problems preventing HUBZone program participation by Indian Tribal enterprises and Alaska Native Corporations, small businesses owned by Community Development Corporations were also inadvertently made ineligible by the original HUBZone Act. The Conference Report has included a provision to correct this problem. As with Tribal enterprises and Alaska Native Corporations, addressed in Subtitle A of this Title, Community Development Corporations are not made automatically eligible. These firms must agree to advance the job-creation goals of the HUBZone program. Specifically, as other businesses must do, these enterprises must maintain their principal office in a HUBZone and employ 35% of their workforce from one or more HUBZones.

TITLE VII: NATIONAL WOMEN'S BUSINESS COUNCIL REAUTHORIZATION

The Senate bill would re-authorize the National Women's Business Council for three years, from FY 2001 to 2003, and to increase the annual appropriation from $600,000 to $1 million. The increase in funding will allow the Council to: support new and ongoing research; produce and distribute reports and recommendations prepared by the Council; and create an infrastructure to assist states in developing women's business advisory councils, coordinate summits and establish an interstate communication network. The House Conferees agree in part with the Senate's title.

The increase will also be used to assist Federal agencies meet the procurement goal for women-owned businesses established by Congress in 1994 under section 15(g) of the Small Business Act. By law, Federal agencies must strive to award women-owned small businesses at least 5 percent of the total amount of Federal prime contract dollars. The Conferees feel strongly that Federal agencies should meet the five-percent goal, and it supports the Council's plan to expand its efforts to increase the percentage of prime contracts that go to women-owned businesses. Based on current data, women are not receiving awards proportionate to their presence in the economy. For example, women-owned businesses make up 38 percent of all small businesses, yet women-owned businesses received only 2.42 percent of the $189 billion in Federal prime contracts in FY1999.

According to the National Foundation for Women Business Owners, over the past decade the number of women-owned businesses in this country has grown by 103 percent to an estimated 9.1 million firms. They generate almost $3.6 trillion in sales annually and employ more than 27.5 million workers. With the impact of women-owned businesses on our economy increasing at an unprecedented rate, Congress relies on the Council to serve as its eyes and ears as it anticipates the needs of this burgeoning entrepreneurial sector. Since it was established in 1988, the Council, which is bi-partisan, has provided important unbiased advice and counsel to Congress.

This Conference Report allows the Council to continue to perform its duties at the level it has done so far, as well as expand its activities to support initiatives that are creating the infrastructure for women's entrepreneurship at the state and local level.

TITLE VIII: MISCELLANEOUS PROVISIONS

LOAN APPLICATION PROCESSING

The Senate Conferees agreed with the House provision directing the SBA to conduct a study in one year from the date of enactment to determine the average time SBA requires to process an SBA-guaranteed loan.

APPLICATION OF OWNERSHIP REQUIREMENTS

The Conferees agreed to a provision to clarify the impact of community property state laws to determine the eligibility for applicants for assistance under SBA's credit programs. The new provision applies to the Small Business Act and the Small Business Investment Act of 1958. It states that eligibility of an applicant under the SBA's credit programs will be determine without regard to any ownership interest of a spouse arising solely form the application of the community property laws of a State for purposes of determining marital interests.

SUBCONTRACTING PREFERENCE FOR VETERANS

The House Conferees agreed with the Senate provision to clarify that service-disabled veterans are on the same preference level as small disadvantaged businesses (SDBs) and women-owned small businesses for Federal contracting opportunities. When the Congress enacted the Veterans Entrepreneurship and Small Business Development Act (P.L. 106–50), it was not absolutely clear that the contracting preferences were to apply specifically to service-disabled veterans. The Conferees intend for this section to clear up any misunderstandings that might remain.

SMALL BUSINESS DEVELOPMENT CENTER PROGRAM FUNDING

The House Conferees agreed with the Senate provision to clarify the funding formula for States to receive funds under the Small Business Development Center (SBDC) program. This funding formula was developed in close consultation with the SBA and the SBDC association. Importantly, the formula sets forth how the minimum funding level will be applied. The Conference Agreement assures that each SBDC will receive a minimum of $500,000 annually unless the annual appropriation from Congress is less than $81,500,000. If the annual appropriation is more than $90,000,000, the minimum annual amount shall be $500,000 plus a percentage amount equal to the percentage amount by which the appropriation exceeds $90,000,000.

NATIONAL VETERANS BUSINESS DEVELOPMENT CORPORATION CORRECTION

The Conferees have agreed to a technical change that defers for one year the requirement that the National Veterans Business Development Corporation provide matching funds. The authorization level for the Corporation to receive Federal funds has been adjusted to the following: $4,000,000 in fiscal years 2001 and 2002, and $2,000,000 in fiscal years 2003 and 2004.

PRIVATE SECTOR RESOURCES FOR SCORE

The Committees on Small Business for the Senate and House of Representatives have followed the success and growth of the SCORE program over the past five years. Much of the success or the program is tied to its ability to obtain in-kind and monetary contributions from the private sector to supplement the annual Congressional appropriation. Companies have donated computers and Internet services to support the efforts of 14,000 SCORE volunteers to provide counseling to small businesses throughout the United States. The section approved by the Conferees makes it clear that SCORE may solicit cash and in-kind contributions from the private sector to carry out its functions under the Small Business Act.

CONTRACT DATA COLLECTION

The Senate Conferees agreed with the House Conferees to include a new section that makes improvements in the collection of data on the growing practice by Federal agencies to bundle multiple contract requirements into one large contract. This practice has had a detrimental impact on the ability of small businesses to compete for Federal contracts. The new section clarifies the definition of a bundled contract and requires the SBA to prepare an annual report for the House and Senate Committees on Small Business. The section also strengthens the ability of the Administrator of SBA to challenge an agency decision to bundle multiple contract requirements.

PROCUREMENT PROGRAM FOR WOMEN-OWNED SMALL BUSINESS CONCERNS

The Senate Conferees agreed with the House Conferees to include a new section to give Federal agencies the authority to restrict competition for any contract for the procurement of goods or services by the Federal government to small businesses owned and controlled by women who are economically disadvantaged. The SBA Administrator may waive the requirement that the businesses must be owned by women who are economically disadvantaged if it is determined the business is in an industry in which small business concerns owned and controlled by women are substantially under represented.

The purpose of H.R. 5545 the ''New Markets Venture Capital Program Act of 2000,'' is to promote economic development, wealth and job opportunities in low income (LI) areas by encouraging venture capital investments and offering technical assistance to small enterprises. The central goal of the legislation is to fulfill the unmet equity investment needs of small enterprises primarily located in LI areas.

The bill creates a developmental venture capital program by amending the Small Business Investment Act to authorize the U.S. Small Business Administration (SBA) to enter into participation agreements with 10 to 20 New Markets Venture Capital (NMVC) companies in a public/private partnership. It further authorizes SBA to guarantee debentures of NMVC companies to enable them to make venture capital investments in smaller enterprises in LI areas. And it authorizes SBA to make grants to NMVC companies, and to other entities, for the purpose of providing technical assistance to smaller enterprises that are financed, or expected to be financed, by such companies.

The Act will also enhance the ability of existing Small Business Investment Companies (SBICs) to invest in LI areas. It allows them to have access to the leverage capital authorized under the program, without entering into a participation agreement with SBA to act as an NMVC company.

Finally, enhances the ability of existing Specialized Small Business Investment Companies (SSBICs) to invest in LI areas. It allows them to have access to the operational assistance grant funds authorized under the program, also without entering into a participation agreement with SBA to act as an NMVC company.

Despite our unprecedented economic prosperity, there remain places in America that have yet to reap the benefits of this prosperity. Although many Americans enjoy strong income and wage growth, millions in underserved areas still do not have access to jobs or entrepreneurial opportunities.

For example, between 1997 and 1998, the median income for the nation's households rose 3.5 percent in real terms. Yet 12.7 percent of Americans (34.5 million people) still live below the poverty level. These 34.5 million people live in the inner cities and rural areas of America, where jobs are scarce and there is little to attract would-be small business investors.

The overall poverty rate for the U.S. in 1998 was 12.7 percent, but the poverty rate among both African American and Latino populations was 26 percent—double the national average. In rural communities, poverty remains a persistent problem. Job growth is well below the national average, with unemployment hovering at or above 14%. Additionally, the unemployment levels in many urban communities range from 7.5% for African Americans to 6.4% for Hispanics. Both are nearly double the national average.

It is not enough to merely create jobs in these pockets of poverty. Rather, we must create a small business backbone, an economic infrastructure to enable these communities to develop their full potential and participate fully in the economic mainstream.

H.R. 5545 uses SBA resources targeted to corporations and small businesses that want to do business in the untapped markets of our underserved communities. It is a wise investment in the hopes of millions of families who are not sharing in the American Dream.

There is a pressing need for this legislation. There are virtually no institutional sources of equity capital in distressed communities. The national venture capital industry for community development comprises only 25 firms managing approximately $157 million. Only 14 of those are capitalized at $5 million or more—the absolute minimum for economic viability.

H.R. 5545 will tap unrealized resources in our nation, thus benefiting our economy as a whole. It will increase the attractiveness of investment in places with high unemployment and too few businesses. The more the business community knows about these new markets, the more likely they will invest in them—and the more businesses that invest in these new markets, the more these areas will share in our nation's economic prosperity. This legislation provides a road map for the next generation to succeed, and it makes good sense from both a public policy and business standpoint.

SECTION-BY-SECTION ANALYSIS

Section 1. Short title

Designates the bill as the ''New Markets Venture Capital Program Act of 2000.''

Section 2. New Markets Venture Capital Program

This Section amends Title III of the Small Business Investment Act of 1958 by adding new Sections 351 through 368 to establish the ''New Markets Venture Capital Program.''

H.R. 5545 will add the following new sections to the Small Business Investment Act:

Section 351. Definitions

Establishes definitions for developmental venture capital, New Markets Venture Capital Companies, low- or moderate-income geographic area, operational assistance, participation agreement, and Specialized Small Business Investment Companies as used in the legislation.

''Developmental venture capital'' is defined as equity capital invested in small businesses, with a primary objective of fostering economic development in low income geographic areas. For the purposes of this Act, the Committee considers equity capital investments to mean stock of any class in a corporation, stock options, warrants, limited partnership interests, membership interests in a limited liability company, joint venture interests, or subordinated debt with equity features if such debt provides only for interest payments contingent upon earnings. Such investments must not require amortization. They may be guaranteed; but neither the Equity capital investment nor the guarantee may be secured.

A ''New Markets Venture Capital Company'' is defined as a company that has been approved by the Administration to operate under the New Markets Venture Capital Program, and has entered into a participation agreement with the Administration to make equity investments and provide technical assistance to small enterprises located in low- or moderate-income areas.

The term ''low income geographic area'' means a census tract, or the equivalent county division as defined by the Bureau of the Census for purposes of defining poverty

areas, in which the poverty rate is not less than 20 percent. In those areas in a metropolitan area 50 percent or more of the households must have an income equal to less than 60 percent of the median income for the area. In rural areas the median household income for a tract must not exceed 80 percent of the statewide median household income. This definition also includes any area located within a HUBZone, an Urban Empowerment Zone or an Urban Enterprise Community, or a rural Empowerment Zone or a Rural Enterprise Community.

The term ''low income individual'' is included for the purpose of allowing waivers of the low income area requirement for areas of significant economic disadvantage that may not otherwise qualify. A low income individual is defined as someone whose income does not exceed 80 percent of the area median income in metropolitan areas, or 80 percent of either the area or statewide median income in rural areas.

The term ''operational assistance'' is defined as management, marketing, and other technical assistance that assists a small business concern with business development.

''Participation agreement'' is defined as an agreement between the Administration and an NMVC Company detailing the company's operating plan and investment criteria; and requiring that investments be made in smaller enterprises at least 80 percent of which are located in low income geographic areas.

''Specialized Small Business Investment Company'' means any small business investment company that was licensed under section 301(d) as in effect before September 30, 1996.

Section 352. Purposes

Describes the purposes of the Act, which are:

(1) to promote economic development and the creation of wealth and job opportunities in low- or moderate-income geographic areas and among individuals living in such areas by encouraging developmental venture capital investments in smaller enterprises primarily located in such areas; and

(2) to establish a developmental venture capital program, with the mission of addressing the unmet equity investment needs of small entrepreneurs locate in low- or moderate-income areas; to be administered by the Small Business Administration; to enter into a participation agreement with NMVC companies; to guarantee debentures of NMVC companies to enable each such company to make developmental venture capital investments in smaller enterprises in low- or moderate-income geographic areas; and to make grants to NMVC companies for the purpose of providing operational assistance to smaller enterprises financed, or expected to be financed, by such companies.

Section 353. Establishment

Authorizes the SBA to establish the NMVC Program, under which the SBA may form New Markets Venture Capital companies by entering into participation agreements with firms that are granted final approval under the requirements set forth in Section 354 and formed for the purposes outlined in Section 352.

This Section also authorizes SBA to guarantee the debentures issued by the NMVC Companies as provided in Section 355; and to make operational assistance grants to NMVC Companies and other entities in accordance with Section 358.

Section 354. Selection of the New Markets Venture Capital Companies

Establishes the criteria to be followed by SBA in selecting the NMVC Companies. This section provides for specific selection criteria to be developed by the SBA—based on the criteria enumerated in this legislation—and designed to ensure that a variety of investment models are chosen and that appropriate public policy goals are addressed. Geographic dispersion must also be taken into account in the selection process.

H.R. 5545 requires Program participants to satisfy the following application requirements:

(1) Each NMVC must be a newly formed, for-profit entity with at least $5 million of contributed capital or binding capital commitments from non-Federal investors, and with the primary objective of economic development in low- or moderate-income geographic areas.

(2) Each NMVC's management team must be experienced in some form of community development or venture capital financing.

(3) Each NMVC must concentrate its activities on serving its investment areas, and submit a proposal that will expand economic opportunities and address the unmet capital needs within the investment areas.

(4) Each applicant must submit a strong proposal to provide operational assistance, including the possible use of outside, licensed professionals.

(5) Each NMVC must have binding commitments (in cash or in-kind) for operational assistance and overhead, payable or available over a multi-year period not to exceed 10 years, in an amount equal to 30% of its committed and contributed capital. These commitments may be from any non-SBA source and the cash portion may be invested in an annuity payable semi-annually over a multi-year period not to exceed 10 years.

The Committee is well aware that it will be difficult for some NMVCs to raise their entire operational assistance match during the application stage. Those NMVCs that are unable to raise the required match, but have submitted a reasonable plan to the Administrator to meet the requirement, may be granted a conditional approval from the Administrator and be allowed to draw one dollar of federal matching funds for every dollar of private funds raised provided that (for the purpose of final approval) they raise at least 20 percent of the required matching funds, and have at least 20 percent of the match on hand when applying for additional grant funds.

The Committee believes that it is important to give NMVCs the flexibility to obtain the required private operational assistance funds, however, from a safety and soundness standpoint, federal assistance funds should not be placed at greater risk than private assistance funds.

This conditional approval shall be made with the expectation that the required capital funding commitments will be obtained within two years of the conditional approval.

The bill also authorizes SBA to select firms that have experience with investing in enterprises located in low income areas to participate as NMVCs. SBA will enter into an agreement with each NMVC setting forth the specific terms of that firm's participation in the program. Each agreement will be tailored to the particular NMVC's operations and will be based on the NMVC's own proposal, submitted as part of the NMVC's application form. The agreement will require that investments be made by the NMVC in smaller enterprises, at least 80% of which are located in low income geographic areas.

In order for an investment to be counted toward the 80% goal under H.R. 5545, the investment must be made in a small business concern located in an LI area. This ensures that the New Markets Venture Capital Company Program will focus investment capital where it is most needed, rather than duplicating existing SBA programs.

The Committee believes that the targeting of low-income communities is the most important element of H.R. 4530. If Congress and the Administration are serious about helping our nation's low-income cities, towns, and rural areas we should demonstrate our commitment by ensuring that this bill is focused on these areas. The Committee has accomplished this by requiring that 80% of all investment will concentrate on those needing this help the most.

By clearly focusing this legislation on the communities that need assistance the most, the Committee has maximized the impact of this program. It is also the Committee's view that by investing the majority of funds in low income communities, we will not only provide the benefit of increased opportunities for working families, but H.R. 4530 will also provide the benefit of improving the physical community. This double benefit ensures that the resources spent under H.R. 4530 will provide the maximum economic impact on the low- or moderate-income communities to which this bill is targeted.

The Committee recognizes that the legislation may offer some benefits to working families located outside of the LMI areas as defined by the legislation. To address this concern, up to 20% of a New Markets Venture Capital Company's investments are permitted in those businesses that are in need of equity investment, but fall outside the LMI areas as defined by the legislation. However, it is the Committee's strong opinion that to reduce the targeting below 80% would significantly diminish the impact in the LMI areas, and would be contrary to the intent of the program. In addition, the Act includes a provision allowing the Administrator to waive the low income designation requirements for areas of significant economic distress that would not otherwise qualify.

Section 355. Debentures

Authorizes SBA to guarantee debentures issued by NMVC companies. The terms of the guaranteed debentures issued under this section may not exceed 15 years and the maximum total guarantee for any NMVC company shall not exceed 150 percent a company's private capital.

Section 356. Issuance and guarantee of trust certificates

Authorizes SBA to issue and guarantee trust certificates representing ownership of all or part of the debentures issued by an NMVC company and guaranteed by the Administration. Each guarantee issued under this section is limited to the amount of the principal and interest on the guaranteed debentures that compose the trust or pool of certificates.

This section grants SBA subrogation and ownership rights over the trust certificates guaranteed under this section, but prohibits SBA from collecting a fee for any guarantee of a trust certificate issued under this section. Finally, this section allows SBA to contract with an agent to carry out the pooling and central registration functions for the trust certificates issued.

Section 357. Fees

Authorizes SBA to charge such fees as it deems appropriate with respect to any guarantee or grant issued to an NMVC company.

This authorization is subject to the prohibition contained in Section 356 that prohibits SBA from collecting a fee for any

guarantee of a trust certificate issued under that section.

Section 358. Operational assistance grants

Authorizes SBA to make operational assistance grants to New Markets Venture Capital Companies established under the legislation and to certain Specialized Small Business Investment Companies.

Each NMVC is eligible for one or more grants, on a matching basis, in an amount equal to the amount the NMVC makes available for operational assistance. The operational assistance grant will be made available to the NMVC semi-annually over a multi-year period not to exceed 10 years. SBA is also authorized to provide supplemental grants to NMVCs.

This section of the bill also allows Specialized Small Business Investment Companies (''SSBICs'') access to the operational assistance grant funds authorized under the program without entering into a participation agreement with SBA to act as an NMVC company. The participation of the SSBICs, however, is limited only to investments they make in LMI areas after the date of enactment, and they must match the operational assistance funds to one LMI investment.

This section of the bill explicitly prohibits NMVCs and SSBICs from using operational assistance grants, both the federal contribution and the match, to supplement their own bottom line. This prohibition includes items that are not aimed at directly benefiting the small enterprises, such as, but not limited to—the purchase of furniture, office supplies, physical improvements to the NMVCs' or SSBICs' places of business, and marketing services. The Committee included this limitation to ensure that the investments made through this program will be for the benefit of small businesses located in LMI areas, which is the intent of the legislation.

It is the Committee's view that this provision does allow for operational assistance funds under the legislation to be used for salaries of those NMVC or SSBIC employees that are providing direct technical assistance to the small enterprise. NMVCs and SSBICs that use their own staff to provide the necessary direct assistance to smaller enterprises may be reimbursed for the direct cost of staff out of grant funds, but only to the extent such costs are allocable to the operational assistance.

This section also requires the NMVC companies to document in their operation plan the extent to which they intend to use licensed professionals (e.g., licensed attorneys and Certified Public Accountants) when providing technical assistance that requires such expertise. This ensures that the NMVC companies will provide the best assistance possible to the small business concerns. It is not meant to be construed as requirement that licensed professional are sole persons to provide such assistance, but their use is encouraged is highly technical situations.

Evidence presented to the Congress by the community development venture capital advocates indicates that providing technical assistance to a small business dramatically increases that business' chance of success. The Congress wishes to ensure that all small businesses receiving technical assistance under this program will receive the best technical assistance available. We believe this will further increase the businesses' chances of success.

Section 359. Bank participation

Allows any national bank, and any member bank of the Federal Reserve System to invest in an NMVC company formed under this legislation so long as the investment would not exceed 5 percent of the capital and surplus of the bank.

Banks that are not members of the federal Reserve system are allowed to invest in an NMVC company formed under this legislation so long as such investment is allowed under applicable State law, and so long as the investment would not exceed 5 percent of the capital and surplus of the bank.

Section 360. Federal financing bank

Establishes that Section 318 of the Small Business Investment Act does not apply to any NMVC Company created under this legislation.

Section 361. Reporting requirements

Establishes reporting requirements for the NMVC Companies. Specifically, the NMVC companies are required to provide to SBA such information as the Administration requires, including: information related to the measurement criteria that the NMVC proposed in its program application; and, for each case in which the NMVC makes an investment or a grant to a business located outside of an LMI area, a report on the number and percentage of employees of the business who reside in an LMI area.

Section 362. Examinations

Requires that each NMVC company shall be subjected to examinations made at the direction of the Investment Division of SBA. This section allows for examinations to be conducted with the assistance of a private sector entity that has both the necessary qualifications and expertise.

It is the intent of the Committee that the oversight of the NMVC program be modeled after that developed for the SBIC program and administered by SBA's Investment Division. Oversight should include a close working relationship between SBA analysts and NMVC management teams, detailed reporting requirements, frequent on-site examinations to evaluate performance and conformance with the operating plan, and careful analysis of the firm's economic impact.

Section 363. Injunctions and other orders

Grants SBA the power of injunction over NMVC companies and the authority to act as a trustee or receiver of a company if appointed by a court.

This section of the legislation closely tracks the existing injunction provision (Section 311) of the Small Business Investment Act of 1958. Again, it is the Committee's intent that oversight of the NMVC program be modeled after that developed for the SBIC program and administered by SBA's Investment Division. This oversight should include a close working relationship between SBA analysts and NMVC management teams, detailed reporting requirements, frequent on-site examinations to evaluate performance and conformance with the operating plan, and careful analysis of the firm's economic impact.

Section 364. Additional penalties for noncompliance

Grants SBA or the Attorney General the authority to file a cause of action against an NMVC company for non-compliance. Should a court find that a company violated or failed to comply with provisions of this legislation or other provisions of the Small Business Investment Act of 1958, this section grants SBA the authority to void the participation agreement between the company and the SBA.

Section 365. Unlawful acts and omissions; breach of fiduciary duty

Defines what is to be considered as a violation of this legislation, who is considered to have a fiduciary duty, and who is ineligible to serve as an officer, director, or employee of any NMVC company because of unlawful acts.

This section of the legislation closely tracks the unlawful acts provision (Section 314) of the Small Business Investment Act of 1958. It is the Committee's intent to grant SBA the same authority over NMVC companies that it has over Small Business Investment Companies with respect to unlawful acts and the breach of fiduciary responsibility.

Section 366. Removal or suspension of directors or officers

Grants SBA the authority to use the procedures set forth in Section 313 of the Small Business Investment Act of 1958 to remove or suspend any director or officer of an NMVC company.

Section 367. Regulations

Authorizes the Small Business Administration to issue such regulations as it deems necessary to carry out the provisions of the legislation.

Section 368. Authorization of appropriations

Authorizes appropriations for the Program for Fiscal Years 2001 through 2006. This section authorizes such subsidy budget authority as necessary to guarantee $150,000,000 of debentures and $30,000,000 to make operational assistance grants.

The Committee estimates that the Program will only require a one-time appropriation of $45 million—$15 million for loan guarantees and $30 million for operational assistance grants. This $15 million will allow SBA to back $150 million in loans to small business in low- or moderate-income areas.

Section 368(c). Conforming amendment

Makes a conforming change to the Small Business Investment Act of 1958 to account for the changes made by this legislation.

Section 368(d). Calculation of maximum amount of SBIC leverage

Allows Small Business Investment Companies (''SBICs'') to obtain additional access to leverage outside the statutory caps. The exemption of the SBICs, however, is limited only to investments they make in LMI areas.

This section provides that investments made in LI areas will not apply against the leverage cap of the individual SBIC as long as the total amount invested through the program does not exceed 50% of the SBIC's paid-in capital.

Section 368(e). Bankruptcy exemption for new markets venture capital companies

Adds NMVC companies to the list of entities that may not be considered a debtor under a Title 11 bankruptcy proceeding.

Section 368(f). Federal savings associations

Amends the ''Home Owners Loan Act'' to allow federal savings associations to invest in an NMVC company formed under this legislation so long as the investment would not exceed 5 percent of the capital and surplus of the savings association.

SEC. 903. BUSINESSLINC

H.R. 5545, also establishes the BusinessLINC program, designed to promote business growth in inner cities and economically distressed rural areas by matching large and small firms into business-to-business partnering and mentoring relationships. BusinessLinc would accomplish this by providing seed funding to third party entities such as local Chambers of Commerce to promote such relationships. In addition to seed funding, such entities will also receive funds

for technical assistance programs to small businesses to supplement the mentor-protégé relationships established as a result of BusinessLINC.

BusinessLINC helps businesses by providing online information and a database of companies that are interested in mentor-protégé programs.

Grants may be made to a coalition/combination of private and public entities only if the coalition/combination provides an amount, either in kind or in cash, equal to the grant amount for the purposes above.

Despite the unprecedented economic prosperity we are experiencing in this country, there are several areas of the country that have still not achieved parity. These areas are primarily inner cities, rural areas, and Native American communities. BusinessLINC will enable business opportunities for small businesses who would otherwise have no access to outside larger markets. While these small businesses have strong potential, they are located in communities where corporate America would not necessarily look. BusinessLINC will break that barrier. When the BusinessLINC model has been applied in the past, small businesses have seen growth as much as 45 percent. With this assistance, the local community will be charting its own path to recovery. The ''LINC'' in BusinessLINC stands for ''Learning, Information, Networking, and Collaboration.''

SECTION BY SECTION ANALYSIS

Section 1. Short title

Designates the bill as the ''BusinessLINC Act of 2000.''

Section 2. Authorization

This Section amends the Small Business Act by Adding a new paragraph (m), ''BusinessLINC grants and cooperative agreements.''

Paragraph (1) allows the Administrator to make grants or enter into cooperative agreements with any coalition/combination of private and/or public entities to (a) promote business-to-business relationships between large and small businesses and (b) to provide online information and a database of companies that are interested in mentor-protégé programs.

It is the opinion of the Conference that private and/or public entities eligible for grants should be limited to chambers of commerce and other not-for-profit business organizations. The Conferees intend that grant money be provided to large businesses. Further, if a grant is made to a combination of entities, one entity must take a lead position.

It is further the opinion of the Conference that promotion of business-to-business relationships between large and small businesses referenced in paragraph (a) above should include the facilitation of such relationships as mentor-protégé, prime/subcontractor, and teaming.

The Conference intends that an element to be considered by the Administrator when evaluating a grant proposal, shall be the training of small businesses or ''proteges.'' An additional evaluation element intended by the Conference shall be measurable goals to be achieved through the business-to-business partnerships.

The Conference further intends that the online database referenced in paragraph (b) above, should make use of the SBA's current PRO-Net database to the greatest extent practicable. The Conference is concerned that online privacy issues should also be addressed by the SBA in the implementation of the databases. Further, it is the Committee's opinion that the databases should be vigilantly maintained by the SBA to ensure that only firms eligible to be mentors should be included in the mentor database, and only those firms eligible to serve as intermediaries should be included in the intermediary database.

Paragraph (2) specifies that the Administrator may make grants as long as the coalition/combination of public and/or private entities provides an amount, either in kind or in cash, equal to the grant amount for the purposes delineated in paragraph (1) above.

The Conference is well aware that it may be difficult for some entities to raise their entire match during the application stage. Those entities that are unable to raise the required match, but have submitted to the Administrator a reasonable plan to meet the requirement, may be granted a conditional approval from the Administrator and be allowed to draw one dollar of federal matching funds for every dollar of private funds raised. This conditional approval shall be made with the expectation that the required funding commitments will be obtained within two years of the conditional approval.

The Conference believes that it is important to give entities the flexibility to obtain the required private operational assistance funds, however, from a safety and soundness standpoint, federal funds should not be placed at greater risk than private capital.

Paragraph (3) specifies the authorization for the program for fiscal years 2001 through 2003. This amount shall be $6,600,000 for each of the three fiscal years.

JIM TALENT,
DICK ARMEY,
Managers on the Part of the House.

CHRISTOPHER BOND,
CONRAD BURNS,
Managers on the Part of the Senate.

CONFERENCE REPORT ON H.R. 4942, DISTRICT OF COLUMBIA APPROPRIATIONS ACT, 2001

Mr. ISTOOK submitted the following conference report and statement on the bill (H.R. 4942) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending September 30, 2001, and for other purposes:

CONFERENCE REPORT (H. REPT. 106–1005)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 4942) ''making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against revenues of said District for the fiscal year ending September 30, 2001, and for other purposes'', having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate, and agree to the same with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment, insert:

Section 1. (a) The provisions of the following bills of the 106th Congress are hereby enacted into law:

(1) H.R. 5547, as introduced on October 25, 2000.

(2) H.R. 5548, as introduced on October 25, 2000.

(b) In publishing this Act in slip form and in the United States Statutes at Large pursuant to section 112 of title 1, United States Code, the Archivist of the United States shall include after the date of approval at the end appendixes setting forth the text of the bills referred to in subsection (a) of this section.

And the Senate agree to the same.

ERNEST J. ISTOOK, Jr.,
RANDY ''DUKE'' CUNNINGHAM,
TODD TIAHRT,
ROBERT B. ADERHOLT,
JO ANN EMERSON,
JOHN E. SUNUNU,
C.W. BILL YOUNG,
Managers on the Part of the House.

KAY BAILEY HUTCHISON,
JON KYL,
TED STEVENS,
RICHARD J. DURBIN,
DANIEL K. INOUYE,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 4942) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending September 30, 2001, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the actions agreed upon by the managers and recommended in the accompanying conference report.

This conference agreement includes more than the District of Columbia Appropriations Act, 2001. The conference agreement has been expanded to include the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 2001, as well as the District of Columbia Appropriations Act, 2001. Both of these Acts have been enacted into law by reference in this conference report; however, a copy of the referenced legislation has been included in this statement for convenience.

DISTRICT OF COLUMBIA APPROPRIATIONS

The conference agreement would enact the provisions of H.R. 5547 as introduced on October 25, 2000. The text of that bill follows:

A BILL Making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending September 30, 2000, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the District of Columbia for the fiscal year ending September 30, 2001, and for other purposes, namely:

FEDERAL FUNDS

FEDERAL PAYMENT FOR RESIDENT TUITION SUPPORT

For a Federal payment to the District of Columbia for a nationwide program to be administered by the Mayor for District of Columbia resident tuition support, $17,000,000, to remain available until expended: Provided, That such funds may be used on behalf of eligible District of Columbia residents to pay an amount based upon the difference between in-State and out-

of-State tuition at public institutions of higher education, usable at both public and private institutions for higher education: Provided further, That the awarding of such funds may be prioritized on the basis of a resident's academic merit and such other factors as may be authorized.

FEDERAL PAYMENT FOR INCENTIVES FOR ADOPTION OF CHILDREN

The paragraph under the heading ''Federal Payment for Incentives for Adoption of Children'' in Public Law 106–113, approved November 29, 1999 (113 Stat. 1501), is amended to read as follows: ''For a Federal payment to the District of Columbia to create incentives to promote the adoption of children in the District of Columbia foster care system, $5,000,000: Provided, That such funds shall remain available until September 30, 2002, and shall be used to carry out all of the provisions of title 38, except for section 3808, of the Fiscal Year 2001 Budget Support Act of 2000, D.C. Bill 13–679, enrolled June 12, 2000.''.

FEDERAL PAYMENT TO THE CHIEF FINANCIAL OFFICER OF THE DISTRICT OF COLUMBIA

For a Federal payment to the Chief Financial Officer of the District of Columbia, $1,250,000, of which $250,000 shall be for payment to a mentoring program and for hotline services; $250,000 shall be for payment to a youth development program with a character building curriculum; $250,000 shall be for payment to a basic values training program; and $500,000, to remain available until expended, shall be for the design, construction, and maintenance of a trash rack system to be installed at the Hickey Run stormwater outfall.

FEDERAL PAYMENT FOR COMMERCIAL REVITALIZATION PROGRAM

For a Federal payment to the District of Columbia, $1,500,000, to remain available until expended, for the Mayor, in consultation with the Council of the District of Columbia, to provide offsets against local taxes for a commercial revitalization program, such program to provide financial inducements, including loans, grants, offsets to local taxes and other instruments that promote commercial revitalization in Enterprise Zones and low and moderate income areas in the District of Columbia: Provided, That in carrying out such a program, the Mayor shall use Federal commercial revitalization proposals introduced in Congress as a guideline: Provided further, That not later than 180 days after the date of the enactment of this Act, the Mayor shall report to the Committees on Appropriations of the Senate and House of Representatives on the progress made in carrying out the commercial revitalization program.

FEDERAL PAYMENT TO THE DISTRICT OF COLUMBIA PUBLIC SCHOOLS

For a Federal payment to the District of Columbia Public Schools, $500,000: Provided, That $250,000 of said amount shall be used for a program to reduce school violence: Provided further, That $250,000 of said amount shall be used for a program to enhance the reading skills of District public school students.

FEDERAL PAYMENT TO THE METROPOLITAN POLICE DEPARTMENT

For a Federal payment to the Metropolitan Police Department, $100,000: Provided, That said funds shall be used to fund a youth safe haven police mini-station for mentoring high risk youth.

FEDERAL CONTRIBUTION TO COVENANT HOUSE WASHINGTON

For a Federal contribution to Covenant House Washington for a contribution to the construction in Southeast Washington of a new community service center for homeless, runaway and at-risk youth, $500,000.

FEDERAL PAYMENT TO THE DISTRICT OF COLUMBIA CORRECTIONS TRUSTEE OPERATIONS

For salaries and expenses of the District of Columbia Corrections Trustee, $134,200,000 for the administration and operation of correctional facilities and for the administrative operating costs of the Office of the Corrections Trustee, as authorized by section 11202 of the National Capital Revitalization and Self-Government Improvement Act of 1997 (Public Law 105–33; 111 Stat. 712) of which $1,000,000 is to fund an initiative to improve case processing in the District of Columbia criminal justice system: Provided, That notwithstanding any other provision of law, funds appropriated in this Act for the District of Columbia Corrections Trustee shall be apportioned quarterly by the Office of Management and Budget and obligated and expended in the same manner as funds appropriated for salaries and expenses of other Federal agencies: Provided further, That in addition to the funds provided under this heading, the District of Columbia Corrections Trustee may use any remaining interest earned on the Federal payment made to the Trustee under the District of Columbia Appropriations Act, 1998, to carry out the activities funded under this heading.

FEDERAL PAYMENT TO THE DISTRICT OF COLUMBIA COURTS

For salaries and expenses for the District of Columbia Courts, $105,000,000 to be allocated as follows: for the District of Columbia Court of Appeals, $7,409,000; for the District of Columbia Superior Court, $71,121,000; for the District of Columbia Court System, $17,890,000; $5,255,000 to finance a pay adjustment of 8.48 percent for nonjudicial employees; and $3,325,000, including $825,000 for roofing repairs to the facility commonly referred to as the Old Courthouse and located at 451 Indiana Avenue, Northwest, to remain available until September 30, 2002, for capital improvements for District of Columbia courthouse facilities: Provided, That none of the funds in this Act or in any other Act shall be available for the purchase, installation or operation of an Integrated Justice Information System until a detailed plan and design has been submitted by the courts and approved by the Committees on Appropriations of the House of Representatives and the Senate: Provided further, That notwithstanding any other provision of law, all amounts under this heading shall be apportioned quarterly by the Office of Management and Budget and obligated and expended in the same manner as funds appropriated for salaries and expenses of other Federal agencies, with payroll and financial services to be provided on a contractual basis with the General Services Administration (GSA), said services to include the preparation of monthly financial reports, copies of which shall be submitted directly by GSA to the President and to the Committees on Appropriations of the Senate and House of Representatives, the Committee on Governmental Affairs of the Senate, and the Committee on Government Reform of the House of Representatives.

DEFENDER SERVICES IN DISTRICT OF COLUMBIA COURTS

For payments authorized under section 11–2604 and section 11–2605, D.C. Code (relating to representation provided under the District of Columbia Criminal Justice Act), payments for counsel appointed in proceedings in the Family Division of the Superior Court of the District of Columbia under chapter 23 of title 16, D.C. Code, and payments for counsel authorized under section 21–2060, D.C. Code (relating to representation provided under the District of Columbia Guardianship, Protective Proceedings, and Durable Power of Attorney Act of 1986), $34,387,000, to remain available until expended: Provided, That the funds provided in this Act under the heading ''Federal Payment to the District of Columbia Courts'' (other than the $3,325,000 provided under such heading for capital improvements for District of Columbia courthouse facilities) may also be used for payments under this heading: Provided further, That, in addition to the funds provided under this heading, the Joint Committee on Judicial Administration in the District of Columbia shall use funds provided in this Act under the heading ''Federal Payment to the District of Columbia Courts'' (other than the $3,325,000 provided under such heading for capital improvements for District of Columbia courthouse facilities), to make payments described under this heading for obligations incurred during any fiscal year: Provided further, That such funds shall be administered by the Joint Committee on Judicial Administration in the District of Columbia: Provided further, That notwithstanding any other provision of law, this appropriation shall be apportioned quarterly by the Office of Management and Budget and obligated and expended in the same manner as funds appropriated for expenses of other Federal agencies, with payroll and financial services to be provided on a contractual basis with the General Services Administration (GSA), said services to include the preparation of monthly financial reports, copies of which shall be submitted directly by GSA to the President and to the Committees on Appropriations of the Senate and House of Representatives, the Committee on Governmental Affairs of the Senate, and the Committee on Government Reform of the House of Representatives: Provided further, That the District of Columbia Courts shall implement the recommendations in the General Accounting Office Report GAO/AIMD/OGC–99–226 regarding payments to court-appointed attorneys and shall report quarterly to the Office of Management and Budget and to the House and Senate Appropriations Committees on the status of these reforms.

FEDERAL PAYMENT TO THE COURT SERVICES AND OFFENDER SUPERVISION AGENCY FOR THE DISTRICT OF COLUMBIA

(INCLUDING TRANSFER OF FUNDS)

For salaries and expenses, including the transfer and hire of motor vehicles, of the Court Services and Offender Supervision Agency for the District of Columbia, as authorized by the National Capital Revitalization and Self-Government Improvement Act of 1997 (Public Law 105–33; 111 Stat. 712), $112,527,000, of which $67,521,000 shall be for necessary expenses of Community Supervision and Sex Offender Registration, to include expenses relating to supervision of adults subject to protection orders or provision of services for or related to such persons; $18,778,000 shall be transferred to the Public Defender Service; and $26,228,000 shall be available to the Pretrial Services Agency: Provided, That of the amount provided under this heading, $17,854,000 shall be used to improve pretrial defendant and post-conviction offender supervision, enhance drug testing and sanctions-based treatment programs and other treatment services, expand intermediate sanctions and offender re-entry programs, continue planning and design proposals for a residential Sanctions Center and improve administrative infrastructure, including information technology; and $836,000 of the $17,854,000 referred to in this proviso is for the Public Defender Service: Provided further, That notwithstanding any other provision of law, all amounts under this heading shall be apportioned quarterly by the Office of Management and Budget and obligated and expended in the same manner as funds appropriated for salaries and expenses of other Federal agencies: Provided further, That notwithstanding section 446 of the District of Columbia Home Rule Act or any provision of subchapter III of chapter 13 of title 31, United States Code,

the use of interest earned on the Federal payment made to the District of Columbia Offender Supervision, Defender, and Court Services Agency under the District of Columbia Appropriations Act, 1998, by the Agency during fiscal years 1998 and 1999 shall not constitute a violation of such Act or such subchapter.

FEDERAL PAYMENT FOR WASHINGTON INTERFAITH NETWORK

For a Federal payment to the Washington Interfaith Network to reimburse the Network for costs incurred in carrying out preconstruction activities at the former Fort Dupont Dwellings and Additions, $1,000,000: Provided, That such activities may include architectural and engineering studies, property appraisals, environmental assessments, grading and excavation, landscaping, paving, and the installation of curbs, gutters, sidewalks, sewer lines, and other utilities: Provided further, That the Secretary of the Treasury shall make such payment only after the Network has received matching funds from private sources (including funds provided through loans) to carry out such activities in an aggregate amount which is equal to the amount of such payment (as certified by the Inspector General of the District of Columbia) and has provided the Secretary of the Treasury with a request for reimbursement which contains documentation certified by the Inspector General of the District of Columbia showing that the Network carried out the activities and that the costs incurred in carrying out the activities were equal to or less than the amount of the reimbursement requested: Provided further, That none of the funds provided under this heading may be obligated or expended after December 31, 2001 (without regard to whether the activities involved were carried out prior to such date).

FEDERAL PAYMENT FOR PLAN TO SIMPLIFY EMPLOYEE COMPENSATION SYSTEMS

For a Federal payment to the Mayor of the District of Columbia for a contract for the study and development of a plan to simplify the compensation systems, schedules, and work rules applicable to employees of the District government, $250,000: Provided, That under the terms of the contract the plan shall include (at a minimum) a review of the current compensation systems, schedules, and work rules applicable to such employees; a review of the best practices regarding the compensation systems, schedules, and work rules of State and local governments and other appropriate organizations; a proposal for simplifying the systems, schedules, and rules applicable to employees of the District government; and the development of strategies for implementing such proposal, including an identification of any statutory, contractual, or other barriers to implementing the proposal and an estimated time frame for implementing the proposal: Provided further, That under the terms of the contract the contractor shall submit the plan to the Mayor and to the Committees on Appropriations of the House of Representatives and Senate: Provided further, That the Mayor shall develop a proposed solicitation for the contract not later than 90 days after the date of the enactment of this Act and shall submit a copy of the proposed solicitation to the Comptroller General for review at least 90 days prior to the issuance of such solicitation: Provided further, That not later than 45 days after receiving the proposed solicitation from the Mayor, the Comptroller General shall review the solicitation to ensure that it adequately addresses all of the necessary elements described under this heading and report to the Committees on Appropriations of the House of Representatives and Senate on the results of this review: Provided further, That for purposes of this contract the term ''District government'' has the meaning given such term in section 305(5) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995 (sec. 47–393(5), D.C. Code), except that such term shall not include the courts of the District of Columbia and shall include the District of Columbia Financial Responsibility and Management Assistance Authority.

METRORAIL CONSTRUCTION

For the Washington Metropolitan Area Transit Authority [WMATA], a contribution of $25,000,000, to remain available until expended, to design and build a Metrorail station located at New York and Florida Avenues, Northeast: Provided, That prior to the release of said funds from the U.S. Treasury, the District of Columbia shall set aside an additional $25,000,000 for this project in its Fiscal Year 2001 Budget and Financial Plan and, further, shall establish a special taxing district for the neighborhood of the proposed Metrorail station to provide $25,000,000: Provided further, That the requirements of 49 U.S.C. 5309(a)(2) shall apply to this project.

FEDERAL PAYMENT FOR BROWNFIELD REMEDIATION

For a Federal payment to the District of Columbia, $3,450,000 for environmental and infrastructure costs at Poplar Point: Provided, That of said amount, $2,150,000 shall be available for environmental assessment, site remediation and wetlands restoration of the 11 acres of real property under the jurisdiction of the District of Columbia: Provided further, That no more than $1,300,000 shall be used for infrastructure costs for an entrance to Anacostia Park: Provided further, That none of said funds shall be used by the District of Columbia to purchase private property in the Poplar Point area.

PRESIDENTIAL INAUGURATION

For a payment to the District of Columbia to reimburse the District for expenses incurred in connection with Presidential inauguration activities, $5,961,000, as authorized by section 737(b) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 824; D.C. Code, sec. 1–1132), which shall be apportioned by the Chief Financial Officer within the various appropriation headings in this Act.

CHILDREN'S NATIONAL MEDICAL CENTER

For a Federal contribution to the Children's National Medical Center in the District of Columbia, $500,000 to be used for the network of satellite pediatric health clincs for children and families in underserved neighborhoods and communities in the District of Columbia.

CHILD ADVOCACY CENTER

For a Federal contribution to the Child Advocacy Center for its Safe Shores program, $500,000.

ST. COLETTA OF GREATER WASHINGTON EXPANSION PROJECT

For a Federal contribution to St. Coletta of Greater Washington, Inc. for costs associated with the establishment of a day program and comprehensive case management services for mentally retarded and multiple-handicapped adolescents and adults in the District of Columbia, including property acquisition and construction, $1,000,000.

DISTRICT OF COLUMBIA SPECIAL OLYMPICS

For a Federal contribution to the District of Columbia Special Olympics, $250,000.

DISTRICT OF COLUMBIA FUNDS

OPERATING EXPENSES

DIVISION OF EXPENSES

The following amounts are appropriated for the District of Columbia for the current fiscal year out of the general fund of the District of Columbia, except as otherwise specifically provided: Provided, That notwithstanding any other provision of law, except as provided in section 450A of the District of Columbia Home Rule Act and section 126 of this Act, the total amount appropriated in this Act for operating expenses for the District of Columbia for fiscal year 2001 under this heading shall not exceed the lesser of the sum of the total revenues of the District of Columbia for such fiscal year or $5,677,379,000 (of which $172,607,000 shall be from intra-District funds and $3,250,783,000 shall be from local funds): Provided further, That the Chief Financial Officer of the District of Columbia and the District of Columbia Financial Responsibility and Management Assistance Authority shall take such steps as are necessary to assure that the District of Columbia meets these requirements, including the apportioning by the Chief Financial Officer of the appropriations and funds made available to the District during fiscal year 2001, except that the Chief Financial Officer may not reprogram for operating expenses any funds derived from bonds, notes, or other obligations issued for capital projects.

DISTRICT OF COLUMBIA FINANCIAL RESPONSIBILITY AND MANAGEMENT ASSISTANCE AUTHORITY

For the District of Columbia Financial Responsibility and Management Assistance Authority (Authority), established by section 101(a) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995 (109 Stat. 97; Public Law 104–8), $3,140,000: Provided, That these funds be derived from accounts held by the Authority on behalf of the District of Columbia: Provided further, That none of the funds contained in this Act may be used to pay any compensation of the Executive Director or General Counsel of the Authority at a rate in excess of the maximum rate of compensation which may be paid to such individual during fiscal year 2001 under section 102 of such Act, as determined by the Comptroller General (as described in GAO letter report B–279095.2): Provided further, That none of the funds contained in this Act or any other funds available to the Authority or any other entity of the District of Columbia government from any source (including any accounts of the Authority) may be used for any payments (including but not limited to severance or bonus payments, and payments under agreements in effect before the enactment of this Act) to any individual upon or following the individual's separation from employment with the Authority (other than a payment of the individual's regular salary for services performed prior to separation or a payment for unused annual leave accrued by the individual), except that an individual who is employed by the Authority during the entire period which begins on the date of the enactment of this Act and ends on September 30, 2001, may receive a severance payment after such date in an aggregate amount which does not exceed the product of 200 percent of the individual's average weekly salary during the final 12-month period (or portion thereof) during which the individual was employed by the Authority and the number of full years during which the individual was employed by the Authority.

GOVERNMENTAL DIRECTION AND SUPPORT

Governmental direction and support, $195,771,000 (including $162,172,000 from local funds, $20,424,000 from Federal funds, and $13,175,000 from other funds): Provided, That not to exceed $2,500 for the Mayor, $2,500 for the Chairman of the Council of the District of Columbia, and $2,500 for the City Administrator shall be available from this appropriation for official purposes: Provided further, That any program fees collected from the issuance of debt shall be available for the payment of expenses of the debt management program of the District of Columbia: Provided further, That no revenues

from Federal sources shall be used to support the operations or activities of the Statehood Commission and Statehood Compact Commission: Provided further, That the District of Columbia shall identify the sources of funding for Admission to Statehood from its own locally-generated revenues: Provided further, That all employees permanently assigned to work in the Office of the Mayor shall be paid from funds allocated to the Office of the Mayor: Provided further, That notwithstanding any other provision of law, or Mayor's Order 86–45, issued March 18, 1986, the Office of the Chief Technology Officer's delegated small purchase authority shall be $500,000: Provided further, That the District of Columbia government may not require the Office of the Chief Technology Officer to submit to any other procurement review process, or to obtain the approval of or be restricted in any manner by any official or employee of the District of Columbia government, for purchases that do not exceed $500,000: Provided further, That $303,000 and no fewer than 5 FTEs shall be available exclusively to support the Labor-Management Partnership Council: Provided further, That, effective September 30, 2000, section 168(a) of the District of Columbia Appropriations Act, 2000 (Public Law 106–113; 113 Stat. 1531) is amended by inserting '', *to remain available until expended,*'' *after* ''*$5,000,000*''*: Provided further, That not later than March 1, 2001, the Chief Financial Officer of the District of Columbia shall submit a study to the Committees on Appropriations of the House of Representatives and Senate on the merits and potential savings of privatizing the operation and administration of St. Elizabeths Hospital.*

ECONOMIC DEVELOPMENT AND REGULATION

Economic development and regulation, $205,638,000 (including $53,562,000 from local funds, $92,378,000 from Federal funds, and $59,698,000 from other funds), of which $15,000,000 collected by the District of Columbia in the form of BID tax revenue shall be paid to the respective BIDs pursuant to the Business Improvement Districts Act of 1996 (D.C. Law 11–134; D.C. Code, sec. 1–2271 et seq.), and the Business Improvement Districts Amendment Act of 1997 (D.C. Law 12–26): Provided, That such funds are available for acquiring services provided by the General Services Administration: Provided further, That Business Improvement Districts shall be exempt from taxes levied by the District of Columbia.

PUBLIC SAFETY AND JUSTICE

Public safety and justice, including purchase or lease of 135 passenger carrying vehicles for replacement only, including 130 for police-type use and five for fire-type use, without regard to the general purchase price limitation for the current fiscal year, and such sums as may be necessary for making refunds and for the payment of judgments that have been entered against the District of Columbia government $762,546,000 (including $591,565,000 from local funds, $24,950,000 from Federal funds, and $146,031,000 from other funds): Provided, That the Metropolitan Police Department is authorized to replace not to exceed 25 passenger-carrying vehicles and the Department of Fire and Emergency Medical Services of the District of Columbia is authorized to replace not to exceed five passenger-carrying vehicles annually whenever the cost of repair to any damaged vehicle exceeds three-fourths of the cost of the replacement: Provided further, That not to exceed $500,000 shall be available from this appropriation for the Chief of Police for the prevention and detection of crime: Provided further, That notwithstanding any other provision of law, or Mayor's Order 86–45, issued March 18, 1986, the Metropolitan Police Department's delegated small purchase authority shall be $500,000: Provided further, That the District of Columbia government may not require the Metropolitan Police Department to submit to any other procurement review process, or to obtain the approval of or be restricted in any manner by any official or employee of the District of Columbia government, for purchases that do not exceed $500,000: Provided further, That the Mayor shall reimburse the District of Columbia National Guard for expenses incurred in connection with services that are performed in emergencies by the National Guard in a militia status and are requested by the Mayor, in amounts that shall be jointly determined and certified as due and payable for these services by the Mayor and the Commanding General of the District of Columbia National Guard: Provided further, That such sums as may be necessary for reimbursement to the District of Columbia National Guard under the preceding proviso shall be available from this appropriation, and the availability of the sums shall be deemed as constituting payment in advance for emergency services involved: Provided further, That the Metropolitan Police Department is authorized to maintain 3,800 sworn officers, with leave for a 50 officer attrition: Provided further, That no more than 15 members of the Metropolitan Police Department shall be detailed or assigned to the Executive Protection Unit, until the Chief of Police submits a recommendation to the Council for its review: Provided further, That $100,000 shall be available for inmates released on medical and geriatric parole: Provided further, That commencing on December 31, 2000, the Metropolitan Police Department shall provide to the Committees on Appropriations of the Senate and House of Representatives, the Committee on Governmental Affairs of the Senate, and the Committee on Government Reform of the House of Representatives, quarterly reports on the status of crime reduction in each of the 83 police service areas established throughout the District of Columbia.

PUBLIC EDUCATION SYSTEM

Public education system, including the development of national defense education programs, $998,918,000 (including $824,867,000 from local funds, $147,643,000 from Federal funds, and $26,408,000 from other funds), to be allocated as follows: $769,943,000 (including $629,309,000 from local funds, $133,490,000 from Federal funds, and $7,144,000 from other funds), for the public schools of the District of Columbia; $200,000 from local funds for the District of Columbia Teachers' Retirement Fund; $1,679,000 from local funds for the State Education Office, $17,000,000 from local funds, previously appropriated in this Act as a Federal payment, for resident tuition support at public and private institutions of higher learning for eligible District of Columbia residents; and $105,000,000 from local funds for public charter schools: Provided, That there shall be quarterly disbursement of funds to the District of Columbia public charter schools, with the first payment to occur within 15 days of the beginning of each fiscal year: Provided further, That the District of Columbia public charter schools will report enrollment on a quarterly basis upon which a quarterly disbursement will be calculated: Provided further, That the quarterly payment of October 15, 2000, shall be fifty (50) percent of each public charter school's annual entitlement based on its unaudited October 5 enrollment count: Provided further, That if the entirety of this allocation has not been provided as payments to any public charter schools currently in operation through the per pupil funding formula, the funds shall be available for public education in accordance with the School Reform Act of 1995 (D.C. Code, sec. 31–2853.43(A)(2)(D); Public Law 104–134, as amended): Provided further, That $480,000 of this amount shall be available to the District of Columbia Public Charter School Board for administrative costs: Provided further, That $76,433,000 (including $44,691,000 from local funds, $13,199,000 from Federal funds, and $18,543,000 from other funds) shall be available for the University of the District of Columbia: Provided further, That $200,000 is allocated for the East of the River Campus Assessment Study, $1,000,000 for the Excel Institute Adult Education Program to be used by the Institute for construction and to acquire construction services provided by the General Services Administration on a reimbursable basis, $500,000 for the Adult Education State Plan, $650,000 for The Saturday Academy Pre-College Program, and $481,000 for the Strengthening of Academic Programs; and $26,459,000 (including $25,208,000 from local funds, $550,000 from Federal funds and $701,000 other funds) for the Public Library: Provided further, That the $1,020,000 enhancement shall be allocated such that $500,000 is used for facilities improvements for 8 of the 26 library branches, $235,000 for 13 FTEs for the continuation of the Homework Helpers Program, $166,000 for 3 FTEs in the expansion of the Reach Out And Roar (ROAR) service to license day care homes, and $119,000 for 3 FTEs to expand literacy support into branch libraries: Provided further, That $2,204,000 (including $1,780,000 from local funds, $404,000 from Federal funds and $20,000 from other funds) shall be available for the Commission on the Arts and Humanities: Provided further, That the public schools of the District of Columbia are authorized to accept not to exceed 31 motor vehicles for exclusive use in the driver education program: Provided further, That not to exceed $2,500 for the Superintendent of Schools, $2,500 for the President of the University of the District of Columbia, and $2,000 for the Public Librarian shall be available from this appropriation for official purposes: Provided further, That none of the funds contained in this Act may be made available to pay the salaries of any District of Columbia Public School teacher, principal, administrator, official, or employee who knowingly provides false enrollment or attendance information under article II, section 5 of the Act entitled ''*An Act to provide for compulsory school attendance, for the taking of a school census in the District of Columbia, and for other purposes*'', *approved February 4, 1925 (D.C. Code, sec. 31–401 et seq.): Provided further, That this appropriation shall not be available to subsidize the education of any nonresident of the District of Columbia at any District of Columbia public elementary and secondary school during fiscal year 2001 unless the nonresident pays tuition to the District of Columbia at a rate that covers 100 percent of the costs incurred by the District of Columbia which are attributable to the education of the nonresident (as established by the Superintendent of the District of Columbia Public Schools): Provided further, That this appropriation shall not be available to subsidize the education of nonresidents of the District of Columbia at the University of the District of Columbia, unless the Board of Trustees of the University of the District of Columbia adopts, for the fiscal year ending September 30, 2001, a tuition rate schedule that will establish the tuition rate for nonresident students at a level no lower than the nonresident tuition rate charged at comparable public institutions of higher education in the metropolitan area: Provided further, That $2,200,000 is allocated to the Temporary Weighted Student Formula to fund 344 additional slots for pre-K students: Provided further, That $50,000 is allocated to fund a conference on learning support for children ages 3–4 hosted jointly by the District of Columbia Public Schools and District of Columbia public charter schools: Provided further, That no local funds in this Act shall be used to administer a*

system-wide standardized test more than once in FY 2001: Provided further, That no less than $436,452,000 shall be expended on local schools through the Weighted Student Formula: Provided further, That notwithstanding any other provision of law, rule, or regulation, the evaluation process and instruments for evaluating District of Columbia Public School employees shall be a non-negotiable item for collective bargaining purposes: Provided further, That the District of Columbia Public Schools shall spend $250,000 to engage in a Schools Without Violence program based on a model developed by the University of North Carolina, located in Greensboro, North Carolina: Provided further, That the District of Columbia Public Schools shall spend $250,000 to implement a Failure Free Reading program in the District's public schools: Provided further, That notwithstanding the amounts otherwise provided under this heading or any other provision of law, there shall be appropriated to the District of Columbia public charter schools on July 1, 2001, an amount equal to 25 percent of the total amount provided for payments to public charter schools in the proposed budget of the District of Columbia for fiscal year 2002 (as submitted to Congress), and the amount of such payment shall be chargeable against the final amount provided for such payments under the District of Columbia Appropriations Act, 2002: Provided further, That notwithstanding the amounts otherwise provided under this heading or any other provision of law, there shall be appropriated to the District of Columbia Public Schools on July 1, 2001, an amount equal to 10 percent of the total amount provided for the District of Columbia Public Schools in the proposed budget of the District of Columbia for fiscal year 2002 (as submitted to Congress), and the amount of such payment shall be chargeable against the final amount provided for the District of Columbia Public Schools under the District of Columbia Appropriations Act, 2002.

HUMAN SUPPORT SERVICES

(INCLUDING TRANSFER OF FUNDS)

Human support services, $1,535,654,000 (including $637,347,000 from local funds, $881,589,000 from Federal funds, and $16,718,000 from other funds): Provided, That $25,836,000 of this appropriation, to remain available until expended, shall be available solely for District of Columbia employees' disability compensation: Provided further, That the District of Columbia shall not provide free government services such as water, sewer, solid waste disposal or collection, utilities, maintenance, repairs, or similar services to any legally constituted private nonprofit organization, as defined in section 411(5) of the Stewart B. McKinney Homeless Assistance Act (101 Stat. 485; Public Law 100–77; 42 U.S.C. 11371), providing emergency shelter services in the District, if the District would not be qualified to receive reimbursement pursuant to such Act (101 Stat. 485; Public Law 100–77; 42 U.S.C. 11301 et seq.): Provided further, That $1,250,000 shall be paid to the Doe Fund for the operation of its Ready, Willing, and Able Program in the District of Columbia as follows: $250,000 to cover debt owed by the District of Columbia government for services rendered shall be paid to the Doe Fund within 15 days of the enactment of this Act; and $1,000,000 shall be paid in equal monthly installments by the 15th day of each month: Provided further, That $400,000 shall be available for the administrative costs associated with implementation of the Drug Treatment Choice Program established pursuant to section 4 of the Choice in Drug Treatment Act of 2000, signed by the Mayor on April 20, 2000 (D.C. Act 13–329): Provided further, That $7,000,000 shall be available for deposit in the Addiction Recovery Fund established pursuant to section 5 of the Choice in Drug Treatment Act of 2000, signed by the Mayor on April 20, 2000 (D.C. Act 13–329): Provided further, That the District of Columbia is authorized to enter into a long-term lease of Hamilton Field with Gonzaga College High School and that, in exchange for such a lease, Gonzaga will introduce and implement a youth baseball program focused on 13 to 18 year old residents, said program to include summer and fall baseball programs and baseball clinics: Provided further, That notwithstanding any other provision of law, to augment the District of Columbia subsidy for the District of Columbia Health and Hospitals Public Benefit Corporation, the District of Columbia may transfer from other non-Federal funds appropriated under this Act to the Human Support Services appropriation under this Act an amount not to exceed $90,000,000 for the purpose of restructuring the delivery of health services in the District of Columbia: Provided further, That such restructuring shall be pursuant to a restructuring plan approved by the Mayor of the District of Columbia, the Council of the District of Columbia, the District of Columbia Financial Responsibility and Management Assistance Authority, and the Board of Directors of the Public Benefit Corporation: Provided further, That—

(1) the restructuring plan reduces personnel levels of D.C. General Hospital and of the Public Benefit Corporation consistent with the reduction in force set forth in the August 25, 2000, resolution of the Board of Directors of the Public Benefit Corporation regarding personnel structure, by reducing personnel by at least 500 full-time equivalent employees, without replacement by contract personnel;

(2) no transferred funds are expended until 10 calendar days after the restructuring plan has received final approval and a copy evidencing final approval has been submitted by the Mayor to the Committee on Government Reform of the House of Representatives, the Committee on Governmental Affairs of the Senate, and the Committees on Appropriations of the House of Representatives and the Senate; and

(3) the plan includes a certification that the plan does not request and does not rely upon any current or future request for additional appropriation of Federal funds.

PUBLIC WORKS

Public works, including rental of one passenger-carrying vehicle for use by the Mayor and three passenger-carrying vehicles for use by the Council of the District of Columbia and leasing of passenger-carrying vehicles, $278,242,000 (including $265,078,000 from local funds, $3,328,000 from Federal funds, and $9,836,000 from other funds): Provided, That this appropriation shall not be available for collecting ashes or miscellaneous refuse from hotels and places of business: Provided further, That $100,000 shall be available for a commercial sector recycling initiative, $250,000 to initiate a recycling education campaign, $10,000 for community clean-up kits, $190,000 to restore a 3.5 percent vacancy rate in Parking Services, $170,000 to plant 500 trees, $118,000 for two water trucks, $150,000 for contract monitors and parking analysts within Parking Services, $1,409,000 for a neighborhood cleanup initiative, $1,000,000 for tree maintenance, $600,000 for an anti-graffiti program, $226,000 for a hazardous waste program, $1,260,000 for parking control aides, and $400,000 for the Department of Motor Vehicles to hire additional ticket adjudicators, conduct additional hearings, and reduce the waiting time for hearings.

RECEIVERSHIP PROGRAMS

For all agencies of the District of Columbia government under court ordered receivership, $389,528,000 (including $234,913,000 from local funds, $135,555,000 from Federal funds, and $19,060,000 from other funds).

RESERVE

For replacement of funds expended, if any, during fiscal year 2000 from the Reserve established by section 202(j) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995, Public Law 104–8, $150,000,000 from local funds: Provided, That none of these funds shall be obligated or expended under this heading until the emergency reserve fund established under this Act has been fully funded for fiscal year 2001 pursuant to section 450A of the District of Columbia Home Rule Act as set forth herein.

EMERGENCY RESERVE FUND

For the emergency reserve fund established under section 450A(a) of the District of Columbia Home Rule Act, the amount provided for fiscal year 2001 under such section, to be derived from local funds.

REPAYMENT OF LOANS AND INTEREST

For payment of principal, interest and certain fees directly resulting from borrowing by the District of Columbia to fund District of Columbia capital projects as authorized by sections 462, 475, and 490 of the District of Columbia Home Rule Act, approved December 24, 1973, $243,238,000 from local funds: Provided, That any funds set aside pursuant to section 148 of the District of Columbia Appropriations Act, 2000 (Public Law 106–113; 113 Stat. 1523) that are not used in the reserve funds established herein shall be used for Pay-As-You-Go Capital Funds: Provided further, That for equipment leases, the Mayor may finance $19,232,000 of equipment cost, plus cost of issuance not to exceed 2 percent of the par amount being financed on a lease purchase basis with a maturity not to exceed 5 years: Provided further, That $2,000,000 is allocated to the Metropolitan Police Department, $4,300,000 for the Fire and Emergency Medical Services Department, $1,622,000 for the Public Library, $2,010,000 for the Department of Parks and Recreation, $7,500,000 for the Department of Public Works, and $1,800,000 for the Public Benefit Corporation.

REPAYMENT OF GENERAL FUND RECOVERY DEBT

For the purpose of eliminating the $331,589,000 general fund accumulated deficit as of September 30, 1990, $39,300,000 from local funds, as authorized by section 461(a) of the District of Columbia Home Rule Act, (105 Stat. 540; D.C. Code, sec. 47–321(a)(1)).

PAYMENT OF INTEREST ON SHORT-TERM BORROWING

For payment of interest on short-term borrowing, $1,140,000 from local funds.

PRESIDENTIAL INAUGURATION

For reimbursement for necessary expenses incurred in connection with Presidential inauguration activities as authorized by section 737(b) of the District of Columbia Home Rule Act, Public Law 93–198, as amended, approved December 24, 1973 (87 Stat. 824; D.C. Code, sec. 1–1803), $5,961,000 from local funds, previously appropriated in this Act as a Federal payment, which shall be apportioned by the Chief Financial Officer within the various appropriation headings in this Act.

CERTIFICATES OF PARTICIPATION

For lease payments in accordance with the Certificates of Participation involving the land site underlying the building located at One Judiciary Square, $7,950,000 from local funds.

WILSON BUILDING

For expenses associated with the John A. Wilson Building, $8,409,000 from local funds.

OPTICAL AND DENTAL INSURANCE PAYMENTS

For optical and dental insurance payments, $2,675,000 from local funds.

MANAGEMENT SUPERVISORY SERVICE

For management supervisory service, $13,200,000 from local funds, to be transferred by the Mayor of the District of Columbia among the various appropriation headings in this Act for which employees are properly payable.

TOBACCO SETTLEMENT TRUST FUND TRANSFER PAYMENT

Subject to the issuance of bonds to pay the purchase price of the District of Columbia's right, title and interest in and to the Master Settlement Agreement, and consistent with the Tobacco Settlement Financing and Trust Fund Amendment Act of 2000, there is transferred the amount available pursuant thereto, but not to exceed $61,406,000, to the Tobacco Settlement Trust Fund established pursuant to section 2302 of the Tobacco Settlement Trust Fund Establishment Act of 1999, effective October 20, 1999 (D.C. Law 13–38; to be codified at D.C. Code, sec. 6–135), to be spent pursuant to local law.

OPERATIONAL IMPROVEMENTS SAVINGS (INCLUDING MANAGED COMPETITION)

The Mayor and the Council, in consultation with the Chief Financial Officer and the District of Columbia Financial Responsibility and Management Assistance Authority, shall make reductions of $10,000,000 for operational improvements savings in local funds to one or more of the appropriation headings in this Act.

MANAGEMENT REFORM SAVINGS

The Mayor and the Council, in consultation with the Chief Financial Officer and the District of Columbia Financial Responsibility and Management Assistance Authority, shall make reductions of $37,000,000 for management reform savings in local funds to one or more of the appropriation headings in this Act.

CAFETERIA PLAN SAVINGS

For the implementation of a Cafeteria Plan pursuant to Federal law, a reduction of $5,000,000 in local funds.

ENTERPRISE AND OTHER FUNDS

WATER AND SEWER AUTHORITY AND THE WASHINGTON AQUEDUCT

For operation of the Water and Sewer Authority and the Washington Aqueduct, $275,705,000 from other funds (including $230,614,000 for the Water and Sewer Authority and $45,091,000 for the Washington Aqueduct) of which $41,503,000 shall be apportioned and payable to the District's debt service fund for repayment of loans and interest incurred for capital improvement projects.

For construction projects, $140,725,000, as authorized by the Act entitled ''An Act authorizing the laying of watermains and service sewers in the District of Columbia, the levying of assessments therefor, and for other purposes'' (33 Stat. 244; Public Law 58–140; D.C. Code, sec. 43–1512 et seq.): Provided, That the requirements and restrictions that are applicable to general fund capital improvements projects and set forth in this Act under the Capital Outlay appropriation title shall apply to projects approved under this appropriation title.

LOTTERY AND CHARITABLE GAMES ENTERPRISE FUND

For the Lottery and Charitable Games Enterprise Fund, established by the District of Columbia Appropriation Act for the fiscal year ending September 30, 1982 (95 Stat. 1174, 1175; Public Law 97–91), for the purpose of implementing the Law to Legalize Lotteries, Daily Numbers Games, and Bingo and Raffles for Charitable Purposes in the District of Columbia (D.C. Law 3–172; D.C. Code, sec. 2–2501 et seq. and sec. 22–1516 et seq.), $223,200,000: Provided, That the District of Columbia shall identify the source of funding for this appropriation title from the District's own locally generated revenues: Provided further, That no revenues from Federal sources shall be used to support the operations or activities of the Lottery and Charitable Games Control Board.

SPORTS AND ENTERTAINMENT COMMISSION

For the Sports and Entertainment Commission, $10,968,000 from other funds: Provided, That the Mayor shall submit a budget for the Armory Board for the forthcoming fiscal year as required by section 442(b) of the District of Columbia Home Rule Act (87 Stat. 824; Public Law 93–198; D.C. Code, sec. 47–301(b)).

DISTRICT OF COLUMBIA HEALTH AND HOSPITALS PUBLIC BENEFIT CORPORATION

(INCLUDING TRANSFER OF FUNDS)

For the District of Columbia Health and Hospitals Public Benefit Corporation, established by D.C. Law 11–212 (D.C. Code, sec. 32–262.2), $123,548,000, of which $45,313,000 shall be derived by transfer from the general fund, and $78,235,000 from other funds: Provided, That no appropriated amounts and no amounts from or guaranteed by the District of Columbia government (including the District of Columbia Financial Responsibility and Management Assistance Authority) may be made available to the Corporation (through reprogramming, transfers, loans, or any other mechanism) which are not otherwise provided for under this heading until a restructuring plan for D.C. General Hospital has been approved by the Mayor of the District of Columbia, the Council of the District of Columbia, the Authority, the Chief Financial Officer of the District of Columbia, and the Chair of the Board of Directors of the Corporation: Provided further, That for each payment or group of payments made by or on behalf of the Corporation, the Chief Financial Officer of the District of Columbia shall sign an affidavit certifying that the making of the payment does not constitute a violation of any provision of subchapter III of chapter 13 of title 31, United States Code, or of any provision of this Act: Provided further, That more than one payment may be covered by the same affidavit under the previous proviso, but a single affidavit may not cover more than one week's worth of payments: Provided further, That it shall be unlawful for any person to order any other person to sign any affidavit required under this heading, or for any person to provide any signature required under this heading on such an affidavit by proxy or by machine, computer, or other facsimile device.

DISTRICT OF COLUMBIA RETIREMENT BOARD

For the District of Columbia Retirement Board, established by section 121 of the District of Columbia Retirement Reform Act of 1979 (93 Stat. 866; D.C. Code, sec. 1–711), $11,414,000 from the earnings of the applicable retirement funds to pay legal, management, investment, and other fees and administrative expenses of the District of Columbia Retirement Board: Provided, That the District of Columbia Retirement Board shall provide to the Congress and to the Council of the District of Columbia a quarterly report of the allocations of charges by fund and of expenditures of all funds: Provided further, That the District of Columbia Retirement Board shall provide the Mayor, for transmittal to the Council of the District of Columbia, an itemized accounting of the planned use of appropriated funds in time for each annual budget submission and the actual use of such funds in time for each annual audited financial report.

CORRECTIONAL INDUSTRIES FUND

For the Correctional Industries Fund, established by the District of Columbia Correctional Industries Establishment Act (78 Stat. 1000; Public Law 88–622), $1,808,000 from other funds.

WASHINGTON CONVENTION CENTER ENTERPRISE FUND

For the Washington Convention Center Enterprise Fund, $52,726,000 from other funds.

CAPITAL OUTLAY

(INCLUDING RESCISSIONS)

For construction projects, an increase of $1,077,282,000 of which $806,787,000 is from local funds, $66,446,000 is from highway trust funds, and $204,049,000 is from Federal funds, and a rescission of $55,208,000 from local funds appropriated under this heading in prior fiscal years, for a net amount of $1,022,074,000 to remain available until expended: Provided, That funds for use of each capital project implementing agency shall be managed and controlled in accordance with all procedures and limitations established under the Financial Management System: Provided further, That all funds provided by this appropriation title shall be available only for the specific projects and purposes intended: Provided further, That notwithstanding the foregoing, all authorizations for capital outlay projects, except those projects covered by the first sentence of section 23(a) of the Federal Aid Highway Act of 1968 (82 Stat. 827; Public Law 90–495; D.C. Code, sec. 7–134, note), for which funds are provided by this appropriation title, shall expire on September 30, 2002, except authorizations for projects as to which funds have been obligated in whole or in part prior to September 30, 2002: Provided further, That upon expiration of any such project authorization, the funds provided herein for the project shall lapse.

GENERAL PROVISIONS

SEC. 101. Whenever in this Act, an amount is specified within an appropriation for particular purposes or objects of expenditure, such amount, unless otherwise specified, shall be considered as the maximum amount that may be expended for said purpose or object rather than an amount set apart exclusively therefor.

SEC. 102. Appropriations in this Act shall be available for expenses of travel and for the payment of dues of organizations concerned with the work of the District of Columbia government, when authorized by the Mayor: Provided, That in the case of the Council of the District of Columbia, funds may be expended with the authorization of the chair of the Council.

SEC. 103. There are appropriated from the applicable funds of the District of Columbia such sums as may be necessary for making refunds and for the payment of judgments that have been entered against the District of Columbia government: Provided, That nothing contained in this section shall be construed as modifying or affecting the provisions of section 11(c)(3) of title XII of the District of Columbia Income and Franchise Tax Act of 1947 (70 Stat. 78; Public Law 84–460; D.C. Code, sec. 47–1812.11(c)(3)).

SEC. 104. (a) REQUIRING MAYOR TO MAINTAIN INDEX.—Effective with respect to fiscal year 2001 and each succeeding fiscal year, the Mayor of the District of Columbia shall maintain an index of all employment personal services and consulting contracts in effect on behalf of the District government, and shall include in the index specific information on any severance clause in effect under any such contract.

(b) PUBLIC INSPECTION.—The index maintained under subsection (a) shall be kept available for public inspection during regular business hours.

(c) CONTRACTS EXEMPTED.—Subsection (a) shall not apply with respect to any collective bargaining agreement or any contract entered into pursuant to such a collective bargaining agreement.

(d) DISTRICT GOVERNMENT DEFINED.—In this section, the term ''District government'' means the government of the District of Columbia, including—

(1) any department, agency or instrumentality of the government of the District of Columbia;

(2) any independent agency of the District of Columbia established under part F of title IV of the District of Columbia Home Rule Act or any other agency, board, or commission established by the Mayor or the Council;

(3) the Council of the District of Columbia;

(4) any other agency, public authority, or public benefit corporation which has the authority to receive monies directly or indirectly from the District of Columbia (other than monies received from the sale of goods, the provision of services, or the loaning of funds to the District of Columbia); and

(5) the District of Columbia Financial Responsibility and Management Assistance Authority.

(e) No payment shall be made pursuant to any such contract subject to subsection (a), nor any severance payment made under such contract, if a copy of the contract has not been filed in the index. Interested parties may file copies of their contract or severance agreement in the index on their own behalf.

SEC. 105. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

SEC. 106. No funds appropriated in this Act for the District of Columbia government for the operation of educational institutions, the compensation of personnel, or for other educational purposes may be used to permit, encourage, facilitate, or further partisan political activities. Nothing herein is intended to prohibit the availability of school buildings for the use of any community or partisan political group during non-school hours.

SEC. 107. None of the funds appropriated in this Act shall be made available to pay the salary of any employee of the District of Columbia government whose name, title, grade, salary, past work experience, and salary history are not available for inspection by the House and Senate Committees on Appropriations, the House Committee on Government Reform, the Senate Committee on Governmental Affairs, and the Council of the District of Columbia, or their duly authorized representative.

SEC. 108. There are appropriated from the applicable funds of the District of Columbia such sums as may be necessary for making payments authorized by the District of Columbia Revenue Recovery Act of 1977 (D.C. Law 2–20; D.C. Code, sec. 47–421 et seq.).

SEC. 109. No part of this appropriation shall be used for publicity or propaganda purposes or implementation of any policy including boycott designed to support or defeat legislation pending before Congress or any State legislature.

SEC. 110. At the start of the fiscal year, the Mayor shall develop an annual plan, by quarter and by project, for capital outlay borrowings: Provided, That within a reasonable time after the close of each quarter, the Mayor shall report to the Council of the District of Columbia and the Congress the actual borrowings and spending progress compared with projections.

SEC. 111. (a) None of the funds provided under this Act to the agencies funded by this Act, both Federal and District government agencies, that remain available for obligation or expenditure in fiscal year 2001, or provided from any accounts in the Treasury of the United States derived by the collection of fees available to the agencies funded by this Act, shall be available for obligation or expenditure for an agency through a reprogramming of funds which: (1) creates new programs; (2) eliminates a program, project, or responsibility center; (3) establishes or changes allocations specifically denied, limited or increased by Congress in this Act; (4) increases funds or personnel by any means for any program, project, or responsibility center for which funds have been denied or restricted; (5) reestablishes through reprogramming any program or project previously deferred through reprogramming; (6) augments existing programs, projects, or responsibility centers through a reprogramming of funds in excess of $1,000,000 or 10 percent, whichever is less; or (7) increases by 20 percent or more personnel assigned to a specific program, project or responsibility center; unless the Committees on Appropriations of both the Senate and House of Representatives are notified in writing 30 days in advance of any reprogramming as set forth in this section.

(b) None of the local funds contained in this Act may be available for obligation or expenditure for an agency through a reprogramming of funds which transfers any local funds from one appropriation to another unless the Committees on Appropriations of the Senate and House of Representatives are notified in writing 30 days in advance of the transfer, except that in no event may the amount of any funds transferred exceed two percent of the local funds in the appropriation.

SEC. 112. Consistent with the provisions of 31 U.S.C. 1301(a), appropriations under this Act shall be applied only to the objects for which the appropriations were made except as otherwise provided by law.

SEC. 113. Notwithstanding any other provisions of law, the provisions of the District of Columbia Government Comprehensive Merit Personnel Act of 1978 (D.C. Law 2–139; D.C. Code, sec. 1–601.1 et seq.), enacted pursuant to section 422(3) of the District of Columbia Home Rule Act (87 Stat. 790; Public Law 93–198; D.C. Code, sec. 1–242(3)), shall apply with respect to the compensation of District of Columbia employees: Provided, That for pay purposes, employees of the District of Columbia government shall not be subject to the provisions of title 5, United States Code.

SEC. 114. No later than 30 days after the end of the first quarter of the fiscal year ending September 30, 2001, the Mayor of the District of Columbia shall submit to the Council of the District of Columbia the new fiscal year 2001 revenue estimates as of the end of the first quarter of fiscal year 2001. These estimates shall be used in the budget request for the fiscal year ending September 30, 2002. The officially revised estimates at midyear shall be used for the midyear report.

SEC. 115. No sole source contract with the District of Columbia government or any agency thereof may be renewed or extended without opening that contract to the competitive bidding process as set forth in section 303 of the District of Columbia Procurement Practices Act of 1985 (D.C. Law 6–85; D.C. Code, sec. 1–1183.3), except that the District of Columbia government or any agency thereof may renew or extend sole source contracts for which competition is not feasible or practical: Provided, That the determination as to whether to invoke the competitive bidding process has been made in accordance with duly promulgated rules and procedures and said determination has been reviewed and approved by the District of Columbia Financial Responsibility and Management Assistance Authority.

SEC. 116. For purposes of the Balanced Budget and Emergency Deficit Control Act of 1985 (99 Stat. 1037; Public Law 99–177), the term ''program, project, and activity'' shall be synonymous with and refer specifically to each account appropriating Federal funds in this Act, and any sequestration order shall be applied to each of the accounts rather than to the aggregate total of those accounts: Provided, That sequestration orders shall not be applied to any account that is specifically exempted from sequestration by the Balanced Budget and Emergency Deficit Control Act of 1985.

SEC. 117. In the event a sequestration order is issued pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 (99 Stat. 1037: Public Law 99–177), after the amounts appropriated to the District of Columbia for the fiscal year involved have been paid to the District of Columbia, the Mayor of the District of Columbia shall pay to the Secretary of the Treasury, within 15 days after receipt of a request therefor from the Secretary of the Treasury, such amounts as are sequestered by the order: Provided, That the sequestration percentage specified in the order shall be applied proportionately to each of the Federal appropriation accounts in this Act that are not specifically exempted from sequestration by such Act.

SEC. 118. ACCEPTANCE AND USE OF GIFTS. (a) APPROVAL BY MAYOR.—

(1) IN GENERAL.—An entity of the District of Columbia government may accept and use a gift or donation during fiscal year 2001 if—

(A) the Mayor approves the acceptance and use of the gift or donation (except as provided in paragraph (2)); and

(B) the entity uses the gift or donation to carry out its authorized functions or duties.

(2) EXCEPTION FOR COUNCIL AND COURTS.—The Council of the District of Columbia and the District of Columbia courts may accept and use gifts without prior approval by the Mayor.

(b) RECORDS AND PUBLIC INSPECTION.—Each entity of the District of Columbia government shall keep accurate and detailed records of the acceptance and use of any gift or donation under subsection (a), and shall make such records available for audit and public inspection.

(c) INDEPENDENT AGENCIES INCLUDED.—For the purposes of this section, the term ''entity of the District of Columbia government'' includes an independent agency of the District of Columbia.

(d) EXCEPTION FOR BOARD OF EDUCATION.—This section shall not apply to the District of Columbia Board of Education, which may, pursuant to the laws and regulations of the District of Columbia, accept and use gifts to the public schools without prior approval by the Mayor.

SEC. 119. None of the Federal funds provided in this Act may be used by the District of Columbia to provide for salaries, expenses, or other costs associated with the offices of United States Senator or United States Representative under section 4(d) of the District of Columbia Statehood Constitutional Convention Initiatives of 1979 (D.C. Law 3–171; D.C. Code, sec. 1–113(d)).

SEC. 120. (a) MODIFICATION OF CONTRACTING REQUIREMENTS.—

(1) CONTRACTS SUBJECT TO NOTICE REQUIREMENTS.—Section 2204(c)(1)(A) of the District of Columbia School Reform Act (sec. 31–2853.14(c)(1)(A), D.C. Code) is amended to read as follows:

''(A) NOTICE REQUIREMENT FOR PROCUREMENT CONTRACTS.—

''(i) IN GENERAL.—Except in the case of an emergency (as determined by the eligible chartering authority of a public charter school), with respect to any procurement contract proposed to be awarded by the public charter school and having a value equal to or exceeding $25,000, the school shall publish a notice of a request for proposals in the District of Columbia Register and newspapers of general circulation not less than 7 days prior to the award of the contract.

''(ii) EXCEPTION FOR CERTAIN CONTRACTS.—The notice requirement of clause (i) shall not apply with respect to any contract for the lease or purchase of real property by a public charter school, any employment contract for a staff member of a public charter school, or any management contract entered into by a public charter school and the management company designated in its charter or its petition for a revised charter.''.

(2) SUBMISSION OF CONTRACTS TO ELIGIBLE CHARTERING AUTHORITY.—Section 2204(c)(1)(B) of such Act (sec. 31–2853.14(c)(1)(B), D.C. Code) is amended—

(A) in the heading, by striking ''AUTHORITY'' and inserting ''ELIGIBLE CHARTERING AUTHORITY'';

(B) in clause (i), by striking ''Authority'' and inserting ''eligible chartering authority''; and

(C) by amending clause (ii) to read as follows:

''(ii) EFFECTIVE DATE OF CONTRACT.—A contract described in subparagraph (A) shall become effective on the date that is 10 days after the date the school makes the submission under clause (i) with respect to the contract, or the effective date specified in the contract, whichever is later.''.

(b) CLARIFICATION OF APPLICATION OF SCHOOL REFORM ACT.—

(1) WAIVER OF DUPLICATE AND CONFLICTING PROVISIONS.—Section 2210 of such Act (sec. 31–2853.20, D.C. Code) is amended by adding at the end the following new subsection:

''(d) WAIVER OF APPLICATION OF DUPLICATE AND CONFLICTING PROVISIONS.—Notwithstanding any other provision of law, and except as otherwise provided in this title, no provision of any law regarding the establishment, administration, or operation of public charter schools in the District of Columbia shall apply with respect to a public charter school or an eligible chartering authority to the extent that the provision duplicates or is inconsistent with any provision of this title.''.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall take effect as if included in the enactment of the District of Columbia School Reform Act of 1995.

(c) LICENSING REQUIREMENTS FOR PRESCHOOL OR PREKINDERGARTEN PROGRAMS.—

(1) IN GENERAL.—Section 2204(c) of such Act (sec. 31–2853.14(c), D.C. Code) is amended by adding at the end the following new paragraph:

''(18) LICENSING AS CHILD DEVELOPMENT CENTER.—A public charter school which offers a preschool or prekindergarten program shall be subject to the same child care licensing requirements (if any) which apply to a District of Columbia public school which offers such a program.''.

(2) CONFORMING AMENDMENTS.—(A) Section 2202 of such Act (sec. 31–2853.12, D.C. Code) is amended by striking clause (17).

(B) Section 2203(h)(2) of such Act (sec. 31–2853.13(h)(2), D.C. Code) is amended by striking ''(17),''.

(d) Section 2403 of the District of Columbia School Reform Act of 1995 (sec. 31–2853.43, D.C. Code) is amended by adding at the end the following new subsection:

''(c) ASSIGNMENT OF PAYMENTS.—A public charter school may assign any payments made to the school under this section to a financial institution for use as collateral to secure a loan or for the repayment of a loan.''.

(e) Section 2210 of the District of Columbia School Reform Act of 1995 (sec. 31–2853.20, D.C. Code), as amended by subsection (b), is further amended by adding at the end the following new subsection:

''(e) PARTICIPATION IN GSA PROGRAMS.—

''(1) IN GENERAL.—Notwithstanding any provision of this Act or any other provision of law, a public charter school may acquire goods and services through the General Services Administration and may participate in programs of the Administration in the same manner and to the same extent as any entity of the District of Columbia government.

''(2) PARTICIPATION BY CERTAIN ORGANIZATIONS.—A public charter school may delegate to a nonprofit, tax-exempt organization in the District of Columbia the public charter school's authority under paragraph (1).''.

SEC. 121. REPORTING REQUIREMENTS FOR THE DISTRICT OF COLUMBIA PUBLIC SCHOOLS AND THE UNIVERSITY OF THE DISTRICT OF COLUMBIA. (a) The Superintendent of the District of Columbia Public Schools (DCPS) and the University of the District of Columbia (UDC) shall each submit to the Committees on Appropriations of the House of Representatives and Senate, the Committee on Government Reform of the House of Representatives, and the Committee on Governmental Affairs of the Senate no later than 15 calendar days after the end of each quarter a report that sets forth—

(1) current quarter expenditures and obligations, year-to-date expenditures and obligations, and total fiscal year expenditure projections versus budget broken out on the basis of control center, responsibility center, and object class, and for all funds, non-appropriated funds, and capital financing;

(2) a list of each account for which spending is frozen and the amount of funds frozen, broken out by control center, responsibility center, detailed object, and for all funding sources;

(3) a list of all active contracts in excess of $10,000 annually, which contains the name of each contractor; the budget to which the contract is charged, broken out on the basis of control center, responsibility center, and agency reporting code; and contract identifying codes used by DCPS and UDC; payments made in the last quarter and year-to-date, the total amount of the contract and total payments made for the contract and any modifications, extensions, renewals; and specific modifications made to each contract in the last month;

(4) all reprogramming requests and reports that are required to be, and have been, submitted to the Board of Education;

(5) all reprogramming requests and reports that have been made by UDC within the last quarter in compliance with applicable law; and

(6) changes made in the last quarter to the organizational structure of DCPS and UDC, displaying for each entity previous and current control centers and responsibility centers, the names of the organizational entities that have been changed, the name of the staff member supervising each entity affected, and the reasons for the structural change.

(b) The Superintendent of DCPS and UDC shall annually compile an accurate and verifiable report on the positions and employees in the public school system and the university, respectively. The annual report shall—

(1) set forth the number of validated schedule A positions in the District of Columbia public schools and UDC for fiscal year 2001, and thereafter on full-time equivalent basis, including a compilation of all positions by control center, responsibility center, funding source, position type, position title, pay plan, grade, and annual salary;

(2) set forth a compilation of all employees in the District of Columbia public schools and UDC as of the preceding December 31, verified as to its accuracy in accordance with the functions that each employee actually performs, by control center, responsibility center, agency reporting code, program (including funding source), activity, location for accounting purposes, job title, grade and classification, annual salary, and position control number; and

(3) be submitted to the Congress, the Mayor, the District of Columbia Council, the Consensus Commission, and the Authority, not later than February 15 of each year.

(c) No later than November 1, 2000, or within 30 calendar days after the date of the enactment of this Act, whichever occurs later, and each succeeding year, the Superintendent of DCPS and UDC shall submit to the appropriate congressional committees, the Mayor, the District of Columbia Council, the Consensus Commission, and the District of Columbia Financial Responsibility and Management Assistance Authority, a revised appropriated funds operating budget for the public school system and UDC for such fiscal year: (1) that is in the total amount of the approved appropriation and that realigns budgeted data for personal services and other-than-personal services, respectively, with anticipated actual expenditures; and (2) that is in the format of the budget that the Superintendent of DCPS and UDC submit to the Mayor of the District of Columbia for inclusion in the Mayor's budget submission to the Council of the District of Columbia pursuant to section 442 of the District of Columbia Home Rule Act (Public Law 93–198; D.C. Code, sec. 47–301).

SEC. 122. (a) None of the funds contained in this Act may be made available to pay the fees of an attorney who represents a party who prevails in an action or any attorney who defends any action, including an administrative proceeding, brought against the District of Columbia Public Schools under the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.) if—

(1) the hourly rate of compensation of the attorney exceeds 250 percent of the hourly rate of compensation under section 11–2604(a), District of Columbia Code; or

(2) the maximum amount of compensation of the attorney exceeds 250 percent of the maximum amount of compensation under section 11–2604(b)(1), District of Columbia Code, except that compensation and reimbursement in excess of such maximum may be approved for extended or complex representation in accordance with section 11–2604(c), District of Columbia Code; and

(3) in no case may the compensation limits in paragraphs (1) and (2) exceed $2,500.

(b) Notwithstanding the preceding subsection, if the Mayor and the Superintendent of the District of Columbia Public Schools concur in a Memorandum of Understanding setting forth a new rate and amount of compensation, then such new rates shall apply in lieu of the rates set forth in the preceding subsection to both the attorney who represents the prevailing party and the attorney who defends the action.

SEC. 123. None of the funds appropriated under this Act shall be expended for any abortion except where the life of the mother would be endangered if the fetus were carried to term or where the pregnancy is the result of an act of rape or incest.

SEC. 124. None of the funds made available in this Act may be used to implement or enforce the Health Care Benefits Expansion Act of 1992 (D.C. Law 9–114; D.C. Code, sec. 36–1401 et seq.) or to otherwise implement or enforce any system of registration of unmarried, cohabiting couples (whether homosexual, heterosexual, or lesbian), including but not limited to registration for the purpose of extending employment, health, or governmental benefits to such couples on the same basis that such benefits are extended to legally married couples.

SEC. 125. The District of Columbia Financial Responsibility and Management Assistance Authority, acting on behalf of the District of Columbia Public Schools (DCPS) in formulating the DCPS budget, the Board of Trustees of the University of the District of Columbia, the Board of Library Trustees, and the Board of Governors of the University of the District of Columbia School of Law shall vote on and approve the respective annual or revised budgets for such entities before submission to the Mayor of the District of Columbia for inclusion in the Mayor's budget submission to the Council of the District of Columbia in accordance with section 442 of the District of Columbia Home Rule Act (Public Law 93–198; D.C. Code, sec. 47–301), or before submitting their respective budgets directly to the Council.

SEC. 126. (a) ACCEPTANCE AND USE OF GRANTS NOT INCLUDED IN CEILING.—

(1) IN GENERAL.—Notwithstanding any other provision of this Act, the Mayor, in consultation with the Chief Financial Officer, during a control year, as defined in section 305(4) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995 (Public Law 104–8; 109 Stat. 152), may accept, obligate, and expend Federal, private, and other grants received by the District government that are not reflected in the amounts appropriated in this Act.

(2) REQUIREMENT OF CHIEF FINANCIAL OFFICER REPORT AND AUTHORITY APPROVAL.—No such Federal, private, or other grant may be accepted, obligated, or expended pursuant to paragraph (1) until—

(A) the Chief Financial Officer of the District of Columbia submits to the Authority a report setting forth detailed information regarding such grant; and

(B) the Authority has reviewed and approved the acceptance, obligation, and expenditure of such grant in accordance with review and approval procedures consistent with the provisions of the District of Columbia Financial Responsibility and Management Assistance Act of 1995.

(3) PROHIBITION ON SPENDING IN ANTICIPATION OF APPROVAL OR RECEIPT.—No amount may be obligated or expended from the general fund or other funds of the District government in anticipation of the approval or receipt of a grant under paragraph (2)(B) of this subsection or in anticipation of the approval or receipt of a Federal, private, or other grant not subject to such paragraph.

(4) QUARTERLY REPORTS.—The Chief Financial Officer of the District of Columbia shall prepare a quarterly report setting forth detailed information regarding all Federal, private, and other grants subject to this subsection. Each such report shall be submitted to the Council of the District of Columbia, and to the Committees on Appropriations of the House of Representatives and the Senate, not later than 15 days after the end of the quarter covered by the report.

(b) REPORT ON EXPENDITURES BY FINANCIAL RESPONSIBILITY AND MANAGEMENT ASSISTANCE AUTHORITY.—Not later than 20 calendar days after the end of each fiscal quarter starting October 1, 2000, the Authority shall submit a report to the Committees on Appropriations of the House of Representatives and the Senate, the Committee on Government Reform of the House, and the Committee on Governmental Affairs of the Senate providing an itemized accounting of all non-appropriated funds obligated or expended by the Authority for the quarter. The report shall include information on the date, amount, purpose, and vendor name, and a description of the services or goods provided with respect to the expenditures of such funds.

SEC. 127. If a department or agency of the government of the District of Columbia is under the administration of a court-appointed receiver or other court-appointed official during fiscal year 2001 or any succeeding fiscal year, the receiver or official shall prepare and submit to the Mayor, for inclusion in the annual budget of the District of Columbia for the year, annual estimates of the expenditures and appropriations necessary for the maintenance and operation of the department or agency. All such estimates shall be forwarded by the Mayor to the Council, for its action pursuant to sections 446 and 603(c) of the District of Columbia Home Rule Act, without revision but subject to the Mayor's recommendations. Notwithstanding any provision of the District of Columbia Home Rule Act (87 Stat. 774; Public Law 93–198), the Council may comment or make recommendations concerning such annual estimates but shall have no authority under such Act to revise such estimates.

SEC. 128. (a) RESTRICTIONS ON USE OF OFFICIAL VEHICLES.—Except as otherwise provided in this section, none of the funds made available by this Act or by any other Act may be used to provide any officer or employee of the District of Columbia with an official vehicle unless the officer or employee uses the vehicle only in the performance of the officer's or employee's official duties. For purposes of this paragraph, the term ''official duties'' does not include travel between the officer's or employee's residence and workplace (except: (1) in the case of an officer or employee of the Metropolitan Police Department who resides in the District of Columbia or is otherwise designated by the Chief of the Department; (2) at the discretion of the Fire Chief, an officer or employee of the District of Columbia Fire and Emergency Medical Services Department who resides in the District of Columbia and is on call 24 hours a day; (3) the Mayor of the District of Columbia; and (4) the Chairman of the Council of the District of Columbia).

(b) INVENTORY OF VEHICLES.—The Chief Financial Officer of the District of Columbia shall submit, by November 15, 2000, an inventory, as of September 30, 2000, of all vehicles owned, leased or operated by the District of Columbia government. The inventory shall include, but not be limited to, the department to which the vehicle is assigned; the year and make of the vehicle; the acquisition date and cost; the general condition of the vehicle; annual operating and maintenance costs; current mileage; and whether the vehicle is allowed to be taken home by a District officer or employee and if so, the officer or employee's title and resident location.

SEC. 129. (a) SOURCE OF PAYMENT FOR EMPLOYEES DETAILED WITHIN GOVERNMENT.—For purposes of determining the amount of funds expended by any entity within the District of Columbia government during fiscal year 2001 and each succeeding fiscal year, any expenditures of the District government attributable to any officer or employee of the District government who provides services which are within the authority and jurisdiction of the entity (including any portion of the compensation paid to the officer or employee attributable to the time spent in providing such services) shall be treated as expenditures made from the entity's budget, without regard to whether the officer or employee is assigned to the entity or otherwise treated as an officer or employee of the entity.

(b) MODIFICATION OF REDUCTION IN FORCE PROCEDURES.—Section 2408 of the District of Columbia Government Comprehensive Merit Personnel Act of 1978, effective March 3, 1979 (D.C. Law 2–139; D.C. Code, sec. 1–625.7), is amended as follows:

(1) Subsection (a) is amended by striking ''September 30, 2000'' and inserting ''September 30, 2000, and each subsequent fiscal year''.

(2) Subsection (b) is amended by striking ''Prior to February 1, 2000'' and inserting ''Prior to February 1 of each year''.

(3) Subsection (i) is amended by striking ''March 1, 2000'' and inserting ''March 1 of each year''.

(4) Subsection (k) is amended by striking ''September 1, 2000'' and inserting ''September 1 of each year''.

(c) No officer or employee of the District of Columbia government (including any independent agency of the District but excluding the District of Columbia Financial Responsibility and Management Assistance Authority, the Metropolitan Police Department, and the Office of the Chief Technology Officer) may enter into an agreement in excess of $2,500 for the procurement of goods or services on behalf of any entity of the District government until the officer or employee has conducted an analysis of how the procurement of the goods and services involved under the applicable regulations and procedures of the District government would differ from the procurement of the goods and services involved under the Federal supply schedule and other applicable regulations and procedures of the General Services Administration, including an analysis of any differences in the costs to be incurred and the time required to obtain the goods or services.

SEC. 130. Notwithstanding any other provision of law, not later than 120 days after the date that a District of Columbia Public Schools (DCPS) student is referred for evaluation or assessment—

(1) the District of Columbia Board of Education, or its successor, and DCPS shall assess or evaluate a student who may have a disability and who may require special education services; and

(2) if a student is classified as having a disability, as defined in section 101(a)(1) of the Individuals with Disabilities Education Act (84 Stat. 175; 20 U.S.C. 1401(a)(1)) or in section 7(8) of the Rehabilitation Act of 1973 (87 Stat. 359; 29 U.S.C. 706(8)), the Board and DCPS shall place that student in an appropriate program of special education services.

SEC. 131. (a) COMPLIANCE WITH BUY AMERICAN ACT.—None of the funds made available in this Act may be expended by an entity unless the entity agrees that in expending the funds the entity will comply with the Buy American Act (41 U.S.C. 10a–10c).

(b) SENSE OF THE CONGRESS; REQUIREMENT REGARDING NOTICE.—

(1) PURCHASE OF AMERICAN-MADE EQUIPMENT AND PRODUCTS.—In the case of any equipment or product that may be authorized to be purchased with financial assistance provided using funds made available in this Act, it is the sense of the Congress that entities receiving the assistance should, in expending the assistance, purchase only American-made equipment and products to the greatest extent practicable.

(2) NOTICE TO RECIPIENTS OF ASSISTANCE.—In providing financial assistance using funds made available in this Act, the head of each agency of the Federal or District of Columbia government shall provide to each recipient of the assistance a notice describing the statement made in paragraph (1) by the Congress.

(c) PROHIBITION OF CONTRACTS WITH PERSONS FALSELY LABELING PRODUCTS AS MADE IN AMERICA.—If it has been finally determined by a court or Federal agency that any person intentionally affixed a label bearing a ''Made in America'' inscription, or any inscription with the same meaning, to any product sold in or shipped to the United States that is not made in the United States, the person shall be ineligible to receive any contract or subcontract made with funds made available in this Act, pursuant to the debarment, suspension, and ineligibility procedures described in sections 9.400 through 9.409 of title 48, Code of Federal Regulations.

SEC. 132. None of the funds contained in this Act may be used for purposes of the annual independent audit of the District of Columbia government (including the District of Columbia Financial Responsibility and Management Assistance Authority) for fiscal year 2001 unless—

(1) the audit is conducted by the Inspector General of the District of Columbia pursuant to section 208(a)(4) of the District of Columbia Procurement Practices Act of 1985 (D.C. Code, sec. 1–1182.8(a)(4)); and

(2) the audit includes a comparison of audited actual year-end results with the revenues submitted in the budget document for such year and the appropriations enacted into law for such year.

SEC. 133. None of the funds contained in this Act may be used by the District of Columbia Corporation Counsel or any other officer or entity of the District government to provide assistance for any petition drive or civil action which

seeks to require Congress to provide for voting representation in Congress for the District of Columbia.

SEC. 134. None of the funds contained in this Act may be used to transfer or confine inmates classified above the medium security level, as defined by the Federal Bureau of Prisons classification instrument, to the Northeast Ohio Correctional Center located in Youngstown, Ohio.

SEC. 135. Subsection 3(e) of Public Law 104–21 (D.C. Code sec. 7–134.2(e)) is amended to read as follows:

''(e) INSPECTOR GENERAL AUDIT.—Not later than February 1, 2001, and each February 1 thereafter, the Inspector General of the District of Columbia shall audit the financial statements of the District of Columbia Highway Trust Fund for the preceding fiscal year and shall submit to Congress a report on the results of such audit. Not later than May 31, 2001, and each May 31 thereafter, the Inspector General shall examine the statements forecasting the conditions and operations of the Trust Fund for the next five fiscal years commencing on the previous October 1 and shall submit to Congress a report on the results of such examination.''.

SEC. 136. No later than November 1, 2000, or within 30 calendar days after the date of the enactment of this Act, whichever occurs later, the Chief Financial Officer of the District of Columbia shall submit to the appropriate committees of Congress, the Mayor, and the District of Columbia Financial Responsibility and Management Assistance Authority a revised appropriated funds operating budget in the format of the budget that the District of Columbia government submitted pursuant to section 442 of the District of Columbia Home Rule Act (Public Law 93–198; D.C. Code, sec. 47–301), for all agencies of the District of Columbia government for such fiscal year that is in the total amount of the approved appropriation and that realigns all budgeted data for personal services and other-than-personal-services, respectively, with anticipated actual expenditures.

SEC. 137. (a) None of the funds contained in this Act may be used for any program of distributing sterile needles or syringes for the hypodermic injection of any illegal drug.

(b) Any individual or entity who receives any funds contained in this Act and who carries out any program described in subsection (a) shall account for all funds used for such program separately from any funds contained in this Act.

SEC. 138. (a) RESTRICTIONS ON LEASES.—Upon the expiration of the 60-day period that begins on the date of the enactment of this Act, none of the funds contained in this Act may be used to make rental payments under a lease for the use of real property by the District of Columbia government (including any independent agency of the District) unless the lease and an abstract of the lease have been filed (by the District of Columbia or any other party to the lease) with the central office of the Deputy Mayor for Economic Development, in an indexed registry available for public inspection.

(b) ADDITIONAL RESTRICTIONS ON CURRENT LEASES.—

(1) IN GENERAL.—Upon the expiration of the 60-day period that begins on the date of the enactment of this Act, in the case of a lease described in paragraph (3), none of the funds contained in this Act may be used to make rental payments under the lease unless the lease is included in periodic reports submitted by the Mayor and Council of the District of Columbia to the Committees on Appropriations of the House of Representatives and Senate describing for each such lease the following information:

(A) The location of the property involved, the name of the owners of record according to the land records of the District of Columbia, the name of the lessors according to the lease, the rate of payment under the lease, the period of time covered by the lease, and the conditions under which the lease may be terminated.

(B) The extent to which the property is or is not occupied by the District of Columbia government as of the end of the reporting period involved.

(C) If the property is not occupied and utilized by the District government as of the end of the reporting period involved, a plan for occupying and utilizing the property (including construction or renovation work) or a status statement regarding any efforts by the District to terminate or renegotiate the lease.

(2) TIMING OF REPORTS.—The reports described in paragraph (1) shall be submitted for each calendar quarter (beginning with the quarter ending December 31, 2000) not later than 20 days after the end of the quarter involved, plus an initial report submitted not later than 60 days after the date of the enactment of this Act, which shall provide information as of the date of the enactment of this Act.

(3) LEASES DESCRIBED.—A lease described in this paragraph is a lease in effect as of the date of the enactment of this Act for the use of real property by the District of Columbia government (including any independent agency of the District) which is not being occupied by the District government (including any independent agency of the District) as of such date or during the 60-day period which begins on the date of the enactment of this Act.

SEC. 139. (a) MANAGEMENT OF EXISTING DISTRICT GOVERNMENT PROPERTY.—Upon the expiration of the 60-day period that begins on the date of the enactment of this Act, none of the funds contained in this Act may be used to enter into a lease (or to make rental payments under such a lease) for the use of real property by the District of Columbia government (including any independent agency of the District) or to purchase real property for the use of the District of Columbia government (including any independent agency of the District) or to manage real property for the use of the District of Columbia (including any independent agency of the District) unless the following conditions are met:

(1) The Mayor and Council of the District of Columbia certify to the Committees on Appropriations of the House of Representatives and Senate that existing real property available to the District (whether leased or owned by the District government) is not suitable for the purposes intended.

(2) Notwithstanding any other provisions of law, there is made available for sale or lease all real property of the District of Columbia that the Mayor from time-to-time determines is surplus to the needs of the District of Columbia, unless a majority of the members of the Council override the Mayor's determination during the 30-day period which begins on the date the determination is published.

(3) The Mayor and Council implement a program for the periodic survey of all District property to determine if it is surplus to the needs of the District.

(4) The Mayor and Council within 60 days of the date of the enactment of this Act have filed with the Committees on Appropriations of the House of Representatives and Senate, the Committee on Government Reform of the House of Representatives, and the Committee on Governmental Affairs of the Senate a report which provides a comprehensive plan for the management of District of Columbia real property assets, and are proceeding with the implementation of the plan.

(b) TERMINATION OF PROVISIONS.—If the District of Columbia enacts legislation to reform the practices and procedures governing the entering into of leases for the use of real property by the District of Columbia government and the disposition of surplus real property of the District government, the provisions of subsection (a) shall cease to be effective upon the effective date of the legislation.

SEC. 140. None of the funds contained in this Act may be used after the expiration of the 60-day period that begins on the date of the enactment of this Act to pay the salary of any chief financial officer of any office of the District of Columbia government (including the District of Columbia Financial Responsibility and Management Assistance Authority and any independent agency of the District) who has not filed a certification with the Mayor and the Chief Financial Officer of the District of Columbia that the officer understands the duties and restrictions applicable to the officer and the officer's agency as a result of this Act (and the amendments made by this Act), including any duty to prepare a report requested either in the Act or in any of the reports accompanying the Act and the deadline by which each report must be submitted, and the District's Chief Financial Officer shall provide to the Committees on Appropriations of the Senate and the House of Representatives by the 10th day after the end of each quarter a summary list showing each report, the due date and the date submitted to the Committees.

SEC. 141. The proposed budget of the government of the District of Columbia for fiscal year 2002 that is submitted by the District to Congress shall specify potential adjustments that might become necessary in the event that the operational improvements savings, including managed competition, and management reform savings achieved by the District during the year do not meet the level of management savings projected by the District under the proposed budget.

SEC. 142. In submitting any document showing the budget for an office of the District of Columbia government (including an independent agency of the District) that contains a category of activities labeled as ''other'', ''miscellaneous'', or a similar general, nondescriptive term, the document shall include a description of the types of activities covered in the category and a detailed breakdown of the amount allocated for each such activity.

SEC. 143. (a) None of the funds contained in this Act may be used to enact or carry out any law, rule, or regulation to legalize or otherwise reduce penalties associated with the possession, use, or distribution of any schedule I substance under the Controlled Substances Act (21 U.S.C. 802) or any tetrahydrocannabinols derivative.

(b) The Legalization of Marijuana for Medical Treatment Initiative of 1998, also known as Initiative 59, approved by the electors of the District of Columbia on November 3, 1998, shall not take effect.

SEC. 144. Notwithstanding any other provision of law, the Mayor of the District of Columbia is hereby solely authorized to allocate the District's limitation amount of qualified zone academy bonds (established pursuant to 26 U.S.C. 1397E) among qualified zone academies within the District.

SEC. 145. (a) Section 11232 of the Balanced Budget Act of 1997 (sec. 24–1232, D.C. Code) is amended—

(1) by redesignating subsections (f) through (i) as subsections (g) through (j); and

(2) by inserting after subsection (e) the following new subsection:

''(f) TREATMENT AS FEDERAL EMPLOYEES.—

''(1) IN GENERAL.—The Trustee and employees of the Trustee who are not covered under subsection (e) shall be treated as employees of the Federal Government solely for purposes of the following provisions of title 5, United States Code:

''(A) Chapter 83 (relating to retirement).

''(B) Chapter 84 (relating to the Federal Employees' Retirement System).

''(C) Chapter 87 (relating to life insurance).

''(D) Chapter 89 (relating to health insurance).

''(2) EFFECTIVE DATES OF COVERAGE.—The effective dates of coverage of the provisions of paragraph (1) are as follows:

''(A) In the case of the Trustee and employees of the Office of the Trustee and the Office of Adult Probation, August 5, 1997, or the date of appointment, whichever is later.

''(B) In the case of employees of the Office of Parole, October 11, 1998, or the date of appointment, whichever is later.

''(C) In the case of employees of the Pretrial Services Agency, January 3, 1999, or the date of appointment, whichever is later.

''(3) RATE OF CONTRIBUTIONS.—The Trustee shall make contributions under the provisions referred to in paragraph (1) at the same rates applicable to agencies of the Federal Government.

''(4) REGULATIONS.—The Office of Personnel Management shall issue such regulations as are necessary to carry out this subsection.''.

(b) The amendment made by subsection (a) shall take effect as if included in the enactment of title XI of the Balanced Budget Act of 1997.

SEC. 146. It is the sense of the Congress that the District of Columbia Financial Responsibility and Management Assistance Authority should quickly complete the sale of the Franklin School property, a property which has been vacant for over 20 years.

SEC. 147. Nothing in this Act may be construed to prevent the Council or Mayor of the District of Columbia from addressing the issue of the provision of contraceptive coverage by health insurance plans, but it is the intent of Congress that any legislation enacted on such issue should include a ''conscience clause'' which provides exceptions for religious beliefs and moral convictions.

SEC. 148. (a) Chapter 23 of title 11, District of Columbia, is hereby repealed.

(b) The table of chapters for title 11, District of Columbia, is amended by striking the item relating to chapter 23.

(c) The amendments made by this section shall take effect on the date on which legislation enacted by the Council of the District of Columbia to establish the Office of the Chief Medical Examiner in the executive branch of the government of the District of Columbia takes effect.

PROMPT PAYMENT OF APPOINTED COUNSEL

SEC. 149. (a) ASSESSMENT OF INTEREST FOR DELAYED PAYMENTS.—If the Superior Court of the District of Columbia or the District of Columbia Court of Appeals does not make a payment described in subsection (b) prior to the expiration of the 45-day period which begins on the date the Court receives a completed voucher for a claim for the payment, interest shall be assessed against the amount of the payment which would otherwise be made to take into account the period which begins on the day after the expiration of such 45-day period and which ends on the day the Court makes the payment.

(b) PAYMENTS DESCRIBED.—A payment described in this subsection is—

(1) a payment authorized under section 11–2604 and section 11–2605, D.C. Code (relating to representation provided under the District of Columbia Criminal Justice Act);

(2) a payment for counsel appointed in proceedings in the Family Division of the Superior Court of the District of Columbia under chapter 23 of title 16, D.C. Code; or

(3) a payment for counsel authorized under section 21–2060, D.C. Code (relating to representation provided under the District of Columbia Guardianship, Protective Proceedings, and Durable Power of Attorney Act of 1986).

(c) STANDARDS FOR SUBMISSION OF COMPLETED VOUCHERS.—The chief judges of the Superior Court of the District of Columbia and the District of Columbia Court of Appeals shall establish standards and criteria for determining whether vouchers submitted for claims for payments described in subsection (b) are complete, and shall publish and make such standards and criteria available to attorneys who practice before such Courts.

(d) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to require the assessment of interest against any claim (or portion of any claim) which is denied by the Court involved.

(e) EFFECTIVE DATE.—This section shall apply with respect to claims received by the Superior Court of the District of Columbia or the District of Columbia Court of Appeals after the expiration of the 90-day period which begins on the date of the enactment of this Act.

SEC. 150. (a) Effective 120 days after the date of the enactment of this Act, it shall be unlawful for any person to distribute any needle or syringe for the hypodermic injection of any illegal drug in any area of the District of Columbia which is within 1000 feet of a public or private elementary or secondary school (including a public charter school). It is stipulated that based on a survey by the Metropolitan Police Department of the District of Columbia that sites at 4th Street Northeast and Rhode Island Avenue Northeast, Southern Avenue Southeast and Central Avenue Southeast, 1st Street Southeast and M Street Southeast, 21st Street Northeast and H Street Northeast, Minnesota Avenue Northeast and Clay Place Northeast, and 15th Street Southeast and Ives Street Southeast are outside the 1000-foot perimeter. Sites at North Capitol Street and New York Avenue Northeast, Division Avenue Northeast and Foote Street Northeast, Georgia Avenue Northwest and New Hampshire Avenue Northwest, and 15th Street Northeast and A Street Northeast are found to be within the 1000-foot perimeter.

(b) The Public Housing Police of the District of Columbia Housing Authority shall prepare a monthly report on activity involving illegal drugs at or near any public housing site where a needle exchange program is conducted, and shall submit such reports to the Executive Director of the District of Columbia Housing Authority, who shall submit them to the Committees on Appropriations of the House of Representatives and Senate. The Executive Director shall ascertain any concerns of the residents of any public housing site about any needle exchange program conducted on or near the site, and this information shall be included in these reports. The District of Columbia Government shall take appropriate action to require relocation of any such program if so recommended by the police or by a significant number of residents of such site.

FEDERAL CONTRIBUTION FOR ENFORCEMENT OF LAW BANNING POSSESSION OF TOBACCO PRODUCTS BY MINORS

SEC. 151. (a) CONTRIBUTION.—There is hereby appropriated a Federal contribution of $100,000 to the Metropolitan Police Department of the District of Columbia, effective upon the enactment by the District of Columbia of a law which reads as follows:

"SECTION 1. BAN ON POSSESSION OF TOBACCO PRODUCTS BY MINORS.

''(a) IN GENERAL.—It shall be unlawful for any individual under 18 years of age to possess any cigarette or other tobacco product in the District of Columbia.

''(b) EXCEPTIONS.—

''(1) POSSESSION IN COURSE OF EMPLOYMENT.—Subsection (a) shall not apply with respect to an individual making a delivery of cigarettes or tobacco products in pursuance of employment.

''(2) PARTICIPATION IN LAW ENFORCEMENT OPERATION.—Subsection (a) shall not apply with respect to an individual possessing products in the course of a valid, supervised law enforcement operation.

''(c) PENALTIES.—Any individual who violates subsection (a) shall be subject to the following penalties:

''(1) For any violation, the individual may be required to perform community service or attend a tobacco cessation program.

''(2) Upon the first violation, the individual shall be subject to a civil penalty not to exceed $50.

''(3) Upon the second and each subsequent violation, the individual shall be subject to a civil penalty not to exceed $100.

''(4) Upon the third and each subsequent violation, the individual may have his or her driving privileges in the District of Columbia suspended for a period of 90 consecutive days.''.

(b) USE OF CONTRIBUTION.—The Metropolitan Police Department shall use the contribution made under subsection (a) to enforce the law referred to in such subsection.

SEC. 152. Nothing in this Act bars the District of Columbia Corporation Counsel from reviewing or commenting on briefs in private lawsuits, or from consulting with officials of the District government regarding such lawsuits.

SEC. 153. (a) Nothing in the Federal Grant and Cooperative Agreements Act of 1977 (31 U.S.C. 6301 et seq.) may be construed to prohibit the Administrator of the Environmental Protection Agency from negotiating and entering into cooperative agreements and grants authorized by law which affect real property of the Federal Government in the District of Columbia if the principal purpose of the cooperative agreement or grant is to provide comparable benefits for Federal and non-Federal properties in the District of Columbia.

(b) Subsection (a) shall apply with respect to fiscal year 2001 and each succeeding fiscal year.

SEC. 154. (a) IN GENERAL.—The District of Columbia Home Rule Act, as amended by section 159(a) of this Act, is further amended by inserting after section 450A the following new section:

''COMPREHENSIVE FINANCIAL MANAGEMENT POLICY

''SEC. 450B. (a) COMPREHENSIVE FINANCIAL MANAGEMENT POLICY.—The District of Columbia shall conduct its financial management in accordance with a comprehensive financial management policy.

''(b) CONTENTS OF POLICY.—The comprehensive financial management policy shall include, but not be limited to, the following:

''(1) A cash management policy.

''(2) A debt management policy.

''(3) A financial asset management policy.

''(4) An emergency reserve management policy in accordance with section 450A(a).

''(5) A contingency reserve management policy in accordance with section 450A(b).

''(6) A policy for determining real property tax exemptions for the District of Columbia.

''(c) ANNUAL REVIEW.—The comprehensive financial management policy shall be reviewed at the end of each fiscal year by the Chief Financial Officer who shall—

''(1) not later than July 1 of each year, submit any proposed changes in the policy to the Mayor and (in the case of a fiscal year which is a control year, as defined in section 305(4) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995) the District of Columbia Financial Responsibility and Management Assistance Authority (Authority) for review;

''(2) not later than August 1 of each year, after consideration of any comments received under paragraph (1), submit the changes to the Council of the District of Columbia (Council) for approval; and

''(3) not later than September 1 of each year, notify the Committees on Appropriations of the

Senate and House of Representatives, the Committee on Government Reform of the House of Representatives, and the Committee on Governmental Affairs of the Senate of any changes enacted by the Council.

''(d) PROCEDURE FOR DEVELOPMENT OF FIRST COMPREHENSIVE FINANCIAL MANAGEMENT POLICY.—

''(1) CHIEF FINANCIAL OFFICER.—Not later than April 1, 2001, the Chief Financial Officer shall submit to the Mayor an initial proposed comprehensive financial management policy for the District of Columbia pursuant to this section.

''(2) COUNCIL.—Following review and comment by the Mayor, not later than May 1, 2001, the Chief Financial Officer shall submit the proposed financial management policy to the Council for its prompt review and adoption.

''(3) AUTHORITY.—Upon adoption of the financial management policy under paragraph (2), the Council shall immediately submit the policy to the Authority for a review of not to exceed 30 days.

''(4) CONGRESS.—Following review of the financial management policy by the Authority under paragraph (3), the Authority shall submit the policy to the Committees on Appropriations of the Senate and House of Representatives, the Committee on Government Reform of the House of Representatives, and the Committee on Governmental Affairs of the Senate for review, and the policy shall take effect 30 days after the date the policy is submitted under this paragraph.''.

(b) CLERICAL AMENDMENT.—The table of contents for the District of Columbia Home Rule Act is amended by inserting after the item relating to section 450A the following new item:

''Sec. 450B. Comprehensive financial management policy.''.

(c) EFFECTIVE DATE.—This section and the amendments made by this section shall take effect on October 1, 2000.

APPOINTMENT AND DUTIES OF CHIEF FINANCIAL OFFICER

SEC. 155. (a) APPOINTMENT AND DISMISSAL.—Section 424(b) of the District of Columbia Home Rule Act (sec. 47–317.2, D.C. Code) is amended—

(1) in paragraph (1)(B), by adding at the end the following: ''Upon confirmation by the Council, the name of the Chief Financial Officer shall be submitted to the Committees on Appropriations of the Senate and House of Representatives, the Committee on Governmental Affairs of the Senate, and the Committee on Government Reform of the House of Representatives for a 30-day period of review and comment before the appointment takes effect.''; and

(2) in paragraph (2)(B), by striking the period at the end and inserting the following: ''upon dismissal by the Mayor and approval of that dismissal by a ⅔ vote of the Council. Upon approval of the dismissal by the Council, notice of the dismissal shall be submitted to the Committees on Appropriations of the Senate and House of Representatives, the Committee on Governmental Affairs of the Senate, and the Committee on Government Reform of the House of Representatives for a 30-day period of review and comment before the dismissal takes effect.''.

(b) FUNCTIONS.—

(1) IN GENERAL.—Section 424(c) of such Act (sec. 47–317.3, D.C. Code) is amended—

(A) in the heading, by striking ''DURING A CONTROL YEAR'';

(B) in the matter preceding paragraph (1), by striking ''During a control year, the Chief Financial Officer'' and inserting ''The Chief Financial Officer'';

(C) in paragraph (1), by striking ''Preparing'' and inserting ''During a control year, preparing'';

(D) in paragraph (3), by striking ''Assuring'' and inserting ''During a control year, assuring'';

(E) in paragraph (5), by striking ''With the approval'' and all that follows through ''the Council—'' and inserting ''Preparing and submitting to the Mayor and the Council, with the approval of the Authority during a control year—'';

(F) in paragraph (11), by striking ''or the Authority'' and inserting ''(or by the Authority during a control year)''; and

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

''(18) Exercising responsibility for the administration and supervision of the District of Columbia Treasurer (except that the Chief Financial Officer may delegate any portion of such responsibility as the Chief Financial Officer considers appropriate and consistent with efficiency).

''(19) Administering all borrowing programs of the District government for the issuance of long-term and short-term indebtedness.

''(20) Administering the cash management program of the District government, including the investment of surplus funds in governmental and non-governmental interest-bearing securities and accounts.

''(21) Administering the centralized District government payroll and retirement systems.

''(22) Governing the accounting policies and systems applicable to the District government.

''(23) Preparing appropriate annual, quarterly, and monthly financial reports of the accounting and financial operations of the District government.

''(24) Not later than 120 days after the end of each fiscal year, preparing the complete financial statement and report on the activities of the District government for such fiscal year, for the use of the Mayor under section 448(a)(4).''.

(2) CONFORMING AMENDMENTS.—Section 424 of such Act (sec. 47–317.1 et seq., D.C. Code) is amended—

(A) by striking subsection (d);

(B) in subsection (e)(2), by striking ''or subsection (d)''; and

(C) by redesignating subsections (e) and (f) as subsections (d) and (e), respectively.

SEC. 156. (a) Notwithstanding the provisions of the District of Columbia Government Comprehensive Merit Personnel Act of 1978 (D.C. Law 2–139; D.C. Code 1–601.1 et seq.), or any other District of Columbia law, statute, regulation, the provisions of the District of Columbia Personnel Manual, or the provisions of any collective bargaining agreement, employees of the District of Columbia government will only receive compensation for overtime work in excess of 40 hours per week (or other applicable tour of duty) of work actually performed, in accordance with the provisions of the Fair Labor Standards Act, 29 U.S.C. § 201 et seq.

(b) Subsection (a) of this section shall be effective December 27, 1996. The Resolution and Order of the District of Columbia Financial Responsibility and Management Assistance Authority, dated December 27, 1996, is hereby ratified and approved and shall be given full force and effect.

SEC. 157. (a) IN GENERAL.—Notwithstanding section 503 of Public Law 100–71 and as provided in subsection (b), the Court Services and Offender Supervision Agency for the District of Columbia (in this section referred to as the ''agency'') may implement and administer the Drug Free Workplace Program of the agency, dated July 28, 2000, for employment applicants of the agency.

(b) EFFECTIVE PERIOD.—The waiver provided by subsection (a) shall—

(1) take effect on enactment; and

(2) terminate on the date the Department of Health and Human Services approves the drug program of the agency pursuant to section 503 of Public Law 100–71 or 12 months after the date referred to in paragraph (1), whichever is later.

SEC. 158. Commencing October 1, 2000, the Mayor of the District of Columbia shall submit to the Senate and House Committees on Appropriations, the Senate Governmental Affairs Committee, and the House Government Reform Committee quarterly reports addressing the following issues: (1) crime, including the homicide rate, implementation of community policing, the number of police officers on local beats, and the closing down of open-air drug markets; (2) access to drug abuse treatment, including the number of treatment slots, the number of people served, the number of people on waiting lists, and the effectiveness of treatment programs; (3) management of parolees and pre-trial violent offenders, including the number of halfway house escapes and steps taken to improve monitoring and supervision of halfway house residents to reduce the number of escapes to be provided in consultation with the Court Services and Offender Supervision Agency; (4) education, including access to special education services and student achievement to be provided in consultation with the District of Columbia Public Schools; (5) improvement in basic District services, including rat control and abatement; (6) application for and management of Federal grants, including the number and type of grants for which the District was eligible but failed to apply and the number and type of grants awarded to the District but which the District failed to spend the amounts received; and (7) indicators of child well-being.

RESERVE FUNDS

SEC. 159. (a) ESTABLISHMENT OF RESERVE FUNDS.—

(1) IN GENERAL.—The District of Columbia Home Rule Act is amended by inserting after section 450 the following new section:

''RESERVE FUNDS

''SEC. 450A. (a) EMERGENCY RESERVE FUND.—

''(1) IN GENERAL.—There is established an emergency cash reserve fund (in this subsection referred to as the 'emergency reserve fund') as an interest-bearing account (separate from other accounts in the General Fund) into which the Mayor shall deposit in cash not later than February 15 of each fiscal year (or not later than October 1, 2000, in the case of fiscal year 2001) such amount as may be required to maintain a balance in the fund of at least 4 percent of the total budget appropriated for operating expenditures for such fiscal year which is derived from local funds (or, in the case of fiscal years prior to fiscal year 2004, such amount as may be required to maintain a balance in the fund of at least the minimum emergency reserve balance for such fiscal year, as determined under paragraph (2)).

''(2) DETERMINATION OF MINIMUM EMERGENCY RESERVE BALANCE.—

''(A) IN GENERAL.—The 'minimum emergency reserve balance' with respect to a fiscal year is the amount equal to the applicable percentage of the total budget appropriated for operating expenditures for such fiscal year which is derived from local funds.

''(B) APPLICABLE PERCENTAGE DEFINED.—In subparagraph (A), the 'applicable percentage' with respect to a fiscal year means the following:

''(i) For fiscal year 2001, 1 percent.

''(ii) For fiscal year 2002, 2 percent.

''(iii) For fiscal year 2003, 3 percent.

''(3) INTEREST.—Interest earned on the emergency reserve fund shall remain in the account and shall only be withdrawn in accordance with paragraph (4).

''(4) CRITERIA FOR USE OF AMOUNTS IN EMERGENCY RESERVE FUND.—The Chief Financial Officer, in consultation with the Mayor, shall develop a policy to govern the emergency reserve

fund which shall include (but which may not be limited to) the following requirements:

''(A) The emergency reserve fund may be used to provide for unanticipated and nonrecurring extraordinary needs of an emergency nature, including a natural disaster or calamity as defined by section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Public Law 100–707) or unexpected obligations by Federal law.

''(B) The emergency reserve fund may also be used in the event of a State of Emergency as declared by the Mayor pursuant to section 5 of the District of Columbia Public Emergency Act of 1980 (sec. 6–1504, D.C. Code).

''(C) The emergency reserve fund may not be used to fund—

''(i) any department, agency, or office of the Government of the District of Columbia which is administered by a receiver or other official appointed by a court;

''(ii) shortfalls in any projected reductions which are included in the budget proposed by the District of Columbia for the fiscal year; or

''(iii) settlements and judgments made by or against the Government of the District of Columbia.

''(5) ALLOCATION OF EMERGENCY CASH RESERVE FUNDS.—Funds may be allocated from the emergency reserve fund only after—

''(A) an analysis has been prepared by the Chief Financial Officer of the availability of other sources of funding to carry out the purposes of the allocation and the impact of such allocation on the balance and integrity of the emergency reserve fund; and

''(B) with respect to fiscal years beginning with fiscal year 2005, the contingency reserve fund established by subsection (b) has been projected by the Chief Financial Officer to be exhausted at the time of the allocation.

''(6) NOTICE.—The Mayor, the Council, and (in the case of a fiscal year which is a control year, as defined in section 305(4) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995) the District of Columbia Financial Responsibility and Management Assistance Authority shall notify the Committees on Appropriations of the Senate and House of Representatives in writing not more than 30 days after the expenditure of funds from the emergency reserve fund.

''(7) REPLENISHMENT.—The District of Columbia shall appropriate sufficient funds each fiscal year in the budget process to replenish any amounts allocated from the emergency reserve fund during the preceding fiscal year by the following fiscal year. Once the emergency reserve equals 4 percent of total budget appropriated from local funds for operating expenditures for the fiscal year, the District of Columbia shall appropriate sufficient funds each fiscal year in the budget process to replenish any amounts allocated from the emergency reserve fund during the preceding year to maintain a balance of at least 4 percent of total funds appropriated from local funds for operating expenditures by the following fiscal year.

''(b) CONTINGENCY RESERVE FUND.—

''(1) IN GENERAL.—There is established a contingency cash reserve fund (in this subsection referred to as the 'contingency reserve fund') as an interest-bearing account (separate from other accounts in the General Fund) into which the Mayor shall deposit in cash not later than October 1 of each fiscal year (beginning with fiscal year 2005) such amount as may be required to maintain a balance in the fund of at least 3 percent of the total budget appropriated for operating expenditures for such fiscal year which is derived from local funds (or, in the case of fiscal years prior to fiscal year 2007, such amount as may be required to maintain a balance in the fund of at least the minimum contingency reserve balance for such fiscal year, as determined under paragraph (2)).

''(2) DETERMINATION OF MINIMUM CONTINGENCY RESERVE BALANCE.—

''(A) IN GENERAL.—The 'minimum contingency reserve balance' with respect to a fiscal year is the amount equal to the applicable percentage of the total budget appropriated from local funds for operating expenditures for such fiscal year which is derived from local funds.

''(B) APPLICABLE PERCENTAGE DEFINED.—In subparagraph (A), the 'applicable percentage' with respect to a fiscal year means the following:

''(i) For fiscal year 2005, 1 percent.

''(ii) For fiscal year 2006, 2 percent.

''(3) INTEREST.—Interest earned on the contingency reserve fund shall remain in the account and may only be withdrawn in accordance with paragraph (4).

''(4) CRITERIA FOR USE OF AMOUNTS IN CONTINGENCY RESERVE FUND.—The Chief Financial Officer, in consultation with the Mayor, shall develop a policy governing the use of the contingency reserve fund which shall include (but which may not be limited to) the following requirements:

''(A) The contingency reserve fund may only be used to provide for nonrecurring or unforeseen needs that arise during the fiscal year, including expenses associated with unforeseen weather or other natural disasters, unexpected obligations created by Federal law or new public safety or health needs or requirements that have been identified after the budget process has occurred, or opportunities to achieve cost savings.

''(B) The contingency reserve fund may be used, if needed, to cover revenue shortfalls experienced by the District government for 3 consecutive months (based on a 2 month rolling average) that are 5 percent or more below the budget forecast.

''(C) The contingency reserve fund may not be used to fund any shortfalls in any projected reductions which are included in the budget proposed by the District of Columbia for the fiscal year.

''(5) ALLOCATION OF CONTINGENCY CASH RESERVE.—Funds may be allocated from the contingency reserve fund only after an analysis has been prepared by the Chief Financial Officer of the availability of other sources of funding to carry out the purposes of the allocation and the impact of such allocation on the balance and integrity of the contingency reserve fund.

''(6) REPLENISHMENT.—The District of Columbia shall appropriate sufficient funds each fiscal year in the budget process to replenish any amounts allocated from the contingency reserve fund during the preceding fiscal year by the following fiscal year. Once the contingency reserve equals 3 percent of total funds appropriated from local funds for operating expenditures, the District of Columbia shall appropriate sufficient funds each fiscal year in the budget process to replenish any amounts allocated from the contingency reserve fund during the preceding year to maintain a balance of at least 3 percent of total funds appropriated from local funds for operating expenditures by the following fiscal year.

''(c) QUARTERLY REPORTS.—The Chief Financial Officer shall submit a quarterly report to the Mayor, the Council, the District of Columbia Financial Responsibility and Management Assistance Authority (in the case of a fiscal year which is a control year, as defined in section 305(4) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995), and the Committees on Appropriations of the Senate and House of Representatives that includes a monthly statement on the balance and activities of the contingency and emergency reserve funds.''.

(2) CLERICAL AMENDMENT.—The table of contents for the District of Columbia Home Rule Act is amended by inserting after the item relating to section 450 the following new item:

''Sec. 450A. Reserve funds.''.

(b) CONFORMING AMENDMENTS.—

(1) CURRENT RESERVE FUND.—Section 202(j) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995 (sec. 47–392.2(j), D.C. Code) is amended—

(A) in paragraph (1), by striking ''Beginning with fiscal year 2000, the plan or budget submitted pursuant to this Act'' and inserting ''For each of the fiscal years 2000 through 2004, the budget of the District government for the fiscal year''; and

(B) by adding at the end the following new paragraph:

''(4) REPLENISHMENT.—Any amount of the reserve funds which is expended in one fiscal year shall be replenished in the reserve funds from the following fiscal year appropriations to maintain the $150,000,000 balance.''.

(2) POSITIVE FUND BALANCE.—Section 202(k) of such Act (sec. 47–392.2(k), D.C. Code) is repealed.

(c) EFFECTIVE DATE.—This section and the amendments made by this section shall take effect on October 1, 2000.

TREATMENT OF REVENUE BONDS SECURED BY TOBACCO SETTLEMENT PAYMENTS

SEC. 160. (a) PERMITTING COUNCIL TO DELEGATE AUTHORITY TO ISSUE BONDS.—

(1) IN GENERAL.—Section 490 of the District of Columbia Home Rule Act (sec. 47–334, D.C. Code) is amended—

(A) by redesignating subsections (i) through (m) as subsections (j) through (n); and

(B) by inserting after subsection (h) the following new subsection:

''(i)(1) The Council may delegate to the District of Columbia Tobacco Settlement Financing Corporation (hereafter in this subsection referred to as the ''Corporation'') established pursuant to the Tobacco Settlement Financing Act of 2000 the authority of the Council under subsection (a) to issue revenue bonds, notes, and other obligations which are used to borrow money to finance or assist in the financing or refinancing of capital projects and other undertakings of the District of Columbia and which are payable solely from and secured by payments under the Master Tobacco Settlement Agreement. The Corporation may exercise authority delegated to it by the Council as described in the first sentence of this paragraph (whether such delegation is made before or after the date of the enactment of this subsection) only in accordance with this subsection and the provisions of the Tobacco Settlement Financing Act of 2000.

''(2) Revenue bonds, notes, and other obligations issued by the Corporation under a delegation of authority described in paragraph (1) shall be issued by resolution of the Corporation, and any such resolution shall not be considered to be an act of the Council.

''(3) The fourth sentence of section 446 shall not apply to—

''(A) any amount (including the amount of any accrued interest or premium) obligated or expended from the proceeds of the sale of any revenue bond, note, or other obligation issued pursuant to this subsection;

''(B) any amount obligated or expended for the payment of the principal of, interest on, or any premium for any revenue bond, note, or other obligation issued pursuant to this subsection;

''(C) any amount obligated or expended to secure any revenue bond, note, or other obligation issued pursuant to this subsection; or

''(D) any amount obligated or expended for repair, maintenance, and capital improvements

to facilities financed pursuant to this subsection.

''(4) In this subsection, the term 'Master Tobacco Settlement Agreement' means the settlement agreement (and related documents), as may be amended from time to time, entered into on November 23, 1998, by the District of Columbia and leading United States tobacco product manufacturers.''.

(2) CONFORMING AMENDMENT.—The fourth sentence of section 446 of such Act (sec. 47–304, D.C. Code) is amended by striking ''and (h)(3)'' and inserting ''(h)(3), and (i)(3)''.

(b) WAIVER OF CONGRESSIONAL REVIEW PERIOD FOR TOBACCO SETTLEMENT FINANCING ACT.—Notwithstanding section 602(c)(1) of the District of Columbia Home Rule Act (sec. 1–233(c)(1), D.C. Code), the Tobacco Settlement Financing Act of 2000 (title XXXVII of D.C. Act 13–375, as amended by section 8(e) of D.C. Act 13–387) shall take effect on the date of the enactment of such Act or the date of the enactment of this Act, whichever is later.

SEC. 161. Section 603(e) of the Student Loan Marketing Association Reorganization Act of 1996 (Public Law 104–208; 110 Stat. 3009–293), as amended by section 153 of the District of Columbia Appropriations Act, 2000, is amended—

(1) by amending the second sentence of paragraph (2)(B) to read as follows: ''Of such amounts and proceeds, $5,000,000 shall be set aside for a credit enhancement fund for public charter schools in the District of Columbia, to be administered and disbursed in accordance with paragraph (3).''; and

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

''(3) CREDIT ENHANCEMENT FUND FOR PUBLIC CHARTER SCHOOLS.—

''(A) DISTRIBUTION OF AMOUNTS.—Of the amounts in the credit enhancement fund established under paragraph (2)(B)—

''(i) 50 percent shall be used to make grants under subparagraph (B); and

''(ii) 50 percent shall be used to make grants under subparagraph (C).

''(B) GRANTS TO ELIGIBLE NONPROFIT CORPORATIONS.—

''(i) IN GENERAL.—Using the amounts described in subparagraph (A)(i), not later than 1 year after the date of the enactment of the District of Columbia Appropriations Act, 2001, the Mayor of the District of Columbia shall make and disburse grants to eligible nonprofit corporations to carry out the purposes described in subparagraph (E).

''(ii) ADMINISTRATION.—The Mayor shall administer the program of grants under this subparagraph, except that if the committee described in subparagraph (C)(iii) is in operation and is fully functional prior to the date the Mayor makes the grants, the Mayor may delegate the administration of the program to the committee.

''(C) OTHER GRANTS.—

''(i) IN GENERAL.—Using the amounts described in subparagraph (A)(ii), the Mayor of the District of Columbia shall make grants to entities to carry out the purposes described in subparagraph (E).

''(ii) PARTICIPATION OF SCHOOLS.—A public charter school in the District of Columbia may receive a grant under this subparagraph to carry out the purposes described in subparagraph (E) in the same manner as other entities receiving grants to carry out such activities.

''(iii) ADMINISTRATION THROUGH COMMITTEE.—The Mayor shall carry out this subparagraph through the committee appointed by the Mayor under the second sentence of paragraph (2)(B) (as in effect prior to the enactment of the District of Columbia Appropriations Act, 2001). The committee may enter into an agreement with a third party to carry out its responsibilities under this subparagraph.

''(iv) CAP ON ADMINISTRATIVE COSTS.—Not more than 10% of the funds available for grants under this subparagraph may be used to cover the administrative costs of making grants under this subparagraph.

''(D) SPECIAL RULE REGARDING ELIGIBILITY OF NONPROFIT CORPORATIONS.—In order to be eligible to receive a grant under this paragraph, a nonprofit corporation must provide appropriate certification to the Mayor or to the committee described in subparagraph (C)(iii) (as the case may be) that it is duly authorized by two or more public charter schools in the District of Columbia to act on their behalf in obtaining financing (or in assisting them in obtaining financing) to cover the costs of activities described in subparagraph (E)(i).

''(E) PURPOSES OF GRANTS.—

''(i) IN GENERAL.—The recipient of a grant under this paragraph shall use the funds provided under the grant to carry out activities to assist public charter schools in the District of Columbia in—

''(I) obtaining financing to acquire interests in real property (including by purchase, lease, or donation), including financing to cover planning, development, and other incidental costs;

''(II) obtaining financing for construction of facilities or the renovation, repair, or alteration of existing property or facilities (including the purchase or replacement of fixtures and equipment), including financing to cover planning, development, and other incidental costs; and

''(III) enhancing the availability of loans (including mortgages) and bonds.

''(ii) NO DIRECT FUNDING FOR SCHOOLS.—Funds provided under a grant under this subparagraph may not be used by a recipient to make direct loans or grants to public charter schools.''.

SEC. 162. (a) EXCLUSIVE AUTHORITY OF MAYOR.—Notwithstanding section 451 of the District of Columbia Home Rule Act or any other provision of District of Columbia or Federal law to the contrary, the Mayor of the District of Columbia shall have the exclusive authority to approve and execute leases of the Washington Marina and the Washington municipal fish wharf with the existing lessees thereof for an initial term of 30 years, together with such other terms and conditions (including renewal options) as the Mayor deems appropriate.

(b) DEFINITIONS.—In this section—

(1) the term ''Washington Marina'' means the portions of Federal property in the Southwest quadrant of the District of Columbia within Lot 848 in Square 473, the unassessed Federal real property adjacent to Lot 848 in Square 473, and riparian rights appurtenant thereto; and

(2) the term ''Washington municipal fish wharf'' means the water frontage on the Potomac River lying south of Water Street between 11th and 12th Streets, including the buildings and wharves thereon.

SEC. 163. Section 11201(g)(4)(A) of the National Capital Revitalization and Self-Government Improvement Act of 1997 (D.C. Code, sec. 24–1201(g)(4)(A)) is amended—

(1) by redesignating clauses (vi) through (ix) as clauses (vii) through (x), respectively; and

(2) by inserting after clause (v) the following:

''(vi) immediately upon completing the remediation required under clause (ii) (but in no event later than June 1, 2003), transfer any property located south of Silverbrooke Road which is identified for use for educational purposes in the Fairfax County reuse plan to the County, without consideration, subject to the condition that the County use the property only for educational purposes;''.

SEC. 164. (a) Section 208(a) of the District of Columbia Procurement Practices Act of 1985 (sec. 1–1182.8(a), D.C. Code) is amended—

(1) in paragraph (4)(A), by striking ''the same auditor)'' and inserting ''the same auditor, except as may be provided in paragraph (5)); and

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

''(5) Notwithstanding paragraph (4)(A), an auditor who is a subcontractor to the auditor who audited the financial statement and report described in paragraph (3)(H) for a fiscal year may audit the financial statement and report for any succeeding fiscal year (as either the prime auditor or as a subcontractor to another auditor) if—

''(A) such subcontractor is not a signatory to the statement and report for the previous fiscal year;

''(B) the prime auditor reviewed and approved the work of the subcontractor on the statement and report for the previous fiscal year; and

''(C) the subcontractor is not an employee of the prime contractor or of an entity owned, managed, or controlled by the prime contractor.''.

(b) The amendment made by subsection (a) shall apply with respect to financial statements and reports for activities of the District of Columbia Government for fiscal years beginning with fiscal year 2001.

SEC. 165. Section 11201(g) of the National Capital Revitalization and Self-Government Improvement Act of 1997 (D.C. Code, sec. 24–1201(g)) is amended by adding at the end the following new paragraph:

''(6) MEADOWOOD FARM LAND EXCHANGE.—

''(A) IN GENERAL.—If, not later than January 15, 2001, Fairfax County, Virginia, agrees to convey fee simple title to the property on Mason Neck in excess of 800 acres depicted on the map dated June 2000, on file in the Office of the Director of the Bureau of Land Management, Eastern States (hereafter in this paragraph referred to as 'Meadowood Farm') to the Secretary of the Interior, then the Administrator of General Services shall agree to convey to Fairfax County, Virginia, fee simple title to the property located at the Lorton Correctional Complex north of Silverbrook Road, and consisting of more than 200 acres identified in the Fairfax County Reuse Plan, dated July 26, 1999, as land available for residential development in Land Units 1 and 2 (hereafter in this paragraph referred to as the 'Laurel Hill Residential Land'), the actual exchange to occur no later than December 31, 2001.

''(B) TERMS AND CONDITIONS.—(i) When Fairfax County transfers fee simple title to Meadowood Farm to the Secretary of the Interior, the Administrator of General Services shall simultaneously transfer to the County the Laurel Hill Residential Land.

''(ii) The transfer of property to Fairfax County, Virginia, under clause (i) shall be subject to such terms and conditions that the Administrator of General Services considers to be appropriate to protect the interests of the United States.

''(iii) Any proceeds derived from the sale of the Laurel Hill Residential Land by Fairfax County that exceed the County's cost of acquiring, financing (which shall be deemed a County cost from the time of financing of the Meadowood Farm acquisition to the receipt of proceeds of the sale or sales of the Laurel Hill Residential Land until such time as the proceeds of such sale or sales exceed the acquisition and financing costs of Meadowood Farm to the County), preparing, and conveying Meadowood Farm and costs incurred for improving, preparing, and conveying the Laurel Hill Residential Land shall be remitted to the United States and deposited into the special fund established pursuant to paragraph (4)(A)(viii).

''(C) MANAGEMENT OF PROPERTY.—The property transferred to the Secretary of the Interior

under this section shall be managed by the Bureau of Land Management for public use and recreation purposes.''.

SEC. 166. Section 158(b) of the District of Columbia Appropriations Act, 2000 (Public Law 106–113; 113 Stat. 1527) is amended to read as follows:

''(b) SOURCE OF FUNDS; TRANSFER.—An amount not to exceed $5,000,000 from the National Highway System funds apportioned to the District of Columbia under section 104 of title 23, United States Code, may be used for purposes of carrying out the project under subsection (a).''.

This Act may be cited as the ''District of Columbia Appropriations Act, 2001''.

DISTRICT OF COLUMBIA APPROPRIATIONS

Following is explanatory language on H.R. 5547, as introduced on October 25, 2000.

The conferees on H.R. 4942 agree with the matter included in H.R. 5547 and enacted in this conference report by reference and the following description of it. This bill was developed through negotiations by the conferees on the differences in H.R. 4942. References in the following description to the ''conference agreement'' mean the matter included in the introduced bill enacted by this conference report. References to the House bill mean the House passed version of H.R. 4942. References to the Senate bill or Senate Amendment mean the Senate passed version of H.R. 4942.

The conference agreement on the District of Columbia Appropriations Act, 2001, incorporates some of the provisions of both the House and Senate versions of the bill. The language and allocations set forth in House Report 106–786 and Senate Report 106–409 should be complied with unless specifically addressed in the accompanying bill and statement of the managers to the contrary. The agreement agreed to herein, while repeating some report language for emphasis, does not negate the language referenced above unless expressly provided.

A summary chart appears later in this statement just before the explanations of the general provisions showing the Federal appropriations by account and the allocation of District funds by agency or office under each appropriation title showing the fiscal year 2000 appropriation, the fiscal year 2001 request, the House and Senate recommendations and the conference allowance.

FEDERAL FUNDS

FEDERAL PAYMENT FOR RESIDENT TUITION SUPPORT

Appropriates $17,000,000 as proposed by the Senate instead of $14,000,000 as proposed by the House. The conference agreement deletes language limiting administrative expenses to not more than five percent of the appropriation.

FEDERAL PAYMENT TO THE CHIEF FINANCIAL OFFICER OF THE DISTRICT OF COLUMBIA

Appropriates $1,250,000 instead of $1,500,000 as proposed by the House. The appropriation includes $250,000 for payment to a mentoring program and for hotline services; $250,000 for payment to a character education initiative; $250,000 for a program to provide basic values training in the local public schools; and $500,000 for the design, construction, and maintenance of a trash rack system to mitigate environmental harm caused by trash carried in city runoff which flows through the National Arboretum via the Hickey Run Watershed into the Anacostia River.

The conferees direct the District's Chief Financial Officer to make the above payments within 30 days of the enactment of this Act as follows: $250,000 to the International Youth Service and Development Corp., for the mentoring program and hotline services; $250,000 to Values First, a 501(c)3 educational organization, to expand their current program that trains District public school teachers in how to instill basic values into the lives of their students; $250,000 to the Best Friends Foundation for the character education initiative; and $500,000 to the National Arboretum for the Hickey Run stormwater outfall project. The conferees do not expect the Chief Financial Officer to administer these programs or get involved in any way with the programs except to ensure that the funds are disbursed promptly and correctly to the proper organizations. The conferees direct that each of the organizations provide an annual report by November 30, 2001, to the Committees on Appropriations of the House and the Senate.

FEDERAL PAYMENT FOR COMMERCIAL REVITALIZATION PROGRAM

Appropriates $1,500,000 as proposed by the Senate to provide offsets against local taxes for a commercial revitalization program in enterprise zones and low and moderate income areas in the District of Columbia.

FEDERAL PAYMENT TO THE DISTRICT OF COLUMBIA PUBLIC SCHOOLS

Appropriates $500,000 as proposed by the Senate for the District of Columbia Public Schools to be used for programs to reduce school violence and to enhance the reading skills of local public school students.

FEDERAL PAYMENT TO THE METROPOLITAN POLICE DEPARTMENT

Appropriates $100,000 to the Metropolitan Police Department to fund a youth safe haven police mini-station for mentoring high risk youth.

FEDERAL CONTRIBUTION TO COVENANT HOUSE WASHINGTON

Appropriates $500,000 as proposed by the Senate for a contribution to the construction in Southeast Washington of a new community service center for homeless, runaway and at-risk youth.

FEDERAL PAYMENT TO THE DISTRICT OF COLUMBIA

CORRECTIONS TRUSTEE OPERATIONS

Appropriates $134,200,000 as proposed by the Senate instead of $134,300,000 as proposed by the House.

FEDERAL PAYMENT TO THE DISTRICT OF COLUMBIA COURTS

Appropriates $105,000,000 instead of $99,500,000 as proposed by the House and $109,080,000 as proposed by the Senate and allocates $7,409,000 for the District of Columbia Court of Appeals instead of $7,709,000 as proposed by the House and the Senate and $71,121,000 for the District of Columbia Superior Court instead of $72,399,000 as proposed by the House and the Senate and $17,890,000 for the Court System instead of $16,892,000 as proposed by the House and $17,892,000 as proposed by the Senate. The appropriated amount includes (1) $5,255,000 to finance a pay adjustment of 8.48 percent for nonjudicial employees as proposed by the Senate, and (2) $3,325,000 for capital improvements of which $825,000 is for roofing repairs to the Old Courthouse instead of $2,500,000 for capital improvements as proposed by the House and $5,825,000 for capital improvements of which $825,000 is for roofing repairs to the Old Courthouse as proposed by the Senate. The conference agreement retains the proviso concerning the purchase, installation and operation of an Integrated Justice Information System as proposed by the House.

DEFENDER SERVICES IN DISTRICT OF COLUMBIA COURTS

Appropriates $34,387,000 as proposed by the House instead of $38,387,000 as proposed by the Senate and makes conforming technical changes.

FEDERAL PAYMENT TO THE COURT SERVICES AND OFFENDER SUPERVISION

AGENCY FOR THE DISTRICT OF COLUMBIA

Appropriates $112,527,000 as proposed by the Senate instead of $115,752,000 as proposed by House and allocates $67,521,000 for Community Supervision and Sex Offender Registration as proposed by the Senate instead of $69,871,000 as proposed by the House, and $26,228,000 for the Pretrial Services Agency as proposed by the Senate instead of $27,103,000 as proposed by the House. The conference agreement also requires that $17,854,000 of this appropriation, of which $836,000 is for the Public Defender Service, be used to improve pretrial defendant and post-conviction offender supervision, to enhance drug testing and sanctions-based treatment programs and other treatment services, to expand intermediate sanctions and offender reentry programs, to continue planning and design proposals for a residential sanctions center, and to make improvements in the administrative infrastructure including information technology instead of $22,161,000 of which $836,000 is for the Public Defender Service as proposed by the House. The conference agreement inserts language as proposed by the Senate to allow the agency to use funds for the transfer and hire of motor vehicles. The conferees direct that vehicles be provided directly by the General Services Administration and not by a third party leasing company.

FEDERAL PAYMENT FOR WASHINGTON INTERFAITH NETWORK

Appropriates $1,000,000 as proposed by the House to the Washington Interfaith Network to reimburse the Network for costs incurred in carrying out preconstruction activities at the former Fort Dupont Dwellings and Additions.

FEDERAL PAYMENT FOR PLAN TO SIMPLIFY EMPLOYEE

COMPENSATION SYSTEMS

Appropriates $250,000 to the Mayor as proposed by the House to contract for the study and development of a plan to simplify the pay and compensation systems and schedules and work rules that currently apply to employees of the District of Columbia. Simplifying the pay and compensation systems and schedules and work rules should result in significant savings to District taxpayers and make the District government's operations more efficient.

The conferees agree that the solicitation for the contract is to provide that any contract awarded under the solicitation require that the contractor submit a plan to the Mayor and the House and Senate Committees on Appropriations that includes, at a minimum, certain specific elements. The first of these is a review of the current pay and compensation systems and schedules and work rules that apply to employees of the District of Columbia. Second, the plan the contractor develops must contain a review of the best practices of state and local governments and other appropriate organizations regarding pay and compensation systems. The conferees recognize that a substantial number of District employees are members of employee unions; therefore, a review of best practices should focus on state and local governments and other organizations that

have similarly unionized workforces. Third, the plan must contain a proposal for simplifying pay and compensation systems and schedules that apply to employees of the District of Columbia. Finally, the contractor's plan must contain an estimated timeframe for completion and strategies for implementing the plan, including identification of any statutory, contractual, or other barriers to implementation. Included in the discussion of barriers should be discussion of mitigating strategies and a recognition of the potential barrier of collective bargaining agreements to the successful implementation of a simplified pay system. This section applies to all employees of the District of Columbia, including employees of all independent agencies, school board employees and employees of District agencies currently in receivership and other agencies, but does not apply to employees who work in the District court system.

The Mayor is to develop a proposed solicitation within 90 days of enactment of this Act and submit a copy to the Comptroller General for his review at least 90 days prior to issuance of the proposed solicitation. The Comptroller General shall, within 45 days after receipt of the copy of the proposed solicitation, review it to ensure that it adequately addresses all of the elements required by this section and report to the House and Senate Committees on Appropriations the results of his review. The conferees expect the District government to supplement this amount, if necessary, with local funds, and for the Mayor to allocate the contract cost as he deems appropriate.

METRORAIL CONSTRUCTION

Appropriates $25,000,000 in Federal funds for a contribution to the Washington Metropolitan Area Transit Authority as proposed by the Senate instead of $25,000,000 of which $17,900,000 would be by transfer as proposed by the House and inserts language concerning the release of the funds and the application of 49 U.S.C. 5309(a)(2) to this project as proposed by the Senate. The conferees agree that this contribution is contingent upon the District government setting aside $25,000,000 in its capital budget for the project and establishing a special taxing district for the neighborhood of the proposed Metrorail site to contribute an additional $25,000,000. The conferees note that the commitment of $25,000,000 has not been secured by the establishment of a special taxing district. Until this funding has been secured, the Federal funds appropriated under this heading are to be held by the U.S. Treasury. The conferees agree that this appropriation is not to be considered a one-third contribution to this project and do not plan to revise the Federal contribution to reflect a percentage contribution. The conferees direct the Washington Metropolitan Area Transit Authority to closely monitor the development of this project, especially the cost containment issues, and will hold the Authority responsible and accountable.

FEDERAL PAYMENT FOR NATIONAL MUSEUM OF AMERICAN MUSIC

Deletes the paragraph appropriating $250,000 to the Federal City Council for planning costs for a National Museum of American Music proposed by the House and deleted by the Senate. The conferees have not recommended additional funding for the National Museum of American Music. The President's budget proposal includes $3,000,000 to fund the staff, consultants, design, environmental assessments and preparation of Request for Proposals to complete the planning phase of the museum.

In the District of Columbia Appropriations Act for fiscal year 1999 (Public Law 105–277), the Federal City Council, a private, non-profit organization, received $300,000 to conduct a needs and design study for a National Museum of American Music. Although the needs and design study has not been completed, the scope of the envisioned project has expanded to a multi-million dollar, mixed-use development that would include, in addition to the Museum, performance and entertainment venues, retail and dining facilities, hotels and housing, a performing arts theater, and an elementary school. The Federal City Council and other interested parties have targeted the current Washington Convention Center site as the preferred location for the development.

The conferees have determined that additional funding of the project is premature. First, local District officials have not had an opportunity to review and analyze the proposed project. Nor has the District government made a financial commitment to this project. Also at issue is whether the project envisioned by the Federal City Council constitutes the highest and best use of the real estate under consideration. Finally, the conferees have not been provided with a detailed analysis of the project scope and all potential funding sources.

The conferees direct the General Accounting Office to review the National Museum of American Music project proposal and report to the Committees on Appropriations of the Senate and the House by April 1, 2001, on: (1) total project cost estimates; (2) all potential project funding sources (including local District, Federal, and private funding sources); (3) an analysis of whether the proposed project is suited for the site of the current Convention Center; and (4) whether it constitutes the highest and best use of the property at issue. The conferees encourage the staff of the Library of Congress and the Smithsonian to collaborate with the staff of the Federal City Council in the preparation of this report. The requested data will enable the Committees to more carefully analyze the appropriateness of continued Federal funding.

FEDERAL PAYMENT FOR BROWNFIELD REMEDIATION

Appropriates $3,450,000 for environmental and infrastructure costs at Poplar Point as proposed by the Senate. The conference agreement allocates $2,150,000 for environmental assessment, site remediation and wetlands restoration of the 11 acres of real property under the jurisdiction of the District of Columbia and no more than $1,300,000 for infrastructure costs for an entrance to Anacostia Park as proposed by the Senate. The conference action also prohibits the use of any of these funds to purchase private property in the Poplar Point area as proposed by the Senate. The conferees note that in addition to the $3,450,000 provided under this heading, $4,615,000 in Federal funds appropriated for infrastructure needs in Public Law 105–277 (112 Stat. 2681–552,3) has also been allocated to the Poplar Point project.

PRESIDENTIAL INAUGURATION

Appropriates $5,961,000 as proposed by the House instead of $6,211,000 as proposed by the Senate to reimburse the District government for expenses incurred in connection with presidential inauguration activities.

CHILDREN'S NATIONAL MEDICAL CENTER

Appropriates $500,000 for a Federal contribution to the Children's National Medical Center to be used for the network of satellite pediatric health clinics for children and families in underserved neighborhoods and communities in the District.

CHILD ADVOCACY CENTER

Appropriates $500,000 for a Federal contribution to the Child Advocacy Center for its Safe Shores program. The conferees are concerned with the inadequate treatment received by young victims of abuse and neglect. Safe Shores is the District's only Child Advocacy Center and serves an ever-growing population of maltreated children in the District of Columbia. Safe Shores is equipped with clinicians trained to work specifically with children to help facilitate resolution and healing for the young victims of abuse and neglect. Safe Shores works with the Metropolitan Police Department and the Child and Family Services Agency as an integral part of the multidisciplinary child welfare team in the District and is vital to effective intervention and case management. The conferees are disturbed by the lack of financial support offered the Center by the District's current administration, particularly in light of recent discoveries by the General Accounting Office of the crisis situation of the District's child welfare system.

ST. COLETTA OF GREATER WASHINGTON EXPANSION PROJECT

Appropriates $1,000,000 for a Federal contribution to St. Coletta of Greater Washington, Inc., for costs associated with the establishment of a day program and comprehensive case management services for mentally retarded and multiple-handicapped adolescents and adults in the District of Columbia, including property acquisition and construction. The facility will be located at 212 M Street, S.E., and will provide vocational and functional life skills training, speech/language therapy, occupational therapy, physical therapy and behavior management to 100 adolescents and 50 adults.

DISTRICT OF COLUMBIA SPECIAL OLYMPICS

Appropriates $250,000 for a Federal contribution to the District of Columbia Special Olympics which provides a year-round 15–sport program serving 2,500 mentally and developmentally disabled children and adults in the District.

FEDERAL CONTRIBUTION FOR ENFORCEMENT OF LAW BANNING POSSESSION OF TOBACCO PRODUCTS BY MINORS

The conference agreement appropriates $100,000 under section 151 of the general provisions to the Metropolitan Police Department on the condition that the District government enacts into law a ban on the possession of tobacco products by minors as specified in section 151. The funds are to be used by the Department to enforce the ban.

DISTRICT OF COLUMBIA FUNDS

OPERATING EXPENSES

DIVISION OF EXPENSES

Inserts an additional exception to the spending ceiling for operating expenses to reflect the reserve fund and provides that operating expenses for the District for fiscal year 2001 shall not exceed $5,677,379,000 of which $172,607,000 is from intra-District funds and $3,250,783,000 is from local funds instead $5,689,176,000 of which $192,804,000 is from intra-District funds and $3,245,523,000 is from local funds as proposed by the House and $5,546,536,000 of which $192,804,000 is from intra-District funds and $3,096,383,000 is from local funds as proposed by the Senate. The changes in the amounts reflect actions taken by the conferees in the funding levels under the various appropriation headings.

DISTRICT OF COLUMBIA FINANCIAL RESPONSIBILITY AND MANAGEMENT ASSISTANCE AUTHORITY

Appropriates $3,140,000 from other funds instead of $3,140,000 from local funds as proposed by the House and $6,500,000 from other funds as proposed by the Senate. The conference agreement retains the proviso concerning the cap on the salary levels of the Executive Director and the General Counsel as proposed by the House and inserts a proviso that limits severance or bonus payments and payments under agreements in effect before the enactment of this Act to two weeks for each full year of employment with the Authority. The severance payments are only for employees who are employed by the Authority during the entire period which begins on the date of the enactment of this Act and ends on September 30, 2001. An employee who leaves prior to September 30, 2001 is not entitled to any payment other than their regular salary for services performed prior to separation and a payment for unused regular annual leave accrued by the individual. The conferees believe the severance allowance recommended is generous.

GOVERNMENTAL DIRECTION AND SUPPORT

Appropriates $195,771,000 including $162,172,000 from local funds instead of $194,521,000 including $160,922,000 from local funds as proposed by the House and $194,271,000 including $160,672,000 from local funds as proposed by the Senate. The conference agreement deletes (1) the proviso proposed by the Senate regarding the use of freed-up appropriations and (2) the proviso proposed by the House that would have restricted the availability of funds for the Maximus, Inc., revenue recovery services contract GF 98104. The conference agreement includes language that provides the Office of the Chief Technology Officer with small purchase procurement authority of $500,000 as proposed by the House.

Office of the Mayor.—The conference agreement provides $7,467,000 instead of $5,967,000 provided by the House and $7,217,000 provided by the Senate. The allowance recommended by the conferees includes $1,500,000 in Federal funds to remain available until expended as proposed by the Senate for the commercial revitalization program and $250,000 in Federal funds as proposed by the House for the study and development of a plan to simplify the pay and compensation systems and schedules and work rules that currently apply to employees of the District of Columbia. A discussion of the requirements and expectations regarding the plan to simplify the District's pay and compensation systems can be found earlier in this report under ''Federal Payment for Plan to Simplify Employee Compensation Systems''. The Mayor's request of $10,717,000 was adjusted to exclude $5,000,000 for the one-time appropriation in fiscal year 2000 for the commercial revitalization program. The conference agreement includes language as proposed by the Senate that makes the $5,000,000 available until expended.

Office of the Chief Financial Officer.—The conference agreement includes an increase of $1,250,000 in Federal funds appropriated earlier in this Act for the Office of the Chief Financial Officer instead of $1,500,000 as proposed by the House. The allowance includes $250,000 for payment to a mentoring program and for hotline services; $250,000 for payment to a character education initiative; $250,000 for a program to provide basic values training in the local public schools; and $500,000 for the design, construction, and maintenance of a trash rack system to mitigate environmental harm caused by trash carried in city runoff which flows through the National Arboretum via the Hickey Run Watershed into the Anacostia River. Instructions to the Chief Financial Officer on the payment of these amounts are included under Federal Funds earlier in this report.

St. Elizabeths Hospital.—The conference agreement inserts a proviso that requires the Chief Financial Officer to submit a study by March 1, 2001, to the Committees on Appropriations of the House and the Senate on the merits and potential of privatizing the operation and administration of St. Elizabeths Hospital.

ECONOMIC DEVELOPMENT AND REGULATION

The conference agreement deletes the proviso proposed by the Senate regarding the use of freed-up appropriations.

PUBLIC SAFETY AND JUSTICE

Appropriates $762,546,000 including $591,565,000 from local funds instead of $762,346,000 including $591,365,000 from local funds as proposed by the House and the Senate. The increase of $200,000 reflects two Federal payments of $100,000 each appropriated elsewhere in this Act and described below.

Youth safe haven.—The conference agreement provides $100,000 in Federal funds for a youth safe haven police mini-station program to be established in coordination with the Milton S. Eisenhower Foundation. The program creates youth safe havens in which nonprofit groups work with young people after school in public housing, other low-income neighborhoods and middle schools in the District of Columbia.

Tobacco possession by minors.—The conference agreement provides $100,000 in Federal funds included in section 151 of the general provisions to the Metropolitan Police Department on the condition that the District government enacts into law a ban on the possession of tobacco products by minors as specified in section 151. The funds are to be used by the Department to enforce the ban.

Other.—The conference agreement includes a proviso that caps the number of police officers assigned to the Mayor's security detail at 15 as proposed by the Senate and deletes the proviso proposed by the Senate regarding the use of freed-up appropriations. The conference agreement also deletes the proviso proposed by the Senate concerning Chapter 23 of title 11 of the District of Columbia Code relating to the Office of the Chief Medical Examiner. That proviso is replaced by section 148 under General Provisions .

PUBLIC EDUCATION SYSTEM

Appropriates $998,918,000 including $824,867,000 from local funds as proposed by the Senate instead of $995,418,000 including $821,367,000 from local funds as proposed by the House and deletes the proviso proposed by the Senate regarding the use of freed-up appropriations.

Public schools.—Allocates $769,943,000 including $629,309,000 from local funds for public schools as proposed by the Senate instead of $769,443,000 including $628,809,000 from local funds as proposed by the House. The increase above the House allowance includes $250,000 for a program to reduce school violence and $250,000 for a program to enhance the reading skills of public school students.

College tuition support.—Allocates $17,000,000 from Federal funds appropriated earlier in this Act as proposed by the Senate instead of $14,000,000 from Federal funds appropriated earlier in this Act as proposed by the House.

Public charter schools.—Inserts language as proposed by the Senate requiring quarterly reimbursements to be based on quarterly enrollment reports. The conference agreement includes language as proposed by the House requiring that the quarterly payment of October 15, 2000 to the public charter schools be 50 percent of each public charter school's annual entitlement based on the unaudited October 5 enrollment count. The conference agreement includes language as proposed by the House requiring that the balance of unused allocations for public charter schools be available for public education in accordance with the School Reform Act of 1995. The conference agreement deletes language proposed by the House that would have required the Mayor to convene a task force concerning the School Reform Act of 1995 for the purpose of instituting a funding mechanism for the projected growth of charter schools.

Excel Institute Adult Education Program.—Inserts language as proposed by the House that allows funds allocated to the Institute to be used for construction and to acquire services from the General Services Administration on a reimbursable basis.

Learning support conference.—Deletes the date requirement for a conference on learning support for children ages 3 and 4.

Weighted student formula.—Provides that no less than $436,452,000 is to be expended on local schools through the Weighted Student Formula as proposed by the Senate instead of $389,219,000 as proposed by the House.

Federal funds.—Allocates $250,000 in Federal funds appropriated earlier in this Act for a program to reduce school violence in the District's public schools as proposed by the Senate and $250,000 in Federal funds appropriated earlier in this Act for a program to enhance the reading skills of District public school students as proposed by the Senate.

Evaluation process.—Inserts language concerning the evaluation process for public school employees as a proviso as proposed by the Senate instead of as a general provision (section 145 of House bill) as proposed by the House.

Fiscal year change.—Inserts language that provides advance appropriations on July 1, 2001 to public charter schools and to regular public schools based on the District's proposed budget for fiscal year 2002 as submitted to Congress and requires that the advances be charged against the final amount enacted into law in the fiscal year 2002 District of Columbia Appropriations Act instead of language proposed by the House that would have changed the fiscal year. The language recommended by the conferees will facilitate the operation of the public charter schools and the regular public schools by aligning funding with the programmatic school year that begins July 1, 2001 and ends June 30, 2002.

HUMAN SUPPORT SERVICES

(INCLUDING TRANSFER OF FUNDS)

Appropriates $1,535,654,000 including $637,347,000 from local funds instead of $1,532,204,000 including $633,897,000 from local funds as proposed by the House and $1,532,704,000 including $634,397,000 from local funds as proposed by the Senate and changes the heading to reflect the inclusion of transfers in this paragraph. The conference agreement deletes the proviso proposed by the Senate regarding the use of freed-up appropriations.

Brownfield remediation at Poplar Point.—The conference agreement reflects an increase of $3,450,000 from Federal funds previously appropriated in this Act for environmental and infrastructure costs at Poplar Point as proposed by the Senate. The conference agreement allocates $2,150,000 for environmental

assessment, site remediation and wetlands restoration of the 11 acres of real property under the jurisdiction of the District of Columbia and no more than $1,300,000 for infrastructure costs for an entrance to Anacostia Park as proposed by the Senate. The conference action also prohibits the use of any of these funds to purchase private property in the Poplar Point area as proposed by the Senate. The conferees note that in addition to the $3,450,000 provided under this heading, $4,615,000 in Federal funds appropriated for infrastructure needs in Public Law 105–277 (112 Stat. 2681–552,3) has also been allocated to the Poplar Point project.

Ready, Willing and Able Program.—The conference agreement retains the proviso that provides $1,250,000 be paid to the Doe Fund for the operation of its Ready, Willing, and Able Program in the District of Columbia as proposed by the House.

Hamilton Field.—The conference agreement retains the proviso proposed by the Senate that authorizes the District of Columbia to enter into a long-term lease of Hamilton Field with Gonzaga College High School in exchange for Gonzaga introducing and implementing a youth baseball program focused on 13 to 18 year old residents, summer and fall baseball programs and baseball clinics.

Public benefit corporation.—The conference agreement includes a proviso that allows the District to transfer not more than $90,000,000 from local funds provided under other accounts in this Act for the purpose of restructuring the delivery of health services in the District instead of 15 percent of local funds in the appropriation as proposed by the Senate. The language requires that the restructuring be pursuant to a restructuring plan approved by the Mayor, the Council, the Financial Authority, and the Board of Directors of the Public Benefit Corporation that reduces personnel levels consistent with the reduction-in-force set forth in the August 25, 2000 resolution of the Board of Directors of the Corporation which requires reducing personnel by at least 500 full-time equivalent employees without replacement by contract personnel. The language also requires that no funds be expended until 10 calendar days after the restructuring plan has received final approval and a copy has been submitted by the Mayor to the House and Senate Committees on Appropriations, the House Committee on Government Reform, and the Senate Committee on Governmental Affairs. The language agreed to by the conferees also requires that the plan include a certification that it does not rely upon any current or future request for additional appropriation of Federal Funds. Conforming language is included under the heading ''District of Columbia Health and Hospitals Public Benefit Corporation''.

PUBLIC WORKS

Deletes the proviso proposed by the Senate regarding the use of freed-up appropriations and makes editorial changes to language allocating funds to various programs.

RECEIVERSHIP PROGRAMS

Deletes the proviso proposed by the Senate regarding the use of freed-up appropriations.

RESERVE

Modifies language proposed by the Senate that provides for the replacement of funds expended during fiscal year 2000 from the $150,000,000 Reserve instead of the establishment of a $150,000,000 Reserve by the Chief Financial Officer as proposed by the Senate. The modified language also provides that no funds are to be obligated or expended until the emergency reserve fund has been fully funded for fiscal year 2001 as proposed by the Senate. The House language provided for the replacement of funds expended and prohibited the obligation of the reserves until certain conditions were met.

EMERGENCY RESERVE FUND

Inserts language providing for an emergency reserve fund from local funds as proposed by the Senate.

REPAYMENT OF LOANS AND INTEREST

Deletes the proviso proposed by the Senate regarding the use of freed-up appropriations and inserts a proviso proposed by the Senate providing that unused reserve funds shall be used for Pay-As-You-Go Capital Funds.

PRESIDENTIAL INAUGURATION

Appropriates $5,961,000 from Federal funds appropriated earlier in this Act as proposed by the House instead of $6,211,000 from Federal funds appropriated earlier in this Act as proposed by the Senate.

TOBACCO SETTLEMENT TRUST FUND TRANSFER PAYMENT

Modifies language proposed by the House and the Senate making the transfer of not to exceed $61,406,000 to the Tobacco Settlement Trust Fund subject to the issuance of bonds to pay the purchase price of the District's right, title and interest in and to the Master Settlement Agreement, and consistent with the Tobacco Settlement Financing and Trust Fund Amendment Act of 2000.

CAFETERIA PLAN SAVINGS

Deletes the proviso proposed by the Senate regarding the use of freed-up appropriations.

ENTERPRISE AND OTHER FUNDS

WATER AND SEWER AUTHORITY AND THE WASHINGTON AQUEDUCT

The conference agreement provides $140,725,000 for fiscal year 2001 for the following capital projects: $77,372,000 for the Blue Plains Wastewater Treatment Plant, zero for the stormwater program, $21,450,000 for the water program, $1,182,000 for the sanitary sewer program, zero for the combined sewer program, $1,699,000 for the capital equipment program and $39,022,000 for the Water and Sewer Authority's share of the Washington Aqueduct capital projects. The conferees agree that the Water and Sewer Authority is expressly authorized to expend funds between projects authorized in prior years' budgets within these seven projects provided the Committees on Appropriations of the House and the Senate are notified of the details in writing at least 30 days prior to the obligation of the funds.

The conferees agree that section 140(b) of the House bill and section 127(b) of the Senate bill (new section 129(b)) also applies to the Water and Sewer Authority and that the agency head of the Water and Sewer Authority may abolish positions and separate the employees encumbering those abolished positions in accordance with the modified reduction in force procedures and severance pay authorized in section 129(b). The conferees agree that while section 129(b) applies to the Water and Sewer Authority, it does not change the Authority's general exemption from coverage under the Comprehensive Merit Personnel Act of 1978 (D.C. Code, sec. 1–601.1 et seq.), or the Authority's independent legal status within the District government.

DISTRICT OF COLUMBIA HEALTH AND HOSPITALS

PUBLIC BENEFIT CORPORATION

Inserts language that (1) requires a restructuring plan for D.C. General Hospital to be approved by District officials prior to increasing the appropriation through reprogramming, transfers, loans or other mechanisms, (2) requires the District's Chief Financial Officer to sign an affidavit certifying that payments made on behalf of the Corporation do not constitute a violation of any provision of subchapter III of chapter 13 of title 31, United States Code, or of this Act, (3) clarifies what may be covered by an affidavit, and (4) makes it unlawful to order a person to sign any affidavit or to provide a signature on an affidavit by proxy, machine, computer or facsimile device. The conference action does not prohibit reimbursement to the Corporation for services provided to other District government agencies and grants that in prior years were not included in the amounts appropriated from other funds.

DISTRICT OF COLUMBIA RETIREMENT BOARD

The conference agreement retains the proviso that requires the Retirement Board to provide quarterly reports of the allocations of charges by fund and expenditures of all funds.

SUMMARY TABLE OF CONFERENCE RECOMMENDATIONS BY AGENCY AND FY 2001 FINANCIAL PLAN

A summary table showing the Federal appropriations by account and the allocation of District funds by agency or office under each appropriation heading for fiscal year 2000, the fiscal year 2001 request, the House and Senate recommendations, and the conference allowance, and the fiscal year 2001 Financial Plan which is the starting point for the independent auditor's comparison with actual year-end results as required by section 132 of the Act follow:

SUMMARY
FY 2001 D. C. APPROPRIATIONS BILL

	House Bill		Senate Bill		Conference	
	FTEs	Amount	FTEs	Amount	FTEs	Amount
FEDERAL FUNDS						
Federal Payment for Resident Tuition Support	0	14,000,000	0	17,000,000	0	17,000,000
Federal Payment to the Chief Financial Officer of the District of Columbia	0	1,500,000	0	0	0	1,250,000
Federal Payment for Commercial Revitalization Program	0	0	0	1,500,000	0	1,500,000
Federal Payment to the District of Columbia Public Schools	0	0	0	500,000	0	500,000
Federal Payment for the Metropolitan Police Department	0	0	0	0	0	100,000
Federal Contribution to Covenant House Washington	0	0	0	500,000	0	500,000
Federal Payment to the District of Columbia Corrections Trustee Operations	0	134,300,000	0	134,200,000	0	134,200,000
Federal Payment to the District of Columbia Courts	0	99,500,000	0	109,080,000	0	105,000,000
Defender Services in District of Columbia Courts	0	34,387,000	0	38,387,000	0	34,387,000
Federal Payment to the Court Services and Offender Supervision Agency for the District of Columbia	0	115,752,000	0	112,527,000	0	112,527,000
Federal Payment for Washington Interfaith Network	0	1,000,000	0	0	0	1,000,000
Federal Payment for Plan to Simplify Employee Compensation Systems	0	250,000	0	0	0	250,000
Metrorail Construction	0	7,100,000	0	25,000,000	0	25,000,000
(By Transfer)	0	(17,900,000)	0	0	0	0
Federal Payment for National Music Museum of American Music	0	250,000	0	0	0	0
Federal Payment for Brownfield Remediation	0	0	0	3,450,000	0	3,450,000
Presidential Inauguration	0	5,961,000	0	6,211,000	0	5,961,000
Children's National Medical Center	0	0	0	0	0	500,000
Child Advocacy Center	0	0	0	0	0	500,000
St. Coletta of Greater Washington Expansion Project	0	0	0	0	0	1,000,000
District of Columbia Special Olympics	0	0	0	0	0	250,000
Federal Contribution for Enforcement of Law Banning Possession of Tobacco Products by Minors, Sec. 151	0	0	0	0	0	100,000
Total, Federal funds to the District of Columbia	**0**	**414,000,000**	**0**	**448,355,000**	**0**	**444,975,000**
By transfer	0	(17,900,000)	0	0	0	0

	House Bill		Senate Bill		Conference	
	FTEs	Amount	FTEs	Amount	FTEs	Amount
DISTRICT OF COLUMBIA FUNDS						
Operating expenses:						
District of Columbia Financial Responsibility and Management Assistance Authority	0	3,140,000	0	6,500,000	0	3,140,000
Governmental Direction and Support	2,023	194,521,000	2,023	194,271,000	2,023	195,771,000
Economic Development and Regulation	1,525	205,638,000	1,525	205,638,000	1,525	205,638,000
Public Safety and Justice	9,037	762,346,000	9,037	762,346,000	9,037	762,546,000
Public Education System	12,131	995,418,000	12,131	998,918,000	12,131	998,918,000
Human Support Services	3,929	1,532,204,000	3,929	1,532,704,000	3,929	1,535,654,000
Public Works	1,858	278,242,000	1,858	278,242,000	1,858	278,242,000
Receivership Programs	2,739	389,528,000	2,739	389,528,000	2,739	389,528,000
Reserve	0	150,000,000	0	150,000,000	0	150,000,000
Repayment of Loans and Interest	0	243,238,000	0	243,238,000	0	243,238,000
Repayment of General Fund Recovery Debt	0	39,300,000	0	39,300,000	0	39,300,000
Payment of Interest on Short-Term Borrowing	0	1,140,000	0	1,140,000	0	1,140,000
Presidential Inauguration	0	5,961,000		6,211,000	0	5,961,000
Certificates of Participation	0	7,950,000	0	7,950,000	0	7,950,000
Wilson Building	0	8,409,000		8,409,000	0	8,409,000
Optical and Dental Insurance Payments	0	2,675,000	0	2,675,000	0	2,675,000
Management Supervisory Services	0	13,200,000	0	13,200,000	0	13,200,000
Tobacco Settlement Trust Fund Transfer Payment	0	61,406,000	0	61,406,000	0	61,406,000
Operational Improvements Savings (Including Managed Competition)	0	(10,000,000)	0	(10,000,000)	0	(10,000,000)
Management Reform Savings	0	(37,000,000)		(37,000,000)	0	(37,000,000)
Cafeteria Plan Savings	0	(5,000,000)	0	(5,000,000)	0	(5,000,000)
Water and Sewer Authority and the Washington Aqueduct	0	275,705,000		275,705,000	0	275,705,000
Lottery and Charitable Games Enterprise Fund	100	223,200,000	100	223,200,000	100	223,200,000
Sports and Entertainment Commission	0	10,968,000	0	10,968,000	0	10,968,000
District of Columbia Health and Hospitals Public Benefit Corporation	0	78,235,000	0	78,235,000	0	78,235,000
District of Columbia Retirement Board	14	11,414,000	14	11,414,000	14	11,414,000
Correctional Industries Fund	12	1,808,000	12	1,808,000	12	1,808,000
Washington Convention Center Enterprise Fund	0	52,726,000	0	52,726,000	0	52,726,000
Total, operating expenses	**33,368**	**5,496,372,000**	**33,368**	**5,503,732,000**	**33,368**	**5,504,772,000**
Capital Outlay:						
General fund	0	1,022,074,000	0	1,022,074,000	0	1,022,074,000
Water and Sewer fund	0	140,725,000	0	140,725,000	0	140,725,000
Total, capital outlay	**0**	**1,162,799,000**	**0**	**1,162,799,000**	0	**1,162,799,000**
Grand Total, District of Columbia Funds	**33,368**	**6,659,171,000**	**33,368**	**6,666,531,000**	**33,368**	**6,667,571,000**

DISTRICT OF COLUMBIA FINANCIAL RESPONSIBILITY AND MANAGEMENT ASSISTANCE AUTHORITY

Agency/Activity	FY 2000 Approved	FY 2001 Request	House Recom-mendation	Senate Recom-mendation	Conference Allowance
D.C. Financial Responsibility and Management Assistance Authority	3,140,000	6,500,000	3,140,000	6,500,000	3,140,000

GOVERNMENTAL DIRECTION AND SUPPORT

Agency/Activity	FY 2000 Approved	FY 2001 Request	House Recom-mendation	Senate Recom-mendation	Conference Allowance
Council of the District of Columbia	10,477,000	12,124,000	12,124,000	12,124,000	12,124,000
Office of the District of Columbia Auditor	1,183,000	1,283,000	1,283,000	1,283,000	1,283,000
Advisory Neighborhood Commissions	623,000	748,000	748,000	748,000	748,000
Office of the Mayor	9,207,000 1/	10,717,000	5,967,000	7,217,000	7,467,000
Office of the Secretary	1,816,000	1,946,000	1,946,000	1,946,000	1,946,000
Citywide Call Center	0	0	0	0	0
Office of the City Administrator	12,821,000	23,386,000	23,386,000	23,386,000	23,386,000
Office of Personnel	10,445,000	11,285,000	11,285,000	11,285,000	11,285,000
Human Resource Development	3,766,000	2,744,000	2,744,000	2,744,000	2,744,000
Office of Finance and Resource Management	778,000	2,153,000	2,153,000	2,153,000	2,153,000
Office of Contracting and Procurement	14,150,000	15,337,000	15,337,000	15,337,000	15,337,000
Office of the Chief Technology Officer	3,740,000	11,770,000	11,770,000	11,770,000	11,770,000
Office of Property Management	9,152,000	8,550,000	8,550,000	8,550,000	8,550,000
Contract Appeals Board	687,000	734,000	734,000	734,000	734,000
Board of Elections and Ethics	3,238,000	3,250,000	3,250,000	3,250,000	3,250,000
Office of Campaign Finance	978,000	1,209,000	1,209,000	1,209,000	1,209,000
Public Employee Relations Board	632,000	652,000	652,000	652,000	652,000
Office of Employee Appeals	1,337,000	1,434,000	1,434,000	1,434,000	1,434,000
Metropolitan Washington Council of Governments	367,000	367,000	367,000	367,000	367,000
Office of the Inspector General	6,827,000	12,399,000	12,399,000	12,399,000	12,399,000
Office of the Chief Financial Officer	75,132,000	75,683,000	77,183,000	75,683,000	76,933,000
Total, Governmental Direction and Support	167,356,000	197,771,000	194,521,000	194,271,000	195,771,000
Plus Intra-District funds	32,796,000	36,950,000	36,950,000	36,950,000	36,950,000
Total	200,152,000	234,721,000	231,471,000	231,221,000	232,721,000

1/ General Provision, Sec. 168, $5,000,000.

ECONOMIC DEVELOPMENT AND REGULATION

Agency/Activity	FY 2000 Approved	FY 2001 Request	House Recommendation	Senate Recommendation	Conference Allowance
Business Services and Economic Development	22,515,000	26,753,000	26,753,000	26,753,000	26,753,000
Office of Zoning	1,275,000	1,763,000	1,763,000	1,763,000	1,763,000
Department of Housing and Community Development	56,739,000	48,273,000	48,273,000	48,273,000	48,273,000
Department of Employment Services	63,690,000	80,812,000	80,812,000	80,812,000	80,812,000
Board of Appeals and Review	240,000	244,000	244,000	244,000	244,000
Board of Real Property Assessments and Appeals	291,000	300,000	300,000	300,000	300,000
Department of Consumer and Regulatory Affairs	27,125,000	26,513,000	26,513,000	26,513,000	26,513,000
Office of Banking and Financial Institutions	870,000	1,869,000	1,869,000	1,869,000	1,869,000
Public Service Commission	5,327,000	5,678,000	5,678,000	5,678,000	5,678,000
Office of People's Counsel	2,823,000	3,020,000	3,020,000	3,020,000	3,020,000
Department of Insurance and Securities Regulation	6,990,000	7,359,000	7,359,000	7,359,000	7,359,000
Office of Cable Television and Telecommunications	2,450,000	3,054,000	3,054,000	3,054,000	3,054,000
Total, Economic Development and Regulation	190,335,000	205,638,000	205,638,000	205,638,000	205,638,000
Plus Intra-District Funds	3,136,000	2,017,000	2,017,000	2,017,000	2,017,000
Total	193,471,000	207,655,000	207,655,000	207,655,000	207,655,000

PUBLIC SAFETY AND JUSTICE

Agency/Activity	FY 2000 Approved	FY 2001 Request	House Recom-mendation	Senate Recom-mendation	Conference Allowance
Metropolitan Police Department	301,574,000	303,212,000	303,212,000	303,212,000	303,412,000
Fire and Emergency Medical Services Department	111,870,000	116,596,000	116,596,000	116,596,000	116,596,000
Police Officers and Fire Fighters' Retirement System	39,900,000	49,000,000	49,000,000	49,000,000	49,000,000
Office of the Corporation Counsel	46,425,000	45,965,000	45,965,000	45,965,000	45,965,000
Settlements and Judgments Fund	26,900,000	23,450,000	23,450,000	23,450,000	23,450,000
Department of Corrections	245,577,000	212,993,000	212,993,000	212,993,000	212,993,000
District of Columbia National Guard	1,748,000	2,326,000	2,326,000	2,326,000	2,326,000
D.C. Emergency Management Agency	2,641,000	2,978,000	2,978,000	2,978,000	2,978,000
Commission on Judicial Disabilities and Tenure	143,000	169,000	169,000	169,000	169,000
Judicial Nomination Commission	85,000	90,000	90,000	90,000	90,000
Citizen Complaint Review Board	1,200,000	857,000	857,000	857,000	857,000
Advisory Commission on Sentencing	707,000	733,000	733,000	733,000	733,000
Office of the Chief Medical Examiner	0	3,977,000	3,977,000	3,977,000	3,977,000
Total, Public Safety and Justice	778,770,000	762,346,000	762,346,000	762,346,000	762,546,000
Plus Intra-District funds	5,726,000	5,884,000	5,884,000	5,884,000	5,884,000
Total	784,496,000	768,230,000	768,230,000	768,230,000	768,430,000

1/ Includes $100,000 under Sec. 151 for Enforcement of Law Banning Possession of Tobacco Products by Minors.

PUBLIC EDUCATION SYSTEM

Agency/Activity	FY 2000 Approved	FY 2001 Request	House Recom-mendation	Senate Recom-mendation	Conference Allowance
District of Columbia Public Schools	713,197,000	769,443,000	769,443,000	769,943,000	769,943,000
Teachers' Retirement System	10,700,000	200,000	200,000	200,000	200,000
State Education Office	0	1,679,000	1,679,000	1,679,000	1,679,000
D.C. Resident Tuition Support	17,000,000	17,000,000	14,000,000	17,000,000	17,000,000
Public Charter Schools	27,885,000	105,000,000	105,000,000	105,000,000	105,000,000
University of the District of Columbia	72,347,000	76,433,000	76,433,000	76,433,000	76,433,000
District of Columbia Public Library	24,171,000	26,459,000	26,459,000	26,459,000	26,459,000
Commission on the Arts and Humanities	2,111,000	2,204,000	2,204,000	2,204,000	2,204,000
Total, Public Education System	867,411,000	998,418,000	995,418,000	998,918,000	998,918,000
Plus Intra-District funds	13,768,000	44,820,000	44,820,000	44,820,000	24,623,000
Total	881,179,000	1,043,238,000	1,040,238,000	1,043,738,000	1,023,541,000

HUMAN SUPPORT SERVICES

Agency/Activity	FY 2000 Approved	FY 2001 Request	House Recom-mendation	Senate Recom-mendation	Conference Allowance
Department of Human Services	393,691,000	384,840,000	384,840,000	385,340,000	384,840,000
Department of Health	1,004,113,000	1,014,881,000	1,014,881,000	1,014,881,000	1,014,881,000
Department of Parks and Recreation	26,196,000	28,855,000	28,855,000	28,855,000	28,855,000
D.C. Office on Aging	18,616,000	19,131,000	19,131,000	19,131,000	19,131,000
Public Benefit Corporation Subsidy	44,435,000	45,313,000	45,313,000	45,313,000	45,313,000
Unemployment Compensation Fund	7,200,000	6,199,000	6,199,000	6,199,000	6,199,000
Disability Compensation Fund	25,150,000	25,836,000	25,836,000	25,836,000	25,836,000
Office of Human Rights	1,221,000	1,407,000	1,407,000	1,407,000	1,407,000
Office on Latino Affairs	880,000	882,000	882,000	882,000	882,000
D.C. Energy Office	4,859,000	4,860,000	4,860,000	4,860,000	4,860,000
Brownfield Remediation	0	10,000,000	0	0	3,450,000
Total, Human Support Services	1,526,361,000	1,542,204,000	1,532,204,000	1,532,704,000	1,535,654,000
Plus Intra-District funds	6,568,000	6,586,000	6,586,000	6,586,000	6,586,000
Total	1,532,929,000	1,548,790,000	1,538,790,000	1,539,290,000	1,542,240,000

PUBLIC WORKS

Agency/Activity	FY 2000 Approved	FY 2001 Request	House Recom-mendation	Senate Recom-mendation	Conference Allowance
Department of Public Works	106,209,000	108,589,000	108,589,000	108,589,000	108,589,000
Department of Motor Vehicles	25,393,000	27,825,000	27,825,000	27,825,000	27,825,000
D.C. Taxicab Commission	730,000	673,000	673,000	673,000	673,000
Washington Metropolitan Area Transit Commission	81,000	82,000	82,000	82,000	82,000
Washington Metropolitan Area Transit Authority	135,532,000	138,073,000	138,073,000	138,073,000	138,073,000
School Transit Subsidy	3,450,000	3,000,000	3,000,000	3,000,000	3,000,000
Total, Public Works	271,395,000	278,242,000	278,242,000	278,242,000	278,242,000
Plus Intra-District funds	19,382,000	19,703,000	19,703,000	19,703,000	19,703,000
Total	290,777,000	297,945,000	297,945,000	297,945,000	297,945,000

RECEIVERSHIP PROGRAMS

Agency/Activity	FY 2000 Approved	FY 2001 Request	House Recom-mendation	Senate Recom-mendation	Conference Allowance
Child and Family Services Agency	119,355,000	166,652,000	166,652,000	166,652,000	166,652,000
Incentives for Adoption of Children	5,000,000	5,000,000	0	0	0
Commission on Mental Health Services	204,422,000	210,569,000	210,569,000	210,569,000	210,569,000
Corrections Medical Receiver	13,300,000	12,307,000	12,307,000	12,307,000	12,307,000
Total, Receivership Programs	342,077,000	394,528,000	389,528,000	389,528,000	389,528,000
Plus Intra-District funds	1,200,000	1,800,000	1,800,000	1,800,000	1,800,000
Total	343,277,000	396,328,000	391,328,000	391,328,000	391,328,000

FINANCING AND OTHER

Agency/Activity	FY 2000 Approved	FY 2001 Request	House Recom-mendation	Senate Recom-mendation	Conference Allowance
Workforce Investment	8,500,000	0	0	0	0
Buyouts and Other Management Reforms	18,000,000 1/	0	0	0	0
Reserve	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000
Repayment of Loans and Interest	328,417,000	243,238,000	243,238,000	243,238,000	243,238,000
Repayment of General Fund Recovery Debt	38,286,000	39,300,000	39,300,000	39,300,000	39,300,000
Payment of Interest on Short-Term Borrowing	9,000,000	1,140,000	1,140,000	1,140,000	1,140,000
Presidential Inauguration	0	6,211,000	5,961,000	6,211,000	5,961,000
Certificates of Participation	7,950,000	7,950,000	7,950,000	7,950,000	7,950,000
Wilson Building	0	8,409,000	8,409,000	8,409,000	8,409,000
Optical and Dental Insurance Payments	1,295,000	2,675,000	2,675,000	2,675,000	2,675,000
Management Supervisory Service	0	13,200,000	13,200,000	13,200,000	13,200,000
Tobacco Settlement Trust Fund Transfer Payment	0	61,406,000	61,406,000	61,406,000	61,406,000
Operational Improvement Savings (Including Managed Competition)	0	(10,000,000)	(10,000,000)	(10,000,000)	(10,000,000)
Management Reform Savings	0	(37,000,000)	(37,000,000)	(37,000,000)	(37,000,000)
Cafeteria Plan Savings	0	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
Productivity Bank	20,000,000	0	0	0	0
Productivity Bank Savings	(20,000,000)	0	0	0	0
Management Reform and Productivity	(7,000,000)	0	0	0	0
General Supply Schedule Savings	(14,457,000)	0	0	0	0
Total, Financing and Other Uses	539,991,000	481,529,000	481,279,000	481,529,000	481,279,000

1/ General Provisions, Sec. 157.

ENTERPRISE AND OTHER FUNDS

Agency/Activity	FY 2000 Approved	FY 2001 Request	House Recom-mendation	Senate Recom-mendation	Conference Allowance
Water and Sewer Authority	236,075,000	230,614,000	230,614,000	230,614,000	230,614,000
Washington Aqueduct	43,533,000	45,091,000	45,091,000	45,091,000	45,091,000
Total, Water and Sewer	279,608,000	275,705,000	275,705,000	275,705,000	275,705,000
D. C. Lottery and Charitable Games Control Board	234,400,000	223,200,000	223,200,000	223,200,000	223,200,000
D.C. Sports and Entertainment Commission	10,846,000	10,968,000	10,968,000	10,968,000	10,968,000
District of Columbia Health and Hospitals Public Benefit Corporation	89,008,000	78,235,000	78,235,000	78,235,000	78,235,000
District of Columbia Retirement Board	9,892,000	11,414,000	11,414,000	11,414,000	11,414,000
Correctional Industries Fund	1,810,000	1,808,000	1,808,000	1,808,000	1,808,000
Washington Convention Center Authority	50,226,000	52,726,000	52,726,000	52,726,000	52,726,000
	675,790,000	654,056,000	654,056,000	654,056,000	654,056,000
Plus Intra-District funds	70,177,000	75,044,000	75,044,000	75,044,000	75,044,000
Total	745,967,000	729,100,000	729,100,000	729,100,000	729,100,000

Agency/Activity	FY 2000 Approved	FY 2001 Request	House Recom-mendation	Senate Recom-mendation	Conference Allowance
Summary for checking:					
Control Board	3,140,000	6,500,000	3,140,000	6,500,000	3,140,000
Gov. Dir	167,356,000	197,771,000	194,521,000	194,271,000	195,771,000
Ec. Dev.	190,335,000	205,638,000	205,638,000	205,638,000	205,638,000
Pub. Safety	778,770,000	762,346,000	762,346,000	762,346,000	762,546,000
Ed.	867,411,000	998,418,000	995,418,000	998,918,000	998,918,000
Hum.Support	1,526,361,000	1,542,204,000	1,532,204,000	1,532,704,000	1,535,654,000
Public Works	271,395,000	278,242,000	278,242,000	278,242,000	278,242,000
Receivership Programs	342,077,000	394,528,000	389,528,000	389,528,000	389,528,000
Workforce Investments	8,500,000	0	0	0	0
Buyouts and Other Management Reforms	18,000,000	0	0	0	0
Reserve	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000
Repayment of Loans and Interest	328,417,000	243,238,000	243,238,000	243,238,000	243,238,000
Repayment of General Fund Deficit	38,286,000	39,300,000	39,300,000	39,300,000	39,300,000
Interest on Short-Term Borrowing	9,000,000	1,140,000	1,140,000	1,140,000	1,140,000
Inaugural Expenses	0	6,211,000	5,961,000	6,211,000	5,961,000
Certificates of Participation	7,950,000	7,950,000	7,950,000	7,950,000	7,950,000
Wilson Building	0	8,409,000	8,409,000	8,409,000	8,409,000
Optical and Dental Benefits	1,295,000	2,675,000	2,675,000	2,675,000	2,675,000
Management Supervisory Service	0	13,200,000	13,200,000	13,200,000	13,200,000
Tobacco Settlement Trust Fund	0	61,406,000	61,406,000	61,406,000	61,406,000
Operational Improvement Savings	0	(10,000,000)	(10,000,000)	(10,000,000)	(10,000,000)
Management Reform Savings	0	(37,000,000)	(37,000,000)	(37,000,000)	(37,000,000)
Cafeteria Plan Savings	0	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
Productivity Bank	20,000,000	0	0	0	0
Productivity Bank Savings	(20,000,000)		0	0	0
Management Reform and Productivity	(7,000,000)	0	0	0	0
General Supply Schedule Savings	(14,457,000)	0	0	0	0
Enterprise	675,790,000	654,056,000	654,056,000	654,056,000	654,056,000
Total	5,362,626,000	5,521,232,000	5,496,372,000	5,503,732,000	5,504,772,000

GOVERNMENT OF THE DISTRICT OF COLUMBIA
TOTAL RESOURCES AVAILABLE TO THE DISTRICT OF COLUMBIA, FISCAL YEAR 2001
AS APPROVED BY CONFERENCE AGREEMENT, OCTOBER 11, 2000
(Amount in Thousands)

	Code	Local Funds		Federal Grants		Private & Other		Subtotal FY 2001		Intra-District		FY 2001 Total Resources	
		FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
District of Columbia Financial Responsibility and Management Assistance Authority	XB	0	0	0	0	0	3,140	0	3,140	0	0	0	3,140
Governmental Direction and Support:													
Council of the District of Columbia	AB	157	12,118	0	0	0	6	157	12,124	0	0	157	12,124
Office of the D.C. Auditor	AC	14	1,283	0	0	0	0	14	1,283	0	0	14	1,283
Advisory Neighborhood Commissions	DX	1	748	0	0	0	0	1	748	0	0	1	748
Office of the Mayor	AA	71	7,467	0	0	0	0	71	7,467	0	0	71	7,467
Office of the Secretary	BA	25	1,853	0	0	2	93	27	1,946	0	0	27	1,946
CityWide Call Center	CW	0	0	0	0	0	0	0	0	38	1,959	38	1,959
Office of the City Administrator	AE	58	5,000	15	18,386	0	0	73	23,386	4	266	77	23,652
Office of Personnel	BE	126	9,998	0	0	21	1,287	147	11,285	24	1,246	171	12,531
Human Resource Development	HD	1	2,744	0	0	0	0	1	2,744	0	0	1	2,744
Office of Finance and Resource Management	AS	35	2,153	0	0	0	0	35	2,153	0	0	35	2,153
Office of Contracting and Procurement	PO	223	15,337	0	0	0	0	223	15,337	0	0	223	15,337
Office of the Chief Technology Officer	TO	60	11,756	0	0	0	14	60	11,770	35	2,422	95	14,192
Office of Property Management	AM	62	6,620	0	0	1	1,930	63	8,550	219	26,269	282	34,819
Contract Appeals Board	AF	6	734	0	0	0	0	6	734	0	0	6	734
Board of Elections and Ethics	DL	50	3,250	0	0	0	0	50	3,250	0	0	50	3,250
Office of Campaign Finance	CJ	15	1,209	0	0	0	0	15	1,209	0	0	15	1,209
Public Employee Relations Board	CG	4	652	0	0	0	0	4	652	0	0	4	652
Office of Employee Appeals	CH	15	1,434	0	0	0	0	15	1,434	0	0	15	1,434
Metropolitan Washington Council of Governments	EA	0	367	0	0	0	0	0	367	0	0	0	367
Office of the Inspector General	AD	90	11,293	15	1,106	0	0	105	12,399	0	0	105	12,399
Office of the Chief Financial Officer	AT	912	66,156	3	932	41	9,845	956	76,933	70	4,788	1,026	81,721
Total, Governmental Direction and Support		1,925	162,172	33	20,424	65	13,175	2,023	195,771	390	36,950	2,413	232,721
Economic Development and Regulation:													
Business Services and Economic Development	EB	88	10,353	2	304	7	16,096	97	26,753	0	0	97	26,753
Office of Zoning	BJ	16	1,763	0	0	0	0	16	1,763	0	0	16	1,763
Department of Housing & Community Development	DB	7	3,702	137	40,109	0	4,462	144	48,273	0	0	144	48,273
Department of Employment Services	CF	71	11,972	407	51,787	172	17,053	650	80,812	0	0	650	80,812
Board of Appeals and Review	DK	3	244	0	0	0	0	3	244	0	0	3	244
Board of Real Property Assessments and Appeals	DA	3	300	0	0	0	0	3	300	0	0	3	300
Department of Consumer and Regulatory Affairs	CR	397	25,228	0	75	6	1,210	403	26,513	0	1,500	403	28,013
Office of Banking and Financial Institutions	BI	0	0	0	0	20	1,869	20	1,869	0	0	20	1,869
Public Service Commission	DH	0	0	2	103	56	5,575	58	5,678	0	0	58	5,678
Office of People's Counsel	DJ	0	0	0	0	28	3,020	28	3,020	0	0	28	3,020
Department of Insurance and Securities Regulation	SR	0	0	0	0	89	7,359	89	7,359	0	0	89	7,359
Office of Cable Television and Telecommunications	CT	0	0	0	0	14	3,054	14	3,054	12	517	26	3,571
Total, Economic Development and Regulation		585	53,562	548	92,378	392	59,698	1,525	205,638	12	2,017	1,537	207,655

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	Code	Local Funds FTE	Local Funds Amount	Federal Grants FTE	Federal Grants Amount	Private & Other FTE	Private & Other Amount	Subtotal FY 2001 FTE	Subtotal FY 2001 Amount	Intra-District FTE	Intra-District Amount	FY 2001 Total Resources FTE	FY 2001 Total Resources Amount
Public Safety and Justice:													
Metropolitan Police Department	FA	4,351	284,704	200	9,721	71	8,987	4,622	303,412	2	3,454	4,624	306,866
Fire and Emergency Medical Services Department	FB	1,948	116,587	0	0	0	9	1,948	116,596	0	0	1,948	116,596
Police Officers and Fire Fighters' Retirement System	FD	0	49,000	0	0	0	0	0	49,000	0	0	0	49,000
Office of the Corporation Counsel	CB	297	28,076	180	13,760	12	4,129	489	45,965	27	2,130	516	48,095
Settlement and Judgments Fund	ZH	0	23,450	0	0	0	0	0	23,450	0	0	0	23,450
Department of Corrections	FL	892	80,193	0	0	923	132,800	1,815	212,993	0	300	1,815	213,293
District of Columbia National Guard	FK	30	1,820	13	506	0	0	43	2,326	0	0	43	2,326
D.C. Emergency Management Agency	BN	26	2,015	13	963	0	0	39	2,978	0	0	39	2,978
Commission on Judicial Disabilities and Tenure	DQ	2	169	0	0	0	0	2	169	0	0	2	169
Judicial Nomination Commission	DV	1	90	0	0	0	0	1	90	0	0	1	90
Citizen Complaint Review Board	FH	21	857	0	0	0	0	21	857	0	0	21	857
Advisory Commission on Sentencing	FZ	6	733	0	0	0	0	6	733	0	0	6	733
Office of the Chief Medical Examiner	FX	49	3,871	0	0	2	106	51	3,977	0	0	51	3,977
Total, Public Safety and Justice		7,623	591,565	406	24,950	1,008	146,031	9,037	762,546	29	5,884	9,066	768,430
Public Education System:													
District of Columbia Public Schools	GA	9,660	629,309	1,097	133,490	93	7,144	10,850	769,943	81	14,909	10,931	784,852
Teachers' Retirement System	GX	0	200	0	0	0	0	0	200	0	0	0	200
State Education Office	GD	9	1,679	0	0	0	0	9	1,679	0	0	9	1,679
D.C. Resident Tuition Support	GT	15	17,000	0	0	0	0	15	17,000	0	0	15	17,000
Public Charter Schools	GC	0	105,000	0	0	0	0	0	105,000	0	0	0	105,000
University of the District of Columbia	GF	505	44,691	200	13,199	111	18,543	816	76,433	115	9,677	931	86,110
District of Columbia Public Library	CE	422	25,208	9	550	1	701	432	26,459	0	0	432	26,459
Commission on the Arts and Humanities	BX	2	1,780	7	404	0	20	9	2,204	0	37	9	2,241
Total, Public Education System		10,613	824,867	1,313	147,643	205	26,408	12,131	998,918	196	24,623	12,327	1,023,541
Human Support Services:													
Department of Human Services	JA	884	198,674	1,136	181,828	10	4,338	2,030	384,840	0	1,730	2,030	386,570
Department of Health	HC	420	314,906	752	690,295	64	9,680	1,236	1,014,881	5	401	1,241	1,015,282
Department of Parks and Recreation	HA	514	26,617	0	34	83	2,204	597	28,855	93	4,059	690	32,914
D.C. Office on Aging	BY	14	14,169	9	4,962	0	0	23	19,131	3	266	26	19,397
Public Benefit Corporation Subsidy	JC	0	45,313	0	0	0	0	0	45,313	0	0	0	45,313
Unemployment Compensation Fund	BH	0	6,199	0	0	0	0	0	6,199	0	0	0	6,199
Disability Compensation Fund	BG	0	25,836	0	0	0	0	0	25,836	0	100	0	25,936
Office of Human Rights	HM	20	1,301	0	106	0	0	20	1,407	0	0	20	1,407
Office on Latino Affairs	BZ	4	882	0	0	0	0	4	882	0	30	4	912
D.C. Energy Office	JF	0	0	13	4,364	6	496	19	4,860	0	0	19	4,860
Brownfield Remediation	BR	0	3,450	0	0	0	0	0	3,450	0	0	0	3,450
Total, Human Support Services		1,856	637,347	1,910	881,589	163	16,718	3,929	1,535,654	101	6,586	4,030	1,542,240

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	Code	Local Funds FTE	Local Funds Amount	Federal Grants FTE	Federal Grants Amount	Private & Other FTE	Private & Other Amount	Subtotal FY 2001 FTE	Subtotal FY 2001 Amount	Intra-District FTE	Intra-District Amount	FY 2001 Total Resources FTE	FY 2001 Total Resources Amount
Public Works:													
Department of Public Works	KA	1,460	98,973	8	3,328	47	6,288	1,515	108,589	265	19,703	1,780	128,292
Department of Motor Vehicles	KV	258	24,709	0	0	76	3,116	334	27,825	0	0	334	27,825
D.C. Taxicab Commission	TC	6	241	0	0	3	432	9	673	0	0	9	673
Washington Metropolitan Area Transit Commission	KC	0	82	0	0	0	0	0	82	0	0	0	82
Washington Metropolitan Area Transit Authority	KE	0	138,073	0	0	0	0	0	138,073	0	0	0	138,073
School Transit Subsidy	KD	0	3,000	0	0	0	0	0	3,000	0	0	0	3,000
Total, Public Works		1,724	265,078	8	3,328	126	9,836	1,858	278,242	265	19,703	2,123	297,945
Receivership Programs:													
Child and Family Services Agency	RL	367	97,198	210	68,754	0	700	577	166,652	0	1,800	577	168,452
Commission on Mental Health Services	RM	1,502	125,408	660	66,801	0	18,360	2,162	210,569	0	0	2,162	210,569
Corrections Medical Receiver	RR	0	12,307	0	0	0	0	0	12,307	0	0	0	12,307
Total, Receivership Programs		1,869	234,913	870	135,555	0	19,060	2,739	389,528	0	1,800	2,739	391,328
Financing and Other:													
Reserve	RD	0	150,000	0	0	0	0	0	150,000	0	0	0	150,000
Repayment of Loans and Interest	DS	0	243,238	0	0	0	0	0	243,238	0	0	0	243,238
Repayment of General Fund Recovery Debt	ZD	0	39,300	0	0	0	0	0	39,300	0	0	0	39,300
Payment of Interest on Short-Term Borrowing	ZA	0	1,140	0	0	0	0	0	1,140	0	0	0	1,140
Presidential Inauguration	SB	0	5,961	0	0	0	0	0	5,961	0	0	0	5,961
Certificates of Participation	CP	0	7,950	0	0	0	0	0	7,950	0	0	0	7,950
Wilson Building	ZZ	0	8,409	0	0	0	0	0	8,409	0	0	0	8,409
Optical and Dental Insurance Payments	DI	0	2,675	0	0	0	0	0	2,675	0	0	0	2,675
Management Supervisory Services	MS	0	13,200	0	0	0	0	0	13,200	0	0	0	13,200
Tobacco Settlement Trust Fund Transfer Payment	TT	0	61,406	0	0	0	0	0	61,406	0	0	0	61,406
Operational Improvement Savings (Including Managed Competition	PN	0	(10,000)	0	0	0	0	0	(10,000)	0	0	0	(10,000)
Management Reform Savings	PC	0	(37,000)	0	0	0	0	0	(37,000)	0	0	0	(37,000)
Cafeteria Plan Savings	PG	0	(5,000)	0	0	0	0	0	(5,000)	0	0	0	(5,000)
Total, Financing and Other .		0	481,279	0	0	0	0	0	481,279	0	0	0	481,279
Total, General Fund - Operating Expenses		**26,195**	**3,250,783**	**5,088**	**1,305,867**	**1,959**	**294,066**	**33,242**	**4,850,716**	**993**	**97,563**	**34,235**	**4,948,279**

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	Code	Local Funds FTE	Local Funds Amount	Federal Grants FTE	Federal Grants Amount	Private & Other FTE	Private & Other Amount	Subtotal FY 2001 FTE	Subtotal FY 2001 Amount	Intra-District FTE	Intra-District Amount	FY 2001 Total Resources FTE	FY 2001 Total Resources Amount
Enterprise Funds:													
Water and Sewer Authority	LA	0	0	0	0	0	230,614	0	230,614	0	0	0	230,614
Washington Aqueduct	LB	0	0	0	0	0	45,091	0	45,091	0	0	0	45,091
Total, Water and Sewer Fund		0	0	0	0	0	275,705	0	275,705	0	0	0	275,705
D.C. Lottery and Charitable Games Control Board	DC	0	0	0	0	100	223,200	100	223,200	0	0	100	223,200
D.C. Sports and Entertainment Commission	SC	0	0	0	0	0	10,968	0	10,968	0	0	0	10,968
District of Columbia Health and Hospitals Public Benefit Corporation	JB	0	0	0	0	0	78,235	0	78,235	0	71,424	0	149,659
District of Columbia Retirement Board	DY	0	0	0	0	14	11,414	14	11,414	0	0	14	11,414
Correctional Industries Fund	FP	0	0	0	0	12	1,808	12	1,808	19	3,620	31	5,428
Washington Convention Center Authority	ES	0	0	0	0	0	52,726	0	52,726	0	0	0	52,726
Total, Enterprise and Other Funds		0	0	0	0	126	654,056	126	654,056	19	75,044	145	729,100
Total, Operating Expenses		26,195	3,250,783	5,088	1,305,867	2,085	948,122	33,368	5,504,772	1,012	172,607	34,380	5,677,379
Capital Outlay													
General Fund		0	818,025	0	204,049	0	0	0	1,022,074	0	0	0	1,022,074
Water and Sewer		0	0	0	0	0	140,725	0	140,725	0	0	0	140,725
Total, Capital Outlay		0	818,025	0	204,049	0	140,725	0	1,162,799	0	0	0	1,162,799
GRAND TOTAL		26,195	4,068,808	5,088	1,509,916	2,085	1,088,847	33,368	6,667,571	1,012	172,607	34,380	6,840,178

Fiscal Year 2001 Financial Plans
(In thousands of dollars)

	Local funds	Grants and other revenue	Gross funds
Revenue:			
Local sources, current authority:			
Property taxes	644,360	0	644,360
Sales taxes	651,230	0	651,230
Income taxes	1,291,179	0	1,291,179
Gross receipts and other taxes	331,659	0	331,659
Licenses, permits	37,095	0	37,095
Fines, forfeitures	67,716	0	67,716
Service charges	61,528	0	61,528
Miscellaneous	71,033	294,066	365,099
Subtotal, local revenues	3,155,800	294,066	3,449,866
Federal sources:			
Federal payment	30,111	0	30,111
Grants	0	1,305,867	1,305,867
Subtotal, Federal sources	30,111	1,305,867	1,335,978
Other financing sources:			
Lottery transfer	69,000	0	69,000
Total, general fund revenues	3,254,911	1,599,933	4,854,844
Expenditures:			
Current operating:			
D.C. Financial Responsibility and Management Assistance Authority	0	3,140	3,140
Governmental Direction and Support	162,172	33,599	195,771
Economic Development and Regulation	53,562	152,076	205,638
Public Safety and Justice	591,565	170,981	762,546
Public Education System	824,867	174,051	998,918
Human Support Services	637,347	898,307	1,535,654
Public Works	265,078	13,164	278,242
Receivership Programs	234,913	154,615	389,528
Reserve	150,000	0	150,000
Repayment of Loans and Interest	243,238	0	243,238
Repayment of General Fund Recovery Debt	39,300	0	39,300
Payment of Interest on Short-Term Borrowing	1,140	0	1,140
Presidential Inauguration	5,961	0	5,961
Certificates of Participation	7,950	0	7,950
Wilson Building	8,409	0	8,409

	Local funds	Grants and other revenue	Gross funds
Optical and Dental Insurance Payments	2,675	0	2,675
Management Supervisory Services	13,200	0	13,200
Tobacco Settlement Trust Fund Transfer Payment	61,406	0	61,406
Operational Improvement Savings (Including Managed Competition)	(10,000)	0	(10,000)
Management Reform Savings	(37,000)	0	(37,000)
Cafeteria Plan Savings	(5,000)	0	(5,000)
Total, general fund expenditures	3,250,783	1,599,933	4,850,716
Surplus/(Deficit)	4,128	0	4,128
Enterprise fund data:			
Enterprise fund revenues:			
Water and Sewer Authority	0	230,614	230,614
Washington Aqueduct	0	45,091	45,091
D.C. Lottery and Charitable Games Control Board	0	223,200	223,200
D.C. Sports and Entertainment Commission	0	10,968	10,968
District of Columbia Health and Hospital Public Benefit Corporation	0	78,235	78,235
District of Columbia Retirement Board	0	11,414	11,414
Correctional Industries Fund	0	1,808	1,808
Washington Convention Center Authority	0	52,726	52,726
Total, enterprise fund revenues	0	654,056	654,056
Enterprise fund expenditures:			
Water and Sewer Authority	0	230,614	230,614
Washington Aqueduct	0	45,091	45,091
D.C. Lottery and Charitable Games Control Board	0	223,200	223,200
D. C. Sports and Entertainment Commission	0	10,968	10,968
District of Columbia Health and Hospital Public Benefit Corporation	0	78,235	78,235
District of Columbia Retirement Board	0	11,414	11,414
Correctional Industries Fund	0	1,808	1,808
Washington Convention Center Authority	0	52,726	52,726
Total, enterprise expenditures	0	654,056	654,056
Surplus/(Deficit)	0	0	0
Total, operating revenues	3,254,911	2,253,989	5,508,900
Total, operating expenditures	3,250,783	2,253,989	5,504,772
Revenues versus expenditures	4,128	0	4,128

GENERAL PROVISIONS

In addition to the explanations that follow, the conference agreement changes several section numbers for sequencing purposes and makes technical revisions in certain citations. Unless noted otherwise, the conference agreement refers to H.R. 4942 as passed the House.

The conference agreement deletes section 101 of the House bill as proposed by the Senate concerning the availability of consulting service contracts for public inspection.

The conference agreement deletes section 102 of the House bill as proposed by the Senate concerning vouchers covering expenditures of appropriations being audited before payments.

The conference agreement deletes section 104 of the House bill as proposed by the Senate concerning allowances for privately owned automobiles and motorcycles used for the performance of official duties.

The conference agreement retains section 107 of the House bill (new section 104) requiring the Mayor to maintain an index of all employment personal services and consulting contracts with specific information on any severance clause.

The conference agreement retains section 108 of the House bill (new section 105) prohibiting any appropriation from remaining available for obligation beyond the current fiscal year unless expressly so provided.

The conference agreement deletes section 114 of the House bill as proposed by the Senate that would have prohibited the Mayor from borrowing any funds for capital projects unless the Council had approved the borrowing by resolution.

The conference agreement deletes section 115 of the House bill as proposed by the Senate that would have prohibited the Mayor from using moneys borrowed for capital projects for operating expenses.

The conference agreement modifies section 116 of the House bill and section 109 of the Senate bill (new section 111) concerning reprogramming guidelines. The modification allows inter-appropriation transfers of not-to-exceed 2 percent provided the Committees on Appropriations of the Senate and the House are notified in writing 30 days in advance as proposed by the Senate.

The conference agreement deletes section 117 of the House bill as proposed by the Senate that would have prohibited the use of Federal funds to provide a personal cook, chauffeur, or other personal servants to any officer or employee of the District of Columbia government.

The conference agreement retains section 110 of the Senate bill (new section 112) stating that consistent with the provisions of 31 U.S.C. 1301(a), appropriations under this Act shall be applied only to the objects for which the appropriations were made except as otherwise provided by law.

The conference agreement deletes section 118 of the House bill as proposed by the Senate that would have prohibited the use of Federal funds to procure passenger automobiles as defined in the Automobile Fuel Efficiency Act of 1980 with an Environmental Protection Agency estimated miles per gallon average of less than 22 miles per gallon.

The conference agreement deletes section 119 of the Senate bill concerning the use of previously appropriated funds for accounting and financial management services as determined by the District of Columbia Financial Responsibility and Management Assistance Authority.

The conference agreement amends section 120 of the Senate bill (new section 122) increasing the amount that can be paid to attorneys representing special education students.

The conference agreement amends section 124 of the House bill and section 116 of the Senate bill (new section 118) to allow the District of Columbia Courts to accept gifts to carry out authorized functions or duties without prior approval by the Mayor.

The conference agreement deletes sections 126, 132, 133, and 134 of the House bill and incorporates those four sections into section 118 of the Senate bill (new section 121). These sections relate to reporting requirements for the District of Columbia Public Schools and the University of the District of Columbia.

The conference agreement retains section 127 of the House bill and section 141 of the Senate bill (new section 153) concerning the Federal Grant and Cooperative Agreements Act of 1977 as it relates to the District of Columbia.

The conference agreement retains section 118 of the Senate bill (new section 121) which incorporates sections 126, 132, 133, and 134 of the House bill concerning reporting requirements for the District of Columbia Public Schools and the University of the District of Columbia.

The conference agreement retains section 127(b) of the Senate bill instead of section 140(b) of the House bill (new section 129(b)) concerning the modification of reduction in force procedures. The Senate version makes the modifications permanent law.

The conference agreement deletes section 128 of the House bill as proposed by the Senate that would have established conditions for granting preference to public charter schools in the use of surplus school properties.

The conference agreement retains section 129 of the House bill (new section 120) concerning the modification of contracting requirements for public charter schools in the District.

The conference agreement deletes section 138 of the House bill as proposed by the Senate concerning the classification of employees of the District of Columbia public schools.

The conference agreement replaces section 140(b) of the House bill with section 127(b) of the Senate bill (new section 129(b)) relating to the modification of reduction in force procedures. The Senate version makes the modifications permanent law.

The conference agreement retains section 140(c) of the House bill (new subsection 129(c)) that requires a prior analysis with certain exceptions for the procurement of goods and services in excess of $2,500.

The conference agreement deletes Section 144 of the House bill as proposed by the Senate concerning reorganization plans.

The conference agreement deletes section 145 of the House bill as proposed by the Senate relating to the evaluation process for District of Columbia Public School employees. This section has been included as a proviso under the Public Education System appropriation heading.

The conference agreement retains section 132 of the Senate bill (new section 136) which requires the Chief Financial Officer to submit a revised appropriated funds operating budget no later than November 1, 2000 or within 30 calendar days after the date of the enactment of this Act.

The conference agreement retains Section 147 of the House bill (new section 134) concerning the transfer or confinement of inmates classified above the medium security level to the Northeast Ohio Correctional Center located in Youngstown, Ohio.

The conference agreement deletes section 148 of the House bill as proposed by the Senate concerning the District's reserve fund.

The conference agreement retains section 149 of the House bill (new section 135) relating to the audit of the District of Columbia Highway Trust Fund by the Inspector General of the District of Columbia.

The conference agreement retains section 133(b) of the Senate bill (new section 137(b)) that requires a separate accounting by individuals or entities who receive any funds in this Act and carry out a needle exchange program for the hypodermic injection of any illegal drug.

The conference agreement amends section 153 of the House bill and section 136 of the Senate bill (new section 140) concerning certifications by chief financial officers that they understand the duties, including reporting requirements, and restrictions applicable to them and their agency as a result of this Act. The language requires the certification within 60 days as proposed by the Senate instead of within 30 days as proposed by the House and deletes the civil money penalty for violations as proposed by the Senate.

The conference agreement replaces section 154 of the House bill with section 144 of the Senate bill (new section 156) relating to overtime compensation for District government employees for time worked in excess of 40 hours per week.

The conference agreement retains section 158 of the House bill (new section 144) which authorizes the Mayor to allocate the District's limitation amount of qualified zone academy bonds among qualified zone academies within the District.

The conference agreement retains section 159 of the House bill (new section 145) which amends Section 11232 of the Balanced Budget Act of 1997 concerning Federal benefits for employees of the Corrections Trustee, Adult Probation, Office of Parole, and Pretrial Services Agency.

The conference agreement deletes section 160 of the House bill as proposed by the Senate that expressed the sense of the Congress that patients of St. Elizabeths Hospital and taxpayers of the District of Columbia are being poorly served by the current facilities and management of the Hospital. Language under Governmental Direction and Support requires the Chief Financial Officer to submit a study to the House and Senate Committees on Appropriations on the merits and potential savings of privatizing the operation and administration of the Hospital.

The conference agreement retains section 161 of the House bill (new section 146) expressing the sense of the Congress that the District of Columbia Financial Responsibility and Management Assistance Authority should quickly complete the sale of the Franklin School property.

The conference agreement deletes section 162 of the House bill as proposed by the Senate that related to the fiduciary duty of District officials. The conferees are concerned that many District officials are treating incidences of mismanagement in their operations and finances as the norm. This attitude is unacceptable. Although the conferees are deleting section 162 from the bill, the conferees continue to be concerned and urge officials of the District of Columbia government (including officials of the District of Columbia Financial Responsibility and Management Assistance Authority, independent agencies, boards, commissions, and corporations of the government) to take all steps necessary to maintain a fiduciary duty to the taxpayers of the District in the administration of funds under their control.

The conference agreement modifies and transfers section 163 of the House bill to the appropriation ''District of Columbia Health and Hospitals Public Benefit Corporation'' as a proviso that requires a restructuring plan for D.C. General Hospital to be approved by District officials prior to increasing the appropriation through reprogrammings, transfers, loans or other mechanisms.

The conference agreement modifies and transfers the three subsections of section 164 of the House bill to the appropriation ''District of Columbia Health and Hospitals Public Benefit Corporation'' as provisos that (1) require a certification by the Chief Financial Officer, (2) clarify what may be covered by an affidavit, and (3) make certain actions unlawful regarding the signing of any affidavit.

The conference agreement deletes section 165 of the House bill as proposed by the Senate that would have prohibited the District of Columbia Health and Hospital Public Benefit Corporation from obligating or expending any amounts during fiscal year 2001 unless the Corporation certified that the obligation or expenditure was within the budget authority provided to the Corporation in this Act.

The conference agreement retains section 167 of the House bill (new section 147) that provides that nothing in this Act may be construed to prevent the Council or Mayor of the District of Columbia from addressing the issue of contraceptive coverage by health insurance plans, but expressing the intent of Congress that any legislation enacted should include a ''conscience clause'' which provides exceptions for religious beliefs and moral convictions.

The conference agreement retains section 168 of the House bill (new section 148) which repeals chapter 23 of title 11, of the D. C. Code and provides that this section shall take effect on the date on which legislation enacted by the Council of the District of Columbia to establish the Office of the Chief Medical Examiner in the executive branch of the government of the District of Columbia takes effect.

The conference agreement retains section 169 of the House bill (new section 149) concerning the prompt payment of appointed counsel.

The conference agreement revises section 170 of the House bill (new section 150) concerning the distribution of any needle or syringe for the hypodermic injection of any illegal drug in any area of the District of Columbia which is within 1000 feet of a public or private elementary or secondary school (including a public charter school) other than the locations cited in this Act and requires monthly reports on activity involving illegal drugs at or near any public housing site where a needle exchange program is conducted. The language also requires the Public Housing Police to submit monthly reports on illegal drug activity at or near any public housing site where a needle exchange program is conducted to the Executive Director of the D.C. Housing Authority and to the Committees on Appropriations of the House and the Senate. The monthly reports are to be submitted by the 15th calendar day of the following month. The conference agreement requires the Executive Director to ascertain any concerns of the residents of the public housing site about the needle exchange programs on or near their sites and requires the District government to take appropriate action to require relocation of the program if recommended by the housing police or by a significant number of residents of the site.

The conference agreement modifies section 171 of the House bill (new section 151) by appropriating $100,000 to the Metropolitan Police Department on the condition that the District government enacts into law a ban on the possession of tobacco products by minors as specified in this section. The funds are to be used by the Department to enforce the ban.

The conference agreement retains section 166 of the House bill and section 140 of the Senate bill (new section 152) that allows the D.C. Corporation Counsel to review and comment on briefs in private lawsuits and to consult with officials of the District government regarding such lawsuits.

The conference agreement retains section 142 of the Senate bill (new section 154) which amends section 450 of the Home Rule Act concerning a ''Comprehensive Financial Management Policy'' for the District of Columbia.

The conference agreement retains section 143 of the Senate bill (new section 155) which amends section 424(b) of the Home Rule Act concerning the appointment and duties of the Chief Financial Officer.

The conference agreement retains section 144 of the Senate bill and section 154 of the House bill (new section 156) concerning overtime work for employees of the District of Columbia government.

The conference agreement retains section 145 of the Senate bill (new section 157) which allows the Court Services and Offender Supervision Agency for the District of Columbia to continue to operate its ongoing drug-free workplace testing program during the period that its plan is being reviewed for approval by the Department of Health and Human Services.

The conference agreement retains section 146 of the Senate bill (new section 158) which requires the Mayor to continue to submit quarterly reports on crime; access to drug abuse treatment, management of parolees and pre-trial violent offenders; education, including access to special education services and student achievement; improvements in basic District services; the application for and management of Federal grants; and indicators of child well-being.

The conference agreement retains section 147 of the Senate bill (new section 159) establishing reserve funds (emergency reserve fund and contingency reserve fund). The conference agreement includes the Senate bill's provision establishing both an emergency and contingency reserve fund in the District's budget. The provision requires the emergency reserve to be established first, through a deposit each year of one percent of the District's local funds for four years. The conferees believe that a four percent emergency reserve fund, that can only be tapped in extraordinary circumstances and that is maintained in a separate account, will increase the fiscal stability of the city and indicate to the financial markets that the District has a healthy financial cushion that is walled off from the rest of the general budget. The conferees believe that holding these reserves can and will eventually reduce the borrowing costs of the District.

The conference agreement inserts a new section 160 that authorizes the District government to delegate its bonding authority to the District of Columbia Tobacco Settlement Financing Corporation. The Corporation will use the proceeds from the bond sale to repay outstanding debt, with expected savings to the District of $61,400,000 in debt service for fiscal year 2001. These savings are included in the District's budget for fiscal year 2001. The conferees believe that the proceeds of the tobacco securitization will be used solely to reduce the District's debt or to fund the emergency reserve fund. The conferees also expect that an amount equal to 50 percent of the interest savings secured by the tobacco securitization proceeds will be transferred to the emergency reserve fund established in this Act.

The conference agreement inserts a new section 161 that revises section 603(e)(2)(B) of the Student Loan Marketing Association Reorganization Act of 1996 to require that half of the public charter school credit enhancement fund created by that legislation be granted expeditiously by the Mayor to one or more qualified non-profit corporations to demonstrate innovative methods of providing credit enhancement assistance to public charter schools. The remaining half of the funds are to be administered by a five-person committee that may either provide those funds directly to charter schools or provide them to non-profit entities to promote innovative credit enhancement initiatives. Activities by recipient entities to enhance the availability of loans to charter schools may include, but are not limited to, guaranteeing, insuring or providing security (including by pledging collateral or taking title to real property) for loans; providing down payment assistance, subsidizing installment payments or otherwise directly facilitating loans; facilitating a secondary market for loans; and helping to identify potential lending sources, encouraging private lending and other similar activities to promote lending to charter schools. Activities by recipient entities to enhance the availability of bond financing for charter schools may include, but are not limited to, providing technical and other administrative assistance; and providing financial or other assistance necessary to improve the rating or proposed repayment terms of a bond issue, to induce the participation of underwriters, or to otherwise enhance the commercial feasibility of a proposed transaction (including by providing for all or a portion of installment payments on the bond in the event of borrower default or, in the case of a bond issue with a floating rate, a marked increase in the applicable rate, the pledging of reserves or other collateral, or by taking title to property or other interests). The conferees request that quarterly reports be submitted by the 15th calendar day of the month following the end of each quarter to the House and Senate Committees on Appropriations, the House Committee on Government Reform, and the Senate Committee on Governmental Affairs. Each report is to include, but not be limited to, the amount expended by payee for the quarter and cumulative, the services received for those funds, the amount of loans generated (gross and net) showing specific bond counsel and all other fees itemized with the names of those receiving the funds, the names of the lenders, the names of the charter schools receiving the proceeds, a description of the purpose for which each charter school will use the proceeds and a detailed status report with cost information on the progress each charter school is making to accomplish the purpose for which it received the proceeds. These reports are to continue until the purpose for which the proceeds were obtained has been accomplished.

The conference agreement inserts a new section 162 which gives the Mayor the exclusive authority to approve and execute leases of the Washington Marina and the Washington municipal fish wharf with the existing lessees for an initial term of 30 years, together with such other terms and conditions,

including renewal options, as the Mayor deems appropriate.

The conference agreement inserts a new section 163 which transfers two sites, designated for educational use, to Fairfax County, Virginia immediately upon completion of the necessary remediation by the General Services Administration.

The conference agreement inserts a new section 164 that waives restrictions and allows the District's Inspector General to enter into a contract for the independent audit of the District's financial statements with an auditor who was a subcontractor to the independent auditor who audited the District's financial statements for the preceding fiscal year.

The conference agreement inserts a new section 165 that provides an alternative mechanism to exchange property as envisioned in the Lorton Technical Corrections Act of 1998. Under the 1998 legislation, the Interior Department was authorized to hold a portion of the 3,000 acre surplus Federal property in Lorton, Virginia and exchange it for Meadowood Farm on Mason Neck, Virginia. The Interior Department, however, encountered difficulties dealing directly with the owners of the Meadowood property. Fairfax County has volunteered to serve as an intermediary acquiring Meadowood in exchange for the Lorton parcel held by the Interior Department. Fairfax County believes it can deal more effectively with the owners of Meadowood. In return, the county believes that if it acquires the Interior Department's holding at Lorton it can make the necessary site improvements to generate a higher sales price. The language provides assurances that Fairfax County will be reimbursed for all costs involved in the acquisition of both the Meadowood property and the Lorton property. Any excess profits from the sale of the Lorton property would be returned to the General Services Administration. Any losses incurred by Fairfax County would be borne by the county alone.

The conference agreement inserts a new section 166 amending section 158(b) of the District of Columbia Appropriations Act, 2000 (Public Law 106–113, approved November 29, 1999; 113 Stat. 1527) to direct the Federal Highway Administration to conduct and perform the 14th Street bridge work identified in section 158. This work relates to a project to complete design requirements for compliance with the National Environmental Policy Act for the construction of expanded lane capacity for the 14th Street Bridge.

CONFERENCE TOTAL—WITH COMPARISONS

The total new budget (obligational) authority for the fiscal year 2001 recommended by the Committee of Conference, with comparisons to the fiscal year 2000 amount, the 2001 budget estimates, and the House and Senate bills for 2001 follows:

(In thousands of dollars)

Federal Funds:	
New budget (obligational) authority, fiscal year 2000	$436,800
Budget estimates of new (obligational) authority, fiscal year 2001	445,425
House bill, fiscal year 2001	414,000
Senate bill, fiscal year 2001	448,355
Conference agreement, fiscal year 2001	444,975
Conference agreement compared with:	
New budget (obligational) authority, fiscal year 2000	+8,175
Budget estimates of new (obligational) authority, fiscal year 2001	−450
House bill, fiscal year 2001	+30,975
Senate bill, fiscal year 2001	−3,380
District of Columbia Funds:	
New budget (obligational) authority, fiscal year 2000	*6,778,433*
Budget estimates of new (obligational) authority, fiscal year 2001	*6,691,932*
House bill, fiscal year 2001	*6,659,171*
Senate bill, fiscal year 2001	*6,666,531*
Conference agreement, fiscal year 2001	*6,667,571*
Conference agreement, compared with:	
New budget (obligational) authority, fiscal year 2000	*−110,862*
Budget estimates of new (obligational) authority, fiscal year 2001	*−24,361*
House bill, fiscal year 2001	*+8,400*
Senate bill, fiscal year 2001	*+1,040*

DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS

The conference agreement would enact the provisions of H.R. 5548 as introduced on October 25, 2000. The text of that bill follows:

A BILL Making appropriations for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 2001, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 2001, and for other purposes, namely:

TITLE I—DEPARTMENT OF JUSTICE

GENERAL ADMINISTRATION

SALARIES AND EXPENSES

For expenses necessary for the administration of the Department of Justice, $88,713,000, of which not to exceed $3,317,000 is for the Facilities Program 2000, to remain available until expended: Provided, That not to exceed 43 permanent positions and 44 full-time equivalent workyears and $8,136,000 shall be expended for the Department Leadership Program exclusive of augmentation that occurred in these offices in fiscal year 2000: Provided further, That not to exceed 41 permanent positions and 48 full-time equivalent workyears and $4,811,000 shall be expended for the Offices of Legislative Affairs and Public Affairs: Provided further, That the latter two aforementioned offices may utilize non-reimbursable details of career employees within the caps described in the aforementioned proviso: Provided further, That the Attorney General is authorized to transfer, under such terms and conditions as the Attorney General shall specify, forfeited real or personal property of limited or marginal value, as such value is determined by guidelines established by the Attorney General, to a State or local government agency, or its designated contractor or transferee, for use to support drug abuse treatment, drug and crime prevention and education, housing, job skills, and other community-based public health and safety programs: Provided further, That any transfer under the preceding proviso shall not create or confer any private right of action in any person against the United States, and shall be treated as a reprogramming under section 605 of this Act.

JOINT AUTOMATED BOOKING SYSTEM

For expenses necessary for the nationwide deployment of a Joint Automated Booking System including automated capability to transmit fingerprint and image data, $15,915,000, to remain available until expended.

NARROWBAND COMMUNICATIONS

For the costs of conversion to narrowband communications, including the cost for operation and maintenance of Land Mobile Radio legacy systems, $205,000,000, to remain available until expended.

COUNTERTERRORISM FUND

For necessary expenses, as determined by the Attorney General, $5,000,000, to remain available until expended, to reimburse any Department of Justice organization for: (1) the costs incurred in reestablishing the operational capability of an office or facility which has been damaged or destroyed as a result of any domestic or international terrorist incident; and (2) the costs of providing support to counter, investigate or prosecute domestic or international terrorism, including payment of rewards in connection with these activities: Provided, That any Federal agency may be reimbursed for the costs of detaining in foreign countries individuals accused of acts of terrorism that violate the laws of the United States: Provided further, That funds provided under this paragraph shall be available only after the Attorney General notifies the Committees on Appropriations of the House of Representatives and the Senate in accordance with section 605 of this Act.

TELECOMMUNICATIONS CARRIER COMPLIANCE FUND

For payments authorized by section 109 of the Communications Assistance for Law Enforcement Act (47 U.S.C. 1008), $201,420,000, to remain available until expended.

ADMINISTRATIVE REVIEW AND APPEALS

For expenses necessary for the administration of pardon and clemency petitions and immigration related activities, $161,062,000.

DETENTION TRUSTEE

For necessary expenses to establish a Federal Detention Trustee who shall exercise all power and functions authorized by law relating to the detention of Federal prisoners in non-Federal institutions or otherwise in the custody of the United States Marshals Service; and the detention of aliens in the custody of the Immigration and Naturalization Service, $1,000,000: Provided, That the Trustee shall be responsible for construction of detention facilities or for housing related to such detention; the management of funds appropriated to the Department for the exercise of any detention functions; and the direction of the United States Marshals Service and Immigration and Naturalization Service with respect to the exercise of detention policy setting and operations for the Department.

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, $41,575,000; including not to exceed $10,000 to meet unforeseen emergencies of a confidential character, to be expended under the direction of, and to be accounted for solely under the certificate of, the Attorney General; and for the acquisition, lease, maintenance, and operation of motor vehicles, without regard to the general purchase price limitation for the current fiscal year.

UNITED STATES PAROLE COMMISSION

SALARIES AND EXPENSES

For necessary expenses of the United States Parole Commission as authorized by law, $8,855,000.

LEGAL ACTIVITIES

SALARIES AND EXPENSES, GENERAL LEGAL ACTIVITIES

For expenses necessary for the legal activities of the Department of Justice, not otherwise provided for, including not to exceed $20,000 for expenses of collecting evidence, to be expended under the direction of, and to be accounted for solely under the certificate of, the Attorney General; and rent of private or Government-owned space in the District of Columbia, $535,771,000; of which not to exceed $10,000,000 for litigation support contracts shall remain available until expended: Provided, That of the funds available in this appropriation, $18,877,000 shall remain available until expended only for office automation systems for the legal divisions covered by this appropriation, and for the United States Attorneys, the Antitrust Division, the United States Trustee Program, the Executive Office for Immigration Review, the Community Relations Service, and offices funded through ''Salaries and Expenses'', General Administration: Provided further, That of the total amount appropriated, not to exceed $1,000 shall be available to the United States National Central Bureau, INTERPOL, for official reception and representation expenses.

In addition, for reimbursement of expenses of the Department of Justice associated with processing cases under the National Childhood Vaccine Injury Act of 1986, as amended, not to exceed $4,028,000, to be appropriated from the Vaccine Injury Compensation Trust Fund.

SALARIES AND EXPENSES, ANTITRUST DIVISION

For expenses necessary for the enforcement of antitrust and kindred laws, $95,838,000: Provided, That, notwithstanding section 3302(b) of title 31, United States Code, not to exceed $95,838,000 of offsetting collections derived from fees collected in fiscal year 2001 for premerger notification filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (15 U.S.C. 18a) shall be retained and used for necessary expenses in this appropriation, and shall remain available until expended: Provided further, That the sum herein appropriated from the general fund shall be reduced as such offsetting collections are received during fiscal year 2001, so as to result in a final fiscal year 2001 appropriation from the general fund estimated at not more than $0.

SALARIES AND EXPENSES, UNITED STATES ATTORNEYS

For necessary expenses of the Offices of the United States Attorneys, including inter-governmental and cooperative agreements, $1,250,382,000; of which not to exceed $2,500,000 shall be available until September 30, 2002, for: (1) training personnel in debt collection; (2) locating debtors and their property; (3) paying the net costs of selling property; and (4) tracking debts owed to the United States Government: Provided, That of the total amount appropriated, not to exceed $8,000 shall be available for official reception and representation expenses: Provided further, That not to exceed $10,000,000 of those funds available for automated litigation support contracts shall remain available until expended: Provided further, That not to exceed $2,500,000 for the operation of the National Advocacy Center shall remain available until expended: Provided further, That the fourth proviso under the heading ''Salaries and Expenses, United States Attorneys'' in title I of H.R. 3421 of the 106th Congress, as enacted by section 1000(a)(1) of Public Law 106–113 shall apply to amounts made available under this heading for fiscal year 2001: Provided further, That, in addition to reimbursable full-time equivalent workyears available to the Offices of the United States Attorneys, not to exceed 9,439 positions and 9,557 full-time equivalent workyears shall be supported from the funds appropriated in this Act for the United States Attorneys.

UNITED STATES TRUSTEE SYSTEM FUND

For necessary expenses of the United States Trustee Program, as authorized by 28 U.S.C. 589a(a), $125,997,000, to remain available until expended and to be derived from the United States Trustee System Fund: Provided, That, notwithstanding any other provision of law, deposits to the Fund shall be available in such amounts as may be necessary to pay refunds due depositors: Provided further, That, notwithstanding any other provision of law, $125,997,000 of offsetting collections pursuant to 28 U.S.C. 589a(b) shall be retained and used for necessary expenses in this appropriation and remain available until expended: Provided further, That the sum herein appropriated from the Fund shall be reduced as such offsetting collections are received during fiscal year 2001, so as to result in a final fiscal year 2001 appropriation from the Fund estimated at $0.

SALARIES AND EXPENSES, FOREIGN CLAIMS SETTLEMENT COMMISSION

For expenses necessary to carry out the activities of the Foreign Claims Settlement Commission, including services as authorized by 5 U.S.C. 3109, $1,107,000.

SALARIES AND EXPENSES, UNITED STATES MARSHALS SERVICE

For necessary expenses of the United States Marshals Service; including the acquisition, lease, maintenance, and operation of vehicles, and the purchase of passenger motor vehicles for police-type use, without regard to the general purchase price limitation for the current fiscal year, $572,695,000; of which not to exceed $6,000 shall be available for official reception and representation expenses; and of which not to exceed $4,000,000 for development, implementation, maintenance and support, and training for an automated prisoner information system shall remain available until expended: Provided, That, in addition to reimbursable full-time equivalent workyears available to the United States Marshals Service, not to exceed 3,947 positions and 3,895 full-time equivalent workyears shall be supported from the funds appropriated in this Act for the United States Marshals Service.

CONSTRUCTION

For planning, constructing, renovating, equipping, and maintaining United States Marshals Service prisoner-holding space in United States courthouses and Federal buildings, including the renovation and expansion of prisoner movement areas, elevators, and sallyports, $18,128,000, to remain available until expended.

JUSTICE PRISONER AND ALIEN TRANSPORTATION SYSTEM FUND, UNITED STATES MARSHALS SERVICE

Beginning in fiscal year 2000 and thereafter, payment shall be made from the Justice Prisoner and Alien Transportation System Fund for necessary expenses related to the scheduling and transportation of United States prisoners and illegal and criminal aliens in the custody of the United States Marshals Service, as authorized in 18 U.S.C. 4013, including, without limitation, salaries and expenses, operations, and the acquisition, lease, and maintenance of aircraft and support facilities: Provided, That the Fund shall be reimbursed or credited with advance payments from amounts available to the Department of Justice, other Federal agencies, and other sources at rates that will recover the expenses of Fund operations, including, without limitation, accrual of annual leave and depreciation of plant and equipment of the Fund: Provided further, That proceeds from the disposal of Fund aircraft shall be credited to the Fund: Provided further, That amounts in the Fund shall be available without fiscal year limitation, and may be used for operating equipment lease agreements that do not exceed 10 years.

In addition, $13,500,000, to remain available until expended, shall be available only for the purchase of two Sabreliner-class aircraft.

FEDERAL PRISONER DETENTION

For expenses, related to United States prisoners in the custody of the United States Marshals Service, but not including expenses otherwise provided for in appropriations available to the Attorney General, $597,402,000, to remain available until expended: Provided, That hereafter amounts appropriated for Federal Prisoner Detention shall be available to reimburse the Federal Bureau of Prisons for salaries and expenses of transporting, guarding and providing medical care outside of Federal penal and correctional institutions to prisoners awaiting trial or sentencing.

FEES AND EXPENSES OF WITNESSES

For expenses, mileage, compensation, and per diems of witnesses, for expenses of contracts for the procurement and supervision of expert witnesses, for private counsel expenses, and for per diems in lieu of subsistence, as authorized by law, including advances, $125,573,000, to remain available until expended; of which not to exceed $6,000,000 may be made available for planning, construction, renovations, maintenance, remodeling, and repair of buildings, and the purchase of equipment incident thereto, for protected witness safesites; of which not to exceed $1,000,000 may be made available for the purchase and maintenance of armored vehicles for transportation of protected witnesses; and of which not to exceed $5,000,000 may be made available for the purchase, installation, and maintenance of secure telecommunications equipment and a secure automated information network to store and retrieve the identities and locations of protected witnesses.

SALARIES AND EXPENSES, COMMUNITY RELATIONS SERVICE

For necessary expenses of the Community Relations Service, $8,475,000 and, in addition, up to $1,000,000 of funds made available to the Department of Justice in this Act may be transferred by the Attorney General to this account: Provided, That notwithstanding any other provision of law, upon a determination by the Attorney General that emergent circumstances require additional funding for conflict prevention and resolution activities of the Community Relations Service, the Attorney General may transfer such amounts to the Community Relations Service, from available appropriations for the current fiscal year for the Department of Justice, as may be necessary to respond to such circumstances: Provided further, That any transfer pursuant to the previous proviso shall be treated as a reprogramming under section 605 of this Act and shall not be available for obligation or expenditure except in compliance with the procedures set forth in that section.

ASSETS FORFEITURE FUND

For expenses authorized by 28 U.S.C. 524(c)(1)(A)(ii), (B), (F), and (G), as amended, $23,000,000, to be derived from the Department of Justice Assets Forfeiture Fund.

RADIATION EXPOSURE COMPENSATION

ADMINISTRATIVE EXPENSES

For necessary administrative expenses in accordance with the Radiation Exposure Compensation Act, $2,000,000.

PAYMENT TO RADIATION EXPOSURE COMPENSATION TRUST FUND

For payments to the Radiation Exposure Compensation Trust Fund of claims covered by the Radiation Exposure Compensation Act as in effect on June 1, 2000, $10,800,000.

INTERAGENCY LAW ENFORCEMENT

INTERAGENCY CRIME AND DRUG ENFORCEMENT

For necessary expenses for the detection, investigation, and prosecution of individuals involved in organized crime drug trafficking not otherwise provided for, to include inter-governmental agreements with State and local law enforcement agencies engaged in the investigation and prosecution of individuals involved in organized crime drug trafficking, $325,898,000, of which $50,000,000 shall remain available until expended: Provided, That any amounts obligated from appropriations under this heading may be used under authorities available to the organizations reimbursed from this appropriation: Provided further, That any unobligated balances remaining available at the end of the fiscal year shall revert to the Attorney General for reallocation among participating organizations in succeeding fiscal years, subject to the reprogramming procedures described in section 605 of this Act.

FEDERAL BUREAU OF INVESTIGATION

SALARIES AND EXPENSES

For necessary expenses of the Federal Bureau of Investigation for detection, investigation, and prosecution of crimes against the United States; including purchase for police-type use of not to exceed 1,236 passenger motor vehicles, of which 1,142 will be for replacement only, without regard to the general purchase price limitation for the current fiscal year, and hire of passenger motor vehicles; acquisition, lease, maintenance, and operation of aircraft; and not to exceed $70,000 to meet unforeseen emergencies of a confidential character, to be expended under the direction of, and to be accounted for solely under the certificate of, the Attorney General, $3,235,600,000; of which not to exceed $50,000,000 for automated data processing and telecommunications and technical investigative equipment and not to exceed $1,000,000 for undercover operations shall remain available until September 30, 2002; of which not less than $437,650,000 shall be for counterterrorism investigations, foreign counterintelligence, and other activities related to our national security; of which not to exceed $10,000,000 is authorized to be made available for making advances for expenses arising out of contractual or reimbursable agreements with State and local law enforcement agencies while engaged in cooperative activities related to violent crime, terrorism, organized crime, and drug investigations: Provided, That not to exceed $45,000 shall be available for official reception and representation expenses: Provided further, That, in addition to reimbursable full-time equivalent workyears available to the Federal Bureau of Investigation, not to exceed 25,569 positions and 25,142 full-time equivalent workyears shall be supported from the funds appropriated in this Act for the Federal Bureau of Investigation: Provided further, That no funds in this Act may be used to provide ballistics imaging equipment to any State or local authority which has obtained similar equipment through a Federal grant or subsidy unless the State or local authority agrees to return that equipment or to repay that grant or subsidy to the Federal Government.

CONSTRUCTION

For necessary expenses to construct or acquire buildings and sites by purchase, or as otherwise authorized by law (including equipment for such buildings); conversion and extension of federally-owned buildings; and preliminary planning and design of projects; $16,687,000, to remain available until expended.

DRUG ENFORCEMENT ADMINISTRATION

SALARIES AND EXPENSES

For necessary expenses of the Drug Enforcement Administration, including not to exceed $70,000 to meet unforeseen emergencies of a confidential character, to be expended under the direction of, and to be accounted for solely under the certificate of, the Attorney General; expenses for conducting drug education and training programs, including travel and related expenses for participants in such programs and the distribution of items of token value that promote the goals of such programs; purchase of not to exceed 1,358 passenger motor vehicles, of which 1,079 will be for replacement only, for police-type use without regard to the general purchase price limitation for the current fiscal year; and acquisition, lease, maintenance, and operation of aircraft, $1,363,309,000; of which not to exceed $1,800,000 for research shall remain available until expended, and of which not to exceed $4,000,000 for purchase of evidence and payments for information, not to exceed $10,000,000 for contracting for automated data processing and telecommunications equipment, and not to exceed $2,000,000 for laboratory equipment, $4,000,000 for technical equipment, and $2,000,000 for aircraft replacement retrofit and parts, shall remain available until September 30, 2002; of which not to exceed $50,000 shall be available for official reception and representation expenses: Provided, That, in addition to reimbursable full-time equivalent workyears available to the Drug Enforcement Administration, not to exceed 7,520 positions and 7,412 full-time equivalent workyears shall be supported from the funds appropriated in this Act for the Drug Enforcement Administration.

IMMIGRATION AND NATURALIZATION SERVICE

SALARIES AND EXPENSES

For expenses necessary for the administration and enforcement of the laws relating to immigration, naturalization, and alien registration, as follows:

ENFORCEMENT AND BORDER AFFAIRS

For salaries and expenses for the Border Patrol program, the detention and deportation program, the intelligence program, the investigations program, and the inspections program, including not to exceed $50,000 to meet unforeseen emergencies of a confidential character, to be expended under the direction of, and to be accounted for solely under the certificate of, the Attorney General; purchase for police-type use (not to exceed 3,165 passenger motor vehicles, of which 2,211 are for replacement only), without regard to the general purchase price limitation for the current fiscal year, and hire of passenger motor vehicles; acquisition, lease, maintenance and operation of aircraft; research related to immigration enforcement; for protecting and maintaining the integrity of the borders of the United States including, without limitation, equipping, maintaining, and making improvements to the infrastructure; and for the care and housing of Federal detainees held in the joint Immigration and Naturalization Service and United States Marshals Service's Buffalo Detention Facility, $2,547,057,000; of which not to exceed $10,000,000 shall be available for costs associated with the training program for basic officer training, and $5,000,000 is for payments or advances arising out of contractual or reimbursable agreements with State and local law enforcement agencies while engaged in cooperative activities related to immigration; of which not to exceed $5,000,000 is to fund or reimburse other Federal agencies for the costs associated with the care, maintenance, and repatriation of smuggled illegal aliens: Provided, That none of the funds available to the Immigration and Naturalization Service shall be available to pay any employee overtime pay in an amount in excess of $30,000 during the calendar year beginning January 1, 2001: Provided further, That uniforms may be purchased without regard to the general purchase price limitation for the current fiscal year: Provided further, That, in addition to reimbursable full-time equivalent workyears available to the Immigration and Naturalization Service, not to exceed 19,783 positions and 19,191 full-time equivalent workyears shall be supported from the funds appropriated under this heading in this Act for the Immigration and Naturalization Service: Provided further, That none of the funds provided in this or any other Act shall be used for the continued operation of the San Clemente and Temecula checkpoints unless the checkpoints are open and traffic is being checked on a continuous 24-hour basis.

CITIZENSHIP AND BENEFITS, IMMIGRATION SUPPORT AND PROGRAM DIRECTION

For all programs of the Immigration and Naturalization Service not included under the heading ''Enforcement and Border Affairs'', $578,819,000, of which not to exceed $400,000 for research shall remain available until expended: Provided, That not to exceed $5,000 shall be available for official reception and representation expenses: Provided further, That the Attorney General may transfer any funds appropriated under this heading and the heading ''Enforcement and Border Affairs'' between said appropriations notwithstanding any percentage transfer limitations imposed under this appropriation Act and may direct such fees as are collected by the Immigration and Naturalization Service to the activities funded under this heading and the heading ''Enforcement and Border Affairs'' for performance of the functions for which the fees legally may be expended: Provided further, That not to exceed 40 permanent positions and 40 full-time equivalent workyears and $4,300,000 shall be expended for the Offices of Legislative Affairs and Public Affairs: Provided further, That the latter two aforementioned offices shall not be augmented by personnel details, temporary transfers of personnel on either a reimbursable or non-reimbursable basis, or any other type of formal or informal transfer or reimbursement of personnel or funds on either a temporary or long-term basis: Provided further, That the number of positions filled through non-career appointment at the Immigration and Naturalization Service, for which funding is provided in this Act or is otherwise made available to the Immigration and Naturalization Service, shall not exceed four permanent positions and four full-time equivalent workyears: Provided further, That none of the funds available to the Immigration and Naturalization Service shall be used to pay any employee overtime pay in an amount in excess of $30,000 during the calendar year beginning January 1, 2001: Provided further, That funds may be used, without limitation, for equipping, maintaining, and making improvements to the infrastructure and the purchase of vehicles for police-type use within the limits of the Enforcement and Border Affairs appropriation: Provided further, That, in addition to reimbursable full-time equivalent workyears available to the Immigration and Naturalization Service, not to exceed 3,100 positions and 3,150 full-time equivalent workyears shall be supported from the funds appropriated under this heading in this Act for the Immigration and Naturalization Service: Provided further, That, notwithstanding any other provision of law, during fiscal year 2001, the Attorney General is authorized and directed to impose disciplinary action, including termination of employment, pursuant to policies and procedures applicable to employees of the Federal Bureau of Investigation, for any employee of the Immigration and Naturalization Service who violates policies and procedures set forth by the Department of Justice relative to the granting of citizenship or who willfully deceives the Congress or department leadership on any matter.

CONSTRUCTION

For planning, construction, renovation, equipping, and maintenance of buildings and

facilities necessary for the administration and enforcement of the laws relating to immigration, naturalization, and alien registration, not otherwise provided for, $133,302,000, to remain available until expended: Provided, That no funds shall be available for the site acquisition, design, or construction of any Border Patrol checkpoint in the Tucson sector.

FEDERAL PRISON SYSTEM

SALARIES AND EXPENSES

For expenses necessary for the administration, operation, and maintenance of Federal penal and correctional institutions, including purchase (not to exceed 707, of which 600 are for replacement only) and hire of law enforcement and passenger motor vehicles, and for the provision of technical assistance and advice on corrections related issues to foreign governments, $3,476,889,000: Provided, That the Attorney General may transfer to the Health Resources and Services Administration such amounts as may be necessary for direct expenditures by that Administration for medical relief for inmates of Federal penal and correctional institutions: Provided further, That the Director of the Federal Prison System (FPS), where necessary, may enter into contracts with a fiscal agent/fiscal intermediary claims processor to determine the amounts payable to persons who, on behalf of FPS, furnish health services to individuals committed to the custody of FPS: Provided further, That not to exceed $6,000 shall be available for official reception and representation expenses: Provided further, That not to exceed $90,000,000 shall remain available for necessary operations until September 30, 2002: Provided further, That, of the amounts provided for Contract Confinement, not to exceed $20,000,000 shall remain available until expended to make payments in advance for grants, contracts and reimbursable agreements, and other expenses authorized by section 501(c) of the Refugee Education Assistance Act of 1980, as amended, for the care and security in the United States of Cuban and Haitian entrants: Provided further, That the Director of the Federal Prison System may accept donated property and services relating to the operation of the prison card program from a not-for-profit entity which has operated such program in the past notwithstanding the fact that such not-for-profit entity furnishes services under contracts to the Federal Prison System relating to the operation of pre-release services, halfway houses or other custodial facilities.

BUILDINGS AND FACILITIES

For planning, acquisition of sites and construction of new facilities; purchase and acquisition of facilities and remodeling, and equipping of such facilities for penal and correctional use, including all necessary expenses incident thereto, by contract or force account; and constructing, remodeling, and equipping necessary buildings and facilities at existing penal and correctional institutions, including all necessary expenses incident thereto, by contract or force account, $835,660,000, to remain available until expended, of which not to exceed $14,000,000 shall be available to construct areas for inmate work programs: Provided, That labor of United States prisoners may be used for work performed under this appropriation: Provided further, That not to exceed 10 percent of the funds appropriated to ''Buildings and Facilities'' in this or any other Act may be transferred to ''Salaries and Expenses'', Federal Prison System, upon notification by the Attorney General to the Committees on Appropriations of the House of Representatives and the Senate in compliance with provisions set forth in section 605 of this Act.

FEDERAL PRISON INDUSTRIES, INCORPORATED

The Federal Prison Industries, Incorporated, is hereby authorized to make such expenditures, within the limits of funds and borrowing authority available, and in accord with the law, and to make such contracts and commitments, without regard to fiscal year limitations as provided by section 9104 of title 31, United States Code, as may be necessary in carrying out the program set forth in the budget for the current fiscal year for such corporation, including purchase of (not to exceed five for replacement only) and hire of passenger motor vehicles.

LIMITATION ON ADMINISTRATIVE EXPENSES, FEDERAL PRISON INDUSTRIES, INCORPORATED

Not to exceed $3,429,000 of the funds of the corporation shall be available for its administrative expenses, and for services as authorized by 5 U.S.C. 3109, to be computed on an accrual basis to be determined in accordance with the corporation's current prescribed accounting system, and such amounts shall be exclusive of depreciation, payment of claims, and expenditures which the said accounting system requires to be capitalized or charged to cost of commodities acquired or produced, including selling and shipping expenses, and expenses in connection with acquisition, construction, operation, maintenance, improvement, protection, or disposition of facilities and other property belonging to the corporation or in which it has an interest.

OFFICE OF JUSTICE PROGRAMS

JUSTICE ASSISTANCE

For grants, contracts, cooperative agreements, and other assistance authorized by title I of the Omnibus Crime Control and Safe Streets Act of 1968, as amended (''the 1968 Act''), and the Missing Children's Assistance Act, as amended, including salaries and expenses in connection therewith, and with the Victims of Crime Act of 1984, as amended, $197,239,000, to remain available until expended, as authorized by section 1001 of title I of the Omnibus Crime Control and Safe Streets Act of 1968, as amended by Public Law 102–534 (106 Stat. 3524).

In addition, for grants, cooperative agreements, and other assistance authorized by sections 821 and 822 of the Antiterrorism and Effective Death Penalty Act of 1996 and for other counterterrorism programs, $220,980,000, to remain available until expended.

STATE AND LOCAL LAW ENFORCEMENT ASSISTANCE

For assistance authorized by the Violent Crime Control and Law Enforcement Act of 1994 (Public Law 103–322), as amended (''the 1994 Act''); the Omnibus Crime Control and Safe Streets Act of 1968, as amended (''the 1968 Act''); and the Victims of Child Abuse Act of 1990, as amended (''the 1990 Act''), $2,848,929,000 (including amounts for administrative costs, which shall be transferred to and merged with the ''Justice Assistance'' account), to remain available until expended as follows:

(1) $523,000,000 for Local Law Enforcement Block Grants, pursuant to H.R. 728 as passed by the House of Representatives on February 14, 1995, except that for purposes of this Act, Guam shall be considered a ''State'', the Commonwealth of Puerto Rico shall be considered a ''unit of local government'' as well as a ''State'', for the purposes set forth in paragraphs (A), (B), (D), (F), and (I) of section 101(a)(2) of H.R. 728 and for establishing crime prevention programs involving cooperation between community residents and law enforcement personnel in order to control, detect, or investigate crime or the prosecution of criminals: Provided, That no funds provided under this heading may be used as matching funds for any other Federal grant program, of which:

(a) $60,000,000 shall be for Boys and Girls Clubs in public housing facilities and other areas in cooperation with State and local law enforcement: Provided, That funds may also be used to defray the costs of indemnification insurance for law enforcement officers, and

(b) $20,000,000 shall be available to carry out section 102(2) of H.R. 728;

(2) $400,000,000 for the State Criminal Alien Assistance Program, as authorized by section 242(j) of the Immigration and Nationality Act, as amended;

(3) $686,500,000 for Violent Offender Incarceration and Truth in Sentencing Incentive Grants pursuant to subtitle A of title II of the 1994 Act, of which:

(a) $165,000,000 shall be available for payments to States for incarceration of criminal aliens,

(b) $35,000,000 shall be available for the Cooperative Agreement Program,

(c) $34,000,000 shall be reserved by the Attorney General for fiscal year 2001 under section 20109(a) of subtitle A of title II of the 1994 Act, and

(d) $2,000,000 shall be for the review of State environmental impact statements;

(4) $8,000,000 for the Tribal Courts Initiative;

(5) $569,050,000 for programs authorized by part E of title I of the 1968 Act, notwithstanding the provisions of section 511 of said Act, of which $69,050,000 shall be for discretionary grants under the Edward Byrne Memorial State and Local Law Enforcement Assistance Programs;

(6) $11,500,000 for the Court Appointed Special Advocate Program, as authorized by section 218 of the 1990 Act;

(7) $2,000,000 for Child Abuse Training Programs for Judicial Personnel and Practitioners, as authorized by section 224 of the 1990 Act;

(8) $210,179,000 for Grants to Combat Violence Against Women, to States, units of local government, and Indian tribal governments, as authorized by section 1001(a)(18) of the 1968 Act, of which:

(a) $31,625,000 shall be used exclusively for the purpose of strengthening civil legal assistance programs for victims of domestic violence,

(b) $5,200,000 shall be for the National Institute of Justice for research and evaluation of violence against women,

(c) $10,000,000 shall be for the Office of Juvenile Justice and Delinquency Prevention for the Safe Start Program, to be administered as authorized by part C of the Juvenile Justice and Delinquency Act of 1974, as amended, and

(d) $11,000,000 shall be used exclusively for violence on college campuses;

(9) $34,000,000 for Grants to Encourage Arrest Policies to States, units of local government, and Indian tribal governments, as authorized by section 1001(a)(19) of the 1968 Act;

(10) $25,000,000 for Rural Domestic Violence and Child Abuse Enforcement Assistance Grants, as authorized by section 40295 of the 1994 Act;

(11) $5,000,000 for training programs to assist probation and parole officers who work with released sex offenders, as authorized by section 40152(c) of the 1994 Act, and for local demonstration projects;

(12) $1,000,000 for grants for televised testimony, as authorized by section 1001(a)(7) of the 1968 Act;

(13) $63,000,000 for grants for residential substance abuse treatment for State prisoners, as authorized by section 1001(a)(17) of the 1968 Act;

(14) $5,000,000 for demonstration grants on alcohol and crime in Indian Country;

(15) $900,000 for the Missing Alzheimer's Disease Patient Alert Program, as authorized by section 240001(c) of the 1994 Act;

(16) $50,000,000 for Drug Courts, as authorized by title V of the 1994 Act;

(17) $1,500,000 for Law Enforcement Family Support Programs, as authorized by section 1001(a)(21) of the 1968 Act;

(18) $2,000,000 for public awareness programs addressing marketing scams aimed at senior citizens, as authorized by section 250005(3) of the 1994 Act;

(19) $250,000,000 for Juvenile Accountability Incentive Block Grants (of which $500,000 shall be used to construct a treatment and security facility for mid-risk youth in Southwest Colorado) except that such funds shall be subject to the same terms and conditions as set forth in the provisions under this heading for this program in Public Law 105–119, but all references in such provisions to 1998 shall be deemed to refer instead to 2001, and Guam shall be considered a ''State'' for the purposes of title III of H.R. 3, as passed by the House of Representatives on May 8, 1997; and

(20) $1,300,000 for Motor Vehicle Theft Prevention Programs, as authorized by section 220002(h) of the 1994 Act:

Provided further, That funds made available in fiscal year 2001 under subpart 1 of part E of title I of the 1968 Act may be obligated for programs to assist States in the litigation processing of death penalty Federal habeas corpus petitions and for drug testing initiatives: Provided further, That, if a unit of local government uses any of the funds made available under this title to increase the number of law enforcement officers, the unit of local government will achieve a net gain in the number of law enforcement officers who perform nonadministrative public safety service: Provided further, That balances for these programs may be transferred from the Violent Crime Reduction Programs, State and Local Law Enforcement Assistance account to this account.

WEED AND SEED PROGRAM FUND

For necessary expenses, including salaries and related expenses of the Executive Office for Weed and Seed, to implement ''Weed and Seed'' program activities, $34,000,000, to remain available until expended, for inter-governmental agreements, including grants, cooperative agreements, and contracts, with State and local law enforcement agencies, non-profit organizations, and agencies of local government, engaged in the investigation and prosecution of violent crimes and drug offenses in ''Weed and Seed'' designated communities, and for either reimbursements or transfers to appropriation accounts of the Department of Justice and other Federal agencies which shall be specified by the Attorney General to execute the ''Weed and Seed'' program strategy: Provided, That funds designated by Congress through language for other Department of Justice appropriation accounts for ''Weed and Seed'' program activities shall be managed and executed by the Attorney General through the Executive Office for Weed and Seed: Provided further, That the Attorney General may direct the use of other Department of Justice funds and personnel in support of ''Weed and Seed'' program activities only after the Attorney General notifies the Committees on Appropriations of the House of Representatives and the Senate in accordance with section 605 of this Act.

COMMUNITY ORIENTED POLICING SERVICES

For activities authorized by the Violent Crime Control and Law Enforcement Act of 1994, Public Law 103–322 (''the 1994 Act'') (including administrative costs), $1,032,325,000, to remain available until expended; of which $130,000,000 shall be available to the Office of Justice Programs to carry out section 102 of the Crime Identification Technology Act of 1998 (42 U.S.C. 14601), of which $35,000,000 is for grants to upgrade criminal records, as authorized by section 106(b) of the Brady Handgun Violence Prevention Act of 1993, as amended, and section 4(b) of the National Child Protection Act of 1993, of which $17,500,000 is for the National Institute of Justice to develop school safety technologies, and of which $30,000,000 shall be for State and local DNA laboratories as authorized by section 1001(a)(22) of the 1968 Act, as well as for improvements to the State and local forensic laboratory general forensic science capabilities to reduce States' DNA convicted offender sample backlog and for awards to State, local, and private laboratories; of which $566,825,000 is for Public Safety and Community Policing Grants pursuant to title I of the 1994 Act, of which $180,000,000 shall be available for school resource officers, of which $35,000,000 shall be used to improve tribal law enforcement including equipment and training, of which $25,500,000 shall be used for the Matching Grant Program for Law Enforcement Armor Vests pursuant to section 2501 of part Y of the Omnibus Crime Control and Safe Streets Act of 1968 (''the 1968 Act''), as amended, of which $29,500,000 shall be used for Police Corps education, training, and service as set forth in sections 200101–200113 of the 1994 Act, and of which $15,000,000 shall be used to combat violence in schools; of which $140,000,000 shall be used for a law enforcement technology program; of which $48,500,000 shall be used for policing initiatives to combat methamphetamine production and trafficking and to enhance policing initiatives in drug ''hot spots''; of which $75,000,000 shall be for grants to States and units of local government for a Community Prosecution Program in areas of high gun-related violent crime to address gun-related violence and violations of gun statutes in cases involving drug-trafficking or gang-related crime; of which $25,000,000 shall be used for the Community Prosecutors program; of which $17,000,000 shall be for a police integrity program; and of which $30,000,000 shall be for an offender re-entry program: Provided, That of the amount provided for Public Safety and Community Policing Grants, not to exceed $31,825,000 shall be expended for program management and administration: Provided further, That of the unobligated balances available in this program, $5,000,000 shall be available to improve tribal law enforcement including equipment and training: Provided further, That no funds that become available as a result of deobligations from prior year balances, excluding those for program management and administration, may be obligated except in accordance with section 605 of this Act.

JUVENILE JUSTICE PROGRAMS

For grants, contracts, cooperative agreements, and other assistance authorized by the Juvenile Justice and Delinquency Prevention Act of 1974, as amended, (''the Act''), including salaries and expenses in connection therewith to be transferred to and merged with the appropriations for Justice Assistance, $279,097,000, to remain available until expended, as authorized by section 299 of part I of title II and section 506 of title V of the Act, as amended by Public Law 102–586, of which: (1) notwithstanding any other provision of law, $6,847,000 shall be available for expenses authorized by part A of title II of the Act, $89,000,000 shall be available for expenses authorized by part B of title II of the Act, and $50,250,000 shall be available for expenses authorized by part C of title II of the Act: Provided, That $26,500,000 of the amounts provided for part B of title II of the Act, as amended, is for the purpose of providing additional formula grants under part B to States that provide assurances to the Administrator that the State has in effect (or will have in effect no later than 1 year after date of application) policies and programs, that ensure that juveniles are subject to accountability-based sanctions for every act for which they are adjudicated delinquent; (2) $12,000,000 shall be available for expenses authorized by sections 281 and 282 of part D of title II of the Act for prevention and treatment programs relating to juvenile gangs; (3) $10,000,000 shall be available for expenses authorized by section 285 of part E of title II of the Act; (4) $16,000,000 shall be available for expenses authorized by part G of title II of the Act for juvenile mentoring programs; and (5) $95,000,000 shall be available for expenses authorized by title V of the Act for incentive grants for local delinquency prevention programs; of which $12,500,000 shall be for delinquency prevention, control, and system improvement programs for tribal youth; of which $25,000,000 shall be available for grants of $360,000 to each State and $6,640,000 shall be available for discretionary grants to States, for programs and activities to enforce State laws prohibiting the sale of alcoholic beverages to minors or the purchase or consumption of alcoholic beverages by minors, prevention and reduction of consumption of alcoholic beverages by minors, and for technical assistance and training; and of which $15,000,000 shall be available for the Safe Schools Initiative: Provided further, That upon the enactment of reauthorization legislation for Juvenile Justice Programs under the Juvenile Justice and Delinquency Prevention Act of 1974, as amended, funding provisions in this Act shall from that date be subject to the provisions of that legislation and any provisions in this Act that are inconsistent with that legislation shall no longer have effect: Provided further, That of amounts made available under the Juvenile Justice Programs of the Office of Justice Programs to carry out part B (relating to Federal Assistance for State and Local Programs), subpart II of part C (relating to Special Emphasis Prevention and Treatment Programs), part D (relating to Gang-Free Schools and Communities and Community-Based Gang Intervention), part E (relating to State Challenge Activities), and part G (relating to Mentoring) of title II of the Juvenile Justice and Delinquency Prevention Act of 1974, and to carry out the At-Risk Children's Program under title V of that Act, not more than 10 percent of each such amount may be used for research, evaluation, and statistics activities designed to benefit the programs or activities authorized under the appropriate part or title, and not more than 2 percent of each such amount may be used for training and technical assistance activities designed to benefit the programs or activities authorized under that part or title.

In addition, for grants, contracts, cooperative agreements, and other assistance, $11,000,000 to remain available until expended, for developing, testing, and demonstrating programs designed to reduce drug use among juveniles.

In addition, for grants, contracts, cooperative agreements, and other assistance authorized by the Victims of Child Abuse Act of 1990, as amended, $8,500,000, to remain available until expended, as authorized by section 214B of the Act.

PUBLIC SAFETY OFFICERS BENEFITS

To remain available until expended, for payments authorized by part L of title I of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3796), as amended, such sums as are necessary, as authorized by section 6093 of Public Law 100–690 (102 Stat. 4339–4340); and $2,400,000, to remain available until expended for payments as authorized by section 1201(b) of said Act.

GENERAL PROVISIONS—DEPARTMENT OF JUSTICE

SEC. 101. In addition to amounts otherwise made available in this title for official reception and representation expenses, a total of not to exceed $45,000 from funds appropriated to the Department of Justice in this title shall be available to the Attorney General for official reception and representation expenses in accordance with distributions, procedures, and regulations established by the Attorney General.

SEC. 102. Hereafter, authorities contained in the Department of Justice Appropriation Authorization Act, Fiscal Year 1980 (Public Law 96–132; 93 Stat. 1040 (1979)), as amended, shall

remain in effect until the effective date of a subsequent Department of Justice Appropriation Authorization Act.

SEC. 103. None of the funds appropriated by this title shall be available to pay for an abortion, except where the life of the mother would be endangered if the fetus were carried to term, or in the case of rape: Provided, That should this prohibition be declared unconstitutional by a court of competent jurisdiction, this section shall be null and void.

SEC. 104. None of the funds appropriated under this title shall be used to require any person to perform, or facilitate in any way the performance of, any abortion.

SEC. 105. Nothing in the preceding section shall remove the obligation of the Director of the Bureau of Prisons to provide escort services necessary for a female inmate to receive such service outside the Federal facility: Provided, That nothing in this section in any way diminishes the effect of section 104 intended to address the philosophical beliefs of individual employees of the Bureau of Prisons.

SEC. 106. Notwithstanding any other provision of law, not to exceed $10,000,000 of the funds made available in this Act may be used to establish and publicize a program under which publicly advertised, extraordinary rewards may be paid, which shall not be subject to spending limitations contained in sections 3059 and 3072 of title 18, United States Code: Provided, That any reward of $100,000 or more, up to a maximum of $2,000,000, may not be made without the personal approval of the President or the Attorney General and such approval may not be delegated.

SEC. 107. Not to exceed 5 percent of any appropriation made available for the current fiscal year for the Department of Justice in this Act, including those derived from the Violent Crime Reduction Trust Fund, may be transferred between such appropriations, but no such appropriation, except as otherwise specifically provided, shall be increased by more than 10 percent by any such transfers: Provided, That any transfer pursuant to this section shall be treated as a reprogramming of funds under section 605 of this Act and shall not be available for obligation except in compliance with the procedures set forth in that section.

SEC. 108. Section 108(a) of the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 2000 (as enacted into law by section 1000(a)(1) of Public Law 106–113) shall apply for fiscal year 2001 and thereafter.

SEC. 109. Section 3024 of the Emergency Supplemental Appropriations Act, 1999 (Public Law 106–31) shall apply for fiscal year 2001.

SEC. 110. Section 641(e)(4)(A) of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (division C of Public Law 104–208) is amended by inserting before the period at the end of the second sentence the following: '', except that, in the case of an alien admitted under section 101(a)(15)(J) of the Immigration and Nationality Act as an au pair, camp counselor, or participant in a summer work travel program, the fee shall not exceed $35''.

SEC. 111. Section 115 of the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 2000 (as enacted into law by section 1000(a)(1) of Public Law 106–113) shall apply hereafter.

SEC. 112. Section 286 of the Immigration and Nationality Act (8 U.S.C. 1356) is amended by adding at the end the following new subsections:

''(t) GENEALOGY FEE.—(1) There is hereby established the Genealogy Fee for providing genealogy research and information services. This fee shall be deposited as offsetting collections into the Examinations Fee Account. Fees for such research and information services may be set at a level that will ensure the recovery of the full costs of providing all such services.

''(2) The Attorney General will prepare and submit annually to Congress statements of the financial condition of the Genealogy Fee.

''(3) Any officer or employee of the Immigration and Naturalization Service shall collect fees prescribed under regulation before disseminating any requested genealogical information.

''(u) PREMIUM FEE FOR EMPLOYMENT-BASED PETITIONS AND APPLICATIONS.—The Attorney General is authorized to establish and collect a premium fee for employment-based petitions and applications. This fee shall be used to provide certain premium-processing services to business customers, and to make infrastructure improvements in the adjudications and customer-service processes. For approval of the benefit applied for, the petitioner/applicant must meet the legal criteria for such benefit. This fee shall be set at $1,000, shall be paid in addition to any normal petition/application fee that may be applicable, and shall be deposited as offsetting collections in the Immigration Examinations Fee Account. The Attorney General may adjust this fee according to the Consumer Price Index.''.

SEC. 114. Section 1402(d)(3) of Public Law 98–473 is amended by inserting ''and the Federal Bureau of Investigation'' after ''United States Attorneys Offices''.

SEC. 115. Beginning in fiscal year 2001 and thereafter, funds appropriated to the Federal Prison System may be used to place in privately operated prisons only such persons sentenced to incarceration under the District of Columbia Code as the Director, Bureau of Prisons, may determine to be appropriate for such placement consistent with Federal classification standards, after consideration of all relevant factors, including the threat of danger to public safety.

SEC. 116. Notwithstanding any other provision of law, $1,000,000 shall be available for technical assistance from the funds appropriated for part G of title II of the Juvenile Justice and Delinquency Prevention Act of 1974, as amended.

SEC. 117. Of the discretionary funds appropriated to the Edward Byrne Memorial State and Local Law Enforcement Assistance Program in fiscal year 2000, $2,000,000 shall be transferred to the Violent Offender Incarceration and Truth In Sentencing Incentive Grants Program to be used for the construction costs of the Hoonah Spirit Camp, as authorized under section 20109(a) of subtitle A of title II of the 1994 Act.

SEC. 118. Notwithstanding any other provision of law, for fiscal 2001 and hereafter, with respect to any grant program for which amounts are made available under this title, no grant funds may be made available to any local jail that runs ''pay-to-stay programs.''

SEC. 119. Notwithstanding any other provision of law, including section 4(d) of the Service Contract Act of 1965 (41 U.S.C. 353(d)), the Attorney General hereafter may enter into contracts and other agreements, of any reasonable duration, for detention or incarceration space or facilities, including related services, on any reasonable basis.

This title may be cited as the ''Department of Justice Appropriations Act, 2001''.

TITLE II—DEPARTMENT OF COMMERCE AND RELATED AGENCIES

TRADE AND INFRASTRUCTURE DEVELOPMENT

RELATED AGENCIES

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

SALARIES AND EXPENSES

For necessary expenses of the Office of the United States Trade Representative, including the hire of passenger motor vehicles and the employment of experts and consultants as authorized by 5 U.S.C. 3109, $29,517,000, of which $1,000,000 shall remain available until expended: Provided, That not to exceed $98,000 shall be available for official reception and representation expenses.

INTERNATIONAL TRADE COMMISSION

SALARIES AND EXPENSES

For necessary expenses of the International Trade Commission, including hire of passenger motor vehicles, and services as authorized by 5 U.S.C. 3109, and not to exceed $2,500 for official reception and representation expenses, $48,100,000, to remain available until expended.

DEPARTMENT OF COMMERCE

INTERNATIONAL TRADE ADMINISTRATION

OPERATIONS AND ADMINISTRATION

For necessary expenses for international trade activities of the Department of Commerce provided for by law, and engaging in trade promotional activities abroad, including expenses of grants and cooperative agreements for the purpose of promoting exports of United States firms, without regard to 44 U.S.C. 3702 and 3703; full medical coverage for dependent members of immediate families of employees stationed overseas and employees temporarily posted overseas; travel and transportation of employees of the United States and Foreign Commercial Service between two points abroad, without regard to 49 U.S.C. 1517; employment of Americans and aliens by contract for services; rental of space abroad for periods not exceeding 10 years, and expenses of alteration, repair, or improvement; purchase or construction of temporary demountable exhibition structures for use abroad; payment of tort claims, in the manner authorized in the first paragraph of 28 U.S.C. 2672 when such claims arise in foreign countries; not to exceed $327,000 for official representation expenses abroad; purchase of passenger motor vehicles for official use abroad, not to exceed $30,000 per vehicle; obtaining insurance on official motor vehicles; and rental of tie lines and teletype equipment, $337,444,000, to remain available until expended, of which $3,000,000 is to be derived from fees to be retained and used by the International Trade Administration, notwithstanding 31 U.S.C. 3302: Provided, That $64,747,000 shall be for Trade Development, $25,555,000 shall be for Market Access and Compliance, $40,645,000 shall be for the Import Administration, $194,638,000 shall be for the United States and Foreign Commercial Service, and $11,859,000 shall be for Executive Direction and Administration: Provided further, That the provisions of the first sentence of section 105(f) and all of section 108(c) of the Mutual Educational and Cultural Exchange Act of 1961 (22 U.S.C. 2455(f) and 2458(c)) shall apply in carrying out these activities without regard to section 5412 of the Omnibus Trade and Competitiveness Act of 1988 (15 U.S.C. 4912); and that for the purpose of this Act, contributions under the provisions of the Mutual Educational and Cultural Exchange Act shall include payment for assessments for services provided as part of these activities.

EXPORT ADMINISTRATION

OPERATIONS AND ADMINISTRATION

For necessary expenses for export administration and national security activities of the Department of Commerce, including costs associated with the performance of export administration field activities both domestically and abroad; full medical coverage for dependent members of immediate families of employees stationed overseas; employment of Americans and aliens by contract for services abroad; payment of tort claims, in the manner authorized in the first paragraph of 28 U.S.C. 2672 when such claims arise in foreign countries; not to exceed $15,000 for official representation expenses abroad; awards of compensation to informers

under the Export Administration Act of 1979, and as authorized by 22 U.S.C. 401(b); purchase of passenger motor vehicles for official use and motor vehicles for law enforcement use with special requirement vehicles eligible for purchase without regard to any price limitation otherwise established by law, $64,854,000, to remain available until expended, of which $7,250,000 shall be for inspections and other activities related to national security: Provided, That the provisions of the first sentence of section 105(f) and all of section 108(c) of the Mutual Educational and Cultural Exchange Act of 1961 (22 U.S.C. 2455(f) and 2458(c)) shall apply in carrying out these activities: Provided further, That payments and contributions collected and accepted for materials or services provided as part of such activities may be retained for use in covering the cost of such activities, and for providing information to the public with respect to the export administration and national security activities of the Department of Commerce and other export control programs of the United States and other governments.

ECONOMIC DEVELOPMENT ADMINISTRATION

ECONOMIC DEVELOPMENT ASSISTANCE PROGRAMS

For grants for economic development assistance as provided by the Public Works and Economic Development Act of 1965, as amended, and for trade adjustment assistance, $411,879,000, to remain available until expended.

SALARIES AND EXPENSES

For necessary expenses of administering the economic development assistance programs as provided for by law, $28,000,000: Provided, That these funds may be used to monitor projects approved pursuant to title I of the Public Works Employment Act of 1976, as amended, title II of the Trade Act of 1974, as amended, and the Community Emergency Drought Relief Act of 1977.

MINORITY BUSINESS DEVELOPMENT AGENCY

MINORITY BUSINESS DEVELOPMENT

For necessary expenses of the Department of Commerce in fostering, promoting, and developing minority business enterprise, including expenses of grants, contracts, and other agreements with public or private organizations, $27,314,000.

ECONOMIC AND INFORMATION INFRASTRUCTURE

ECONOMIC AND STATISTICAL ANALYSIS

SALARIES AND EXPENSES

For necessary expenses, as authorized by law, of economic and statistical analysis programs of the Department of Commerce, $53,745,000, to remain available until September 30, 2002.

BUREAU OF THE CENSUS

SALARIES AND EXPENSES

For expenses necessary for collecting, compiling, analyzing, preparing, and publishing statistics, provided for by law, $157,227,000.

PERIODIC CENSUSES AND PROGRAMS

For necessary expenses to conduct the decennial census, $130,898,000 to remain available until expended: Provided, That, of the total amount available for the decennial census ($130,898,000 in new appropriations and $260,000,000 in unobligated balances from prior years), $24,055,000 is for Program Development and Management; $55,096,000 is for Data Content and Products; $122,000,000 is for Field Data Collection and Support Systems; $1,500,000 is for Address List Development; $115,038,000 is for Automated Data Processing and Telecommunications Support; $55,000,000 is for Testing and Evaluation; $5,512,000 is for activities related to Puerto Rico, the Virgin Islands and Pacific Areas; $9,197,000 is for Marketing, Communications and Partnership activities; and $3,500,000 is for the Census Monitoring Board, as authorized by section 210 of Public Law 105–119.

In addition, for expenses to collect and publish statistics for other periodic censuses and programs provided for by law, $145,508,000, to remain available until expended: Provided, That regarding engineering and design of a facility at the Suitland Federal Center, quarterly reports regarding the expenditure of funds and project planning, design and cost decisions shall be provided by the Bureau, in cooperation with the General Services Administration, to the Committees on Appropriations of the Senate and the House of Representatives: Provided further, That none of the funds provided in this Act or any other Act under the heading ''Bureau of the Census, Periodic Censuses and Programs'' shall be used to fund the construction and tenant build-out costs of a facility at the Suitland Federal Center.

NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION

SALARIES AND EXPENSES

For necessary expenses, as provided for by law, of the National Telecommunications and Information Administration (NTIA), $11,437,000, to remain available until expended: Provided, That, notwithstanding 31 U.S.C. 1535(d), the Secretary of Commerce shall charge Federal agencies for costs incurred in spectrum management, analysis, and operations, and related services and such fees shall be retained and used as offsetting collections for costs of such spectrum services, to remain available until expended: Provided further, That hereafter, notwithstanding any other provision of law, NTIA shall not authorize spectrum use or provide any spectrum functions pursuant to the National Telecommunications and Information Administration Organization Act, 47 U.S.C. 902–903, to any Federal entity without reimbursement as required by NTIA for such spectrum management costs, and Federal entities withholding payment of such cost shall not use spectrum: Provided further, That the Secretary of Commerce is authorized to retain and use as offsetting collections all funds transferred, or previously transferred, from other Government agencies for all costs incurred in telecommunications research, engineering, and related activities by the Institute for Telecommunication Sciences of NTIA, in furtherance of its assigned functions under this paragraph, and such funds received from other Government agencies shall remain available until expended.

PUBLIC TELECOMMUNICATIONS FACILITIES, PLANNING AND CONSTRUCTION

For grants authorized by section 392 of the Communications Act of 1934, as amended, $43,500,000, to remain available until expended as authorized by section 391 of the Act, as amended: Provided, That not to exceed $1,800,000 shall be available for program administration as authorized by section 391 of the Act: Provided further, That notwithstanding the provisions of section 391 of the Act, the prior year unobligated balances may be made available for grants for projects for which applications have been submitted and approved during any fiscal year.

INFORMATION INFRASTRUCTURE GRANTS

For grants authorized by section 392 of the Communications Act of 1934, as amended, $45,500,000, to remain available until expended as authorized by section 391 of the Act, as amended: Provided, That not to exceed $3,000,000 shall be available for program administration and other support activities as authorized by section 391: Provided further, That, of the funds appropriated herein, not to exceed 5 percent may be available for telecommunications research activities for projects related directly to the development of a national information infrastructure: Provided further, That, notwithstanding the requirements of sections 392(a) and 392(c) of the Act, these funds may be used for the planning and construction of telecommunications networks for the provision of educational, cultural, health care, public information, public safety, or other social services: Provided further, That notwithstanding any other provision of law, no entity that receives telecommunications services at preferential rates under section 254(h) of the Act (47 U.S.C. 254(h)) or receives assistance under the regional information sharing systems grant program of the Department of Justice under part M of title I of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3796h) may use funds under a grant under this heading to cover any costs of the entity that would otherwise be covered by such preferential rates or such assistance, as the case may be: Provided further, That the Administrator shall, after consultation with other federal departments and agencies responsible for regulating the core operations of entities engaged in the provision of energy, water and railroad services, complete and submit to Congress, not later than twelve months after date of enactment of this subsection, a study of the current and future use of spectrum by these entities to protect and maintain the nation's critical infrastructure: Provided further, That within six months after the release of this study, the Chairman of the Federal Communications Commission shall submit a report to Congress on the actions that could be taken by the Commission to address any needs identified in the Administrator's study.

PATENT AND TRADEMARK OFFICE

SALARIES AND EXPENSES

For necessary expenses of the Patent and Trademark Office provided for by law, including defense of suits instituted against the Commissioner of Patents and Trademarks, $783,843,000, to remain available until expended: Provided, That of this amount, $783,843,000 shall be derived from offsetting collections assessed and collected pursuant to 15 U.S.C. 1113 and 35 U.S.C. 41 and 376, and shall be retained and used for necessary expenses in this appropriation: Provided further, That the sum herein appropriated from the general fund shall be reduced as such offsetting collections are received during fiscal year 2001, so as to result in a final fiscal year 2001 appropriation from the general fund estimated at $0: Provided further, That during fiscal year 2001, should the total amount of offsetting fee collections be less than $783,843,000, the total amounts available to the Patent and Trademark Office shall be reduced accordingly: Provided further, That any amount received in excess of $783,843,000 in fiscal year 2001 shall not be available for obligation: Provided further, That not to exceed $254,889,000 from fees collected in fiscal years 1999 and 2000 shall be made available for obligation in fiscal year 2001.

SCIENCE AND TECHNOLOGY

TECHNOLOGY ADMINISTRATION

UNDER SECRETARY FOR TECHNOLOGY/OFFICE OF TECHNOLOGY POLICY

SALARIES AND EXPENSES

For necessary expenses for the Under Secretary for Technology/Office of Technology Policy, $8,080,000.

NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY

SCIENTIFIC AND TECHNICAL RESEARCH AND SERVICES

For necessary expenses of the National Institute of Standards and Technology, $312,617,000, to remain available until expended, of which not to exceed $282,000 may be transferred to the ''Working Capital Fund''.

INDUSTRIAL TECHNOLOGY SERVICES

For necessary expenses of the Manufacturing Extension Partnership of the National Institute

of Standards and Technology, $105,137,000, to remain available until expended.

In addition, for necessary expenses of the Advanced Technology Program of the National Institute of Standards and Technology, $145,700,000, to remain available until expended, of which not to exceed $60,700,000 shall be available for the award of new grants.

CONSTRUCTION OF RESEARCH FACILITIES

For construction of new research facilities, including architectural and engineering design, and for renovation of existing facilities, not otherwise provided for the National Institute of Standards and Technology, as authorized by 15 U.S.C. 278c–278e, $34,879,000, to remain available until expended.

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

OPERATIONS, RESEARCH, AND FACILITIES

(INCLUDING TRANSFERS OF FUNDS)

For necessary expenses of activities authorized by law for the National Oceanic and Atmospheric Administration, including maintenance, operation, and hire of aircraft; grants, contracts, or other payments to nonprofit organizations for the purposes of conducting activities pursuant to cooperative agreements; and relocation of facilities as authorized by 33 U.S.C. 883i, $1,869,170,000, to remain available until expended: Provided, That fees and donations received by the National Ocean Service for the management of the national marine sanctuaries may be retained and used for the salaries and expenses associated with those activities, notwithstanding 31 U.S.C. 3302: Provided further, That in addition, $68,000,000 shall be derived by transfer from the fund entitled ''Promote and Develop Fishery Products and Research Pertaining to American Fisheries'': Provided further, That grants to States pursuant to sections 306 and 306A of the Coastal Zone Management Act of 1972, as amended, shall not exceed $2,000,000: Provided further, That not to exceed $31,439,000 shall be expended for Executive Direction and Administration, which consists of the Offices of the Undersecretary, the Executive Secretariat, Policy and Strategic Planning, International Affairs, Legislative Affairs, Public Affairs, Sustainable Development, the Chief Scientist, and the General Counsel: Provided further, That the aforementioned offices, excluding the Office of the General Counsel, shall not be augmented by personnel details, temporary transfers of personnel on either a reimbursable or nonreimbursable basis or any other type of formal or informal transfer or reimbursement of personnel or funds on either a temporary or long-term basis above the level of 42 personnel: Provided further, That no general administrative charge shall be applied against an assigned activity included in this Act and, further, that any direct administrative expenses applied against an assigned activity shall be limited to 5 percent of the funds provided for that assigned activity: Provided further, That any use of deobligated balances of funds provided under this heading in previous years shall be subject to the procedures set forth in section 605 of this Act.

In addition, for necessary retired pay expenses under the Retired Serviceman's Family Protection and Survivor Benefits Plan, and for payments for medical care of retired personnel and their dependents under the Dependents Medical Care Act (10 U.S.C. ch. 55), such sums as may be necessary.

PROCUREMENT, ACQUISITION AND CONSTRUCTION

(INCLUDING TRANSFERS OF FUNDS)

For procurement, acquisition and construction of capital assets, including alteration and modification costs, of the National Oceanic and Atmospheric Administration, $682,899,000, to remain available until expended: Provided, That unexpended balances of amounts previously made available in the ''Operations, Research, and Facilities'' account for activities funded under this heading may be transferred to and merged with this account, to remain available until expended for the purposes for which the funds were originally appropriated: Provided further, That none of the funds provided in this Act or any other Act under the heading ''National Oceanic and Atmospheric Administration, Procurement, Acquisition and Construction'' shall be used to fund the construction and tenant build-out costs of a facility at the Suitland Federal Center.

COASTAL AND OCEAN ACTIVITIES

In addition, for coastal and ocean activities, $420,000,000, to remain available until expended, of which $135,000,000 is for ocean, coastal and waterway conservation programs; of which $135,000,000 is for National Oceanic and Atmospheric Administration programs; and of which $150,000,000 is for coastal impact assistance as authorized by section 31 of the Outer Continental Shelf Lands Act as authorized by section 903 of this Act: Provided, That of the funds provided under this heading for ocean and coastal conservation programs, $10,000,000 is available for implementation of State nonpoint pollution control plans established pursuant to section 6217 of the Coastal Zone Management Act of 1972 as amended by P.L. 101–508 other than in non-contiguous States except Hawaii; $30,000,000 is for competitive grants for community-based coastal restoration activities in the Great Lakes region; $14,000,000 is for the University of New Hampshire, Building and Pier; $1,000,000 is for the Sea Coast Science Center; $3,000,000 is for the Great Bay Partnership; $1,000,000 is for the New Hampshire Department of Environmental Services Marsh Restoration initiative; $1,000,000 is for the Mississippi Laboratories at Pascagoula; $8,000,000 is for the ACE Basin NERRS Research Center construction; $4,000,000 is for Kachamek Bay NERRS research center construction; $1,000,000 is for the Raritan, New Jersey, NERRS land acquisition; $2,500,000 is for Winyah Bay land acquisition; $2,000,000 is for ACE Basin Land Acquisition; $10,000,000 is for a direct payment to the SeaLife Center; $10,000,000 is for Dupage River restoration; $1,000,000 is for Detroit River restoration; $500,000 is for lower Rouge River restoration; $8,500,000 is for Bronx River restoration and land acquisition; $16,000,000 is for a grant for Eastern Kentucky Pride, Inc, of which $11,000,000 is for design and construction of facilities for water protection and related environmental infrastructure; $3,000,000 is for a grant to the Louisiana Department of Natural Resources for brown marsh research/mitigation and nutria control; $2,000,000 is for land acquisition in southern Orange County, California for conservation of coastal sage scrub; $3,000,000 is for planning, renovation and construction of facilities for a new national estuarine research reserve in San Francisco, California; $2,000,000 is for a grant to the National Fish and Wildlife Foundation for species management and estuarine habitat conservation; and $1,500,000 is for a grant to the Pinellas County Environmental Foundation for the Tampa Bay watershed Provided further, That of the funds provided for the National Oceanic and Atmospheric Administration programs, $5,000,000 is for National Estuarine Research Reserves operations; $12,000,000 is for Marine Sanctuaries operations; $8,500,000 is for Coastal Zone Management Act grants; $1,500,000 is for Program Administration; $4,000,000 is for marine mammal strandings; $25,000,000 is for protection of Coral Reefs; $36,000,000 is for Pacific Coastal Salmon Recovery grants to States and tribes; $6,000,000 is for fisheries habitat restoration; $15,000,000 is for NOAA Cooperative Enforcement initiative; $3,000,000 is for Atlantic Coast observers; $3,000,000 is for Cooperative Research; $3,000,000 is for Red Snapper research; $3,000,000 is for Aquaculture; $5,000,000 is for Harmful algal Blooms research; $2,000,000 is for Ocean exploration initiative; and $3,000,000 is for Marine Sanctuaries construction.

PACIFIC COASTAL SALMON RECOVERY

For necessary expenses associated with the restoration of Pacific salmon populations and the implementation of the 1999 Pacific Salmon Treaty Agreement between the United States and Canada, $54,000,000, subject to express authorization.

In addition, for implementation of the 1999 Pacific Salmon Treaty Agreement, $20,000,000, of which $10,000,000 shall be deposited in the Northern Boundary and Transboundary Rivers Restoration and Enhancement Fund and of which $10,000,000 shall be deposited in the Southern Boundary Restoration and Enhancement Fund.

COASTAL ZONE MANAGEMENT FUND

Of amounts collected pursuant to section 308 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1456a), not to exceed $3,200,000, for purposes set forth in sections 308(b)(2)(A), 308(b)(2)(B)(v), and 315(e) of such Act.

FISHERMEN'S CONTINGENCY FUND

For carrying out the provisions of title IV of Public Law 95–372, not to exceed $952,000, to be derived from receipts collected pursuant to that Act, to remain available until expended.

FOREIGN FISHING OBSERVER FUND

For expenses necessary to carry out the provisions of the Atlantic Tunas Convention Act of 1975, as amended (Public Law 96–339), the Magnuson-Stevens Fishery Conservation and Management Act of 1976, as amended (Public Law 100–627), and the American Fisheries Promotion Act (Public Law 96–561), to be derived from the fees imposed under the foreign fishery observer program authorized by these Acts, not to exceed $191,000, to remain available until expended.

FISHERIES FINANCE PROGRAM ACCOUNT

For the cost of direct loans, $288,000, as authorized by the Merchant Marine Act of 1936, as amended: Provided, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: Provided further, That none of the funds made available under this heading may be used for direct loans for any new fishing vessel that will increase the harvesting capacity in any United States fishery.

DEPARTMENTAL MANAGEMENT

SALARIES AND EXPENSES

For expenses necessary for the departmental management of the Department of Commerce provided for by law, including not to exceed $3,000 for official entertainment, $35,920,000.

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended (5 U.S.C. App. 1–11, as amended by Public Law 100–504), $20,000,000.

GENERAL PROVISIONS—DEPARTMENT OF COMMERCE

SEC. 201. During the current fiscal year, applicable appropriations and funds made available to the Department of Commerce by this Act shall be available for the activities specified in the Act of October 26, 1949 (15 U.S.C. 1514), to the extent and in the manner prescribed by the Act, and, notwithstanding 31 U.S.C. 3324, may be used for advanced payments not otherwise authorized only upon the certification of officials designated by the Secretary of Commerce that such payments are in the public interest.

SEC. 202. During the current fiscal year, appropriations made available to the Department

of Commerce by this Act for salaries and expenses shall be available for hire of passenger motor vehicles as authorized by 31 U.S.C. 1343 and 1344; services as authorized by 5 U.S.C. 3109; and uniforms or allowances therefore, as authorized by law (5 U.S.C. 5901–5902).

SEC. 203. None of the funds made available by this Act may be used to support the hurricane reconnaissance aircraft and activities that are under the control of the United States Air Force or the United States Air Force Reserve.

SEC. 204. None of the funds provided in this or any previous Act, or hereinafter made available to the Department of Commerce, shall be available to reimburse the Unemployment Trust Fund or any other fund or account of the Treasury to pay for any expenses authorized by section 8501 of title 5, United States Code, for services performed by individuals appointed to temporary positions within the Bureau of the Census for purposes relating to the decennial censuses of population.

SEC. 205. Not to exceed 5 percent of any appropriation made available for the current fiscal year for the Department of Commerce in this Act may be transferred between such appropriations, but no such appropriation shall be increased by more than 10 percent by any such transfers: Provided, That any transfer pursuant to this section shall be treated as a reprogramming of funds under section 605 of this Act and shall not be available for obligation or expenditure except in compliance with the procedures set forth in that section.

SEC. 206. Any costs incurred by a department or agency funded under this title resulting from personnel actions taken in response to funding reductions included in this title or from actions taken for the care and protection of loan collateral or grant property shall be absorbed within the total budgetary resources available to such department or agency: Provided, That the authority to transfer funds between appropriations accounts as may be necessary to carry out this section is provided in addition to authorities included elsewhere in this Act: Provided further, That use of funds to carry out this section shall be treated as a reprogramming of funds under section 605 of this Act and shall not be available for obligation or expenditure except in compliance with the procedures set forth in that section.

SEC. 207. The Secretary of Commerce may award contracts for hydrographic, geodetic, and photogrammetric surveying and mapping services in accordance with title IX of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 541 et seq.).

SEC. 208. The Secretary of Commerce may use the Commerce franchise fund for expenses and equipment necessary for the maintenance and operation of such administrative services as the Secretary determines may be performed more advantageously as central services, pursuant to section 403 of Public Law 103–356: Provided, That any inventories, equipment, and other assets pertaining to the services to be provided by such fund, either on hand or on order, less the related liabilities or unpaid obligations, and any appropriations made for the purpose of providing capital shall be used to capitalize such fund: Provided further, That such fund shall be paid in advance from funds available to the Department and other Federal agencies for which such centralized services are performed, at rates which will return in full all expenses of operation, including accrued leave, depreciation of fund plant and equipment, amortization of automated data processing (ADP) software and systems (either acquired or donated), and an amount necessary to maintain a reasonable operating reserve, as determined by the Secretary: Provided further, That such fund shall provide services on a competitive basis: Provided further, That an amount not to exceed 4 percent of the total annual income to such fund may be retained in the fund for fiscal year 2001 and each fiscal year thereafter, to remain available until expended, to be used for the acquisition of capital equipment, and for the improvement and implementation of department financial management, ADP, and other support systems: Provided further, That such amounts retained in the fund for fiscal year 2001 and each fiscal year thereafter shall be available for obligation and expenditure only in accordance with section 605 of this Act: Provided further, That no later than 30 days after the end of each fiscal year, amounts in excess of this reserve limitation shall be deposited as miscellaneous receipts in the Treasury: Provided further, That such franchise fund pilot program shall terminate pursuant to section 403(f) of Public Law 103–356.

SEC. 209. Notwithstanding any other provision of law, of the amounts made available elsewhere in this title to the "National Institute of Standards and Technology, Construction of Research Facilities", $4,000,000 is appropriated to the Institute at Saint Anselm College, $4,000,000 is appropriated to fund a cooperative agreement with the Medical University of South Carolina, $3,000,000 is appropriated to the Thayer School of Engineering for the biocommodity and biomass research initiative, and $3,000,000 is appropriated to establish the Institute for Information Infrastructure Protection at the Institute for Security Technology Studies.

In addition, of the amounts for "National Oceanic and Atmospheric Administration, Procurement, Acquisition, and Construction", $5,000,000 shall be for a grant for Eastern Kentucky Pride, Inc., for design and construction of facilities for water protection and related environmental infrastructure.

SEC. 210. (a) The Secretary of Commerce shall establish and administer through the National Ocean Service the Dr. Nancy Foster Scholarship Program. Under the program, the Secretary shall award graduate education scholarships in marine biology, oceanography, or maritime archaeology, including the curation, preservation, and display of maritime artifacts, to be known as "Dr. Nancy Foster Scholarships".

(b) The purpose of the Dr. Nancy Foster Scholarship Program is to recognize outstanding scholarship in marine biology, oceanography, or maritime archaeology, particularly by women and members of minority groups, and encourage independent graduate level research in such fields of study.

(c) Each Dr. Nancy Foster Scholarship award—

(1) shall be used to support a candidate's graduate studies in marine biology, oceanography, or maritime archaeology at a sponsoring institution; and

(2) shall be made available to individual candidates in accordance with guidelines issued by the Secretary.

(d) The amount of each Dr. Nancy Foster Scholarship shall be provided directly to each recipient selected by the Secretary upon receipt of certification that the recipient will adhere to a specific and detailed plan of study and research approved by the sponsoring institution.

(e) The Secretary shall make 1 percent of the amount appropriated each fiscal year to carry out the National Marine Sanctuaries Act (46 U.S.C. 1431 et seq.) available for Dr. Nancy Foster Scholarships.

(f) Repayment of the award shall be made to the Secretary in the case of fraud or noncompliance.

This title may be cited as the "Department of Commerce and Related Agencies Appropriations Act, 2001".

TITLE III—THE JUDICIARY

SUPREME COURT OF THE UNITED STATES

SALARIES AND EXPENSES

For expenses necessary for the operation of the Supreme Court, as required by law, excluding care of the building and grounds, including purchase or hire, driving, maintenance, and operation of an automobile for the Chief Justice, not to exceed $10,000 for the purpose of transporting Associate Justices, and hire of passenger motor vehicles as authorized by 31 U.S.C. 1343 and 1344; not to exceed $10,000 for official reception and representation expenses; and for miscellaneous expenses, to be expended as the Chief Justice may approve, $37,591,000.

CARE OF THE BUILDING AND GROUNDS

For such expenditures as may be necessary to enable the Architect of the Capitol to carry out the duties imposed upon the Architect by the Act approved May 7, 1934 (40 U.S.C. 13a–13b), $7,530,000, of which $4,460,000 shall remain available until expended.

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

SALARIES AND EXPENSES

For salaries of the chief judge, judges, and other officers and employees, and for necessary expenses of the court, as authorized by law, $17,930,000.

UNITED STATES COURT OF INTERNATIONAL TRADE

SALARIES AND EXPENSES

For salaries of the chief judge and eight judges, salaries of the officers and employees of the court, services as authorized by 5 U.S.C. 3109, and necessary expenses of the court, as authorized by law, $12,456,000.

COURTS OF APPEALS, DISTRICT COURTS, AND OTHER JUDICIAL SERVICES

SALARIES AND EXPENSES

For the salaries of circuit and district judges (including judges of the territorial courts of the United States), justices and judges retired from office or from regular active service, judges of the United States Court of Federal Claims, bankruptcy judges, magistrate judges, and all other officers and employees of the Federal Judiciary not otherwise specifically provided for, and necessary expenses of the courts, as authorized by law, $3,359,725,000 (including the purchase of firearms and ammunition); of which not to exceed $17,817,000 shall remain available until expended for space alteration projects; and of which not to exceed $10,000,000 shall remain available until expended for furniture and furnishings related to new space alteration and construction projects.

In addition, for expenses of the United States Court of Federal Claims associated with processing cases under the National Childhood Vaccine Injury Act of 1986, not to exceed $2,602,000, to be appropriated from the Vaccine Injury Compensation Trust Fund.

DEFENDER SERVICES

For the operation of Federal Public Defender and Community Defender organizations; the compensation and reimbursement of expenses of attorneys appointed to represent persons under the Criminal Justice Act of 1964, as amended; the compensation and reimbursement of expenses of persons furnishing investigative, expert and other services under the Criminal Justice Act of 1964 (18 U.S.C. 3006A(e)); the compensation (in accordance with Criminal Justice Act maximums) and reimbursement of expenses of attorneys appointed to assist the court in criminal cases where the defendant has waived representation by counsel; the compensation and reimbursement of travel expenses of guardians ad litem acting on behalf of financially eligible minor or incompetent offenders in connection with transfers from the United States to

foreign countries with which the United States has a treaty for the execution of penal sentences; and the compensation of attorneys appointed to represent jurors in civil actions for the protection of their employment, as authorized by 28 U.S.C. 1875(d), $435,000,000, to remain available until expended as authorized by 18 U.S.C. 3006A(i).

FEES OF JURORS AND COMMISSIONERS

For fees and expenses of jurors as authorized by 28 U.S.C. 1871 and 1876; compensation of jury commissioners as authorized by 28 U.S.C. 1863; and compensation of commissioners appointed in condemnation cases pursuant to rule 71A(h) of the Federal Rules of Civil Procedure (28 U.S.C. Appendix Rule 71A(h)), $59,567,000, to remain available until expended: Provided, That the compensation of land commissioners shall not exceed the daily equivalent of the highest rate payable under section 5332 of title 5, United States Code.

COURT SECURITY

For necessary expenses, not otherwise provided for, incident to the procurement, installation, and maintenance of security equipment and protective services for the United States Courts in courtrooms and adjacent areas, including building ingress-egress control, inspection of packages, directed security patrols, and other similar activities as authorized by section 1010 of the Judicial Improvement and Access to Justice Act (Public Law 100–702), $199,575,000, of which not to exceed $10,000,000 shall remain available until expended for security systems, to be expended directly or transferred to the United States Marshals Service, which shall be responsible for administering elements of the Judicial Security Program consistent with standards or guidelines agreed to by the Director of the Administrative Office of the United States Courts and the Attorney General.

ADMINISTRATIVE OFFICE OF THE UNITED STATES COURTS

SALARIES AND EXPENSES

For necessary expenses of the Administrative Office of the United States Courts as authorized by law, including travel as authorized by 31 U.S.C. 1345, hire of a passenger motor vehicle as authorized by 31 U.S.C. 1343(b), advertising and rent in the District of Columbia and elsewhere, $58,340,000, of which not to exceed $8,500 is authorized for official reception and representation expenses.

FEDERAL JUDICIAL CENTER

SALARIES AND EXPENSES

For necessary expenses of the Federal Judicial Center, as authorized by Public Law 90–219, $18,777,000; of which $1,800,000 shall remain available through September 30, 2002, to provide education and training to Federal court personnel; and of which not to exceed $1,000 is authorized for official reception and representation expenses.

JUDICIAL RETIREMENT FUNDS

PAYMENT TO JUDICIARY TRUST FUNDS

For payment to the Judicial Officers' Retirement Fund, as authorized by 28 U.S.C. 377(o), $25,700,000; to the Judicial Survivors' Annuities Fund, as authorized by 28 U.S.C. 376(c), $8,100,000; and to the United States Court of Federal Claims Judges' Retirement Fund, as authorized by 28 U.S.C. 178(l), $1,900,000.

UNITED STATES SENTENCING COMMISSION

SALARIES AND EXPENSES

For the salaries and expenses necessary to carry out the provisions of chapter 58 of title 28, United States Code, $9,931,000, of which not to exceed $1,000 is authorized for official reception and representation expenses.

GENERAL PROVISIONS—THE JUDICIARY

SEC. 301. Appropriations and authorizations made in this title which are available for salaries and expenses shall be available for services as authorized by 5 U.S.C. 3109.

SEC. 302. Not to exceed 5 percent of any appropriation made available for the current fiscal year for the Judiciary in this Act may be transferred between such appropriations, but no such appropriation, except ''Courts of Appeals, District Courts, and Other Judicial Services, Defender Services'' and ''Courts of Appeals, District Courts, and Other Judicial Services, Fees of Jurors and Commissioners'', shall be increased by more than 10 percent by any such transfers: Provided, That any transfer pursuant to this section shall be treated as a reprogramming of funds under section 605 of this Act and shall not be available for obligation or expenditure except in compliance with the procedures set forth in that section.

SEC. 303. Notwithstanding any other provision of law, the salaries and expenses appropriation for district courts, courts of appeals, and other judicial services shall be available for official reception and representation expenses of the Judicial Conference of the United States: Provided, That such available funds shall not exceed $11,000 and shall be administered by the Director of the Administrative Office of the United States Courts in the capacity as Secretary of the Judicial Conference.

SEC. 304. (a) The Director of the Administrative Office of the United States Courts (the Director) may designate in writing officers and employees of the judicial branch of the United States Government, including the courts as defined in section 610 of title 28, United States Code, but excluding the Supreme Court, to be disbursing officers in such numbers and locations as the Director considers necessary. These disbursing officers will: (1) disburse moneys appropriated to the judicial branch and other funds only in strict accordance with payment requests certified by the Director or in accordance with subsection (b) of this section; (2) examine payment requests as necessary to ascertain whether they are in proper form, certified, and approved; and (3) be held accountable as provided by law. However, a disbursing officer will not be held accountable or responsible for any illegal, improper, or incorrect payment resulting from any false, inaccurate, or misleading certificate for which a certifying officer is responsible under subsection (b) of this section.

(b)(1) The Director may designate in writing officers and employees of the judicial branch of the United States Government, including the courts as defined in section 610 of title 28, United States Code, but excluding the Supreme Court, to certify payment requests payable from appropriations and funds. These certifying officers will be responsible and accountable for: (A) the existence and correctness of the facts recited in the certificate or other request for payment or its supporting papers; (B) the legality of the proposed payment under the appropriation or fund involved; and (C) the correctness of the computations of certified payment requests.

(2) The liability of a certifying officer will be enforced in the same manner and to the same extent as provided by law with respect to the enforcement of the liability of disbursing and other accountable officers. A certifying officer shall be required to make restitution to the United States for the amount of any illegal, improper, or incorrect payment resulting from any false, inaccurate, or misleading certificates made by the certifying officer, as well as for any payment prohibited by law or which did not represent a legal obligation under the appropriation or fund involved.

(c) A certifying or disbursing officer: (1) has the right to apply for and obtain a decision by the Comptroller General on any question of law involved in a payment request presented for certification; and (2) is entitled to relief from liability arising under this section as provided by law.

(d) The Director shall disburse, directly or through officials designated pursuant to this section, appropriations and other funds for the maintenance and operation of the courts.

(e) Nothing in this section affects the authority of the courts to receive or disburse moneys in accordance with chapter 129 of title 28, United States Code.

(f) This section shall be effective for fiscal year 2001 and hereafter.

SEC. 305. DISTRICT JUDGES FOR THE DISTRICT COURTS. (a) IN GENERAL.—The President shall appoint, by and with the advice and consent of the Senate—

(1) 1 additional district judge for the district of Arizona;

(2) 1 additional district judge for the southern district of Florida;

(3) 1 additional district judge for the eastern district of Kentucky;

(4) 1 additional district judge for the district of Nevada;

(5) 1 additional district judge for the district of New Mexico;

(6) 1 additional district judge for the district of South Carolina;

(7) 1 additional district judge for the southern district of Texas;

(8) 1 additional district judge for the western district of Texas;

(9) 1 additional district judge for the eastern district of Virginia; and

(10) 1 additional district judge for the eastern district of Wisconsin.

(b) TABLE.—In order that the table contained in section 133 of title 28, United States Code, will, with respect to each judicial district, reflect the changes in the total number of permanent district judges authorized under subsection (a), such table is amended—

(1) in the item relating to the district of Arizona, by striking ''11''' and inserting ''12'';

(2) in the item relating to the southern district of Florida, by striking ''16'' and inserting ''17'';

(3) in the item relating to the eastern district of Kentucky, by striking ''4'' and inserting ''5'';

(4) in the item relating to the district of Nevada, by striking ''6'' and inserting ''7'';

(5) in the item relating to the district of New Mexico, by striking ''5'' and inserting ''6'';

(6) in the item relating to the district of South Carolina, by striking ''9'' and inserting ''10'';

(7) in the item relating to the southern district of Texas, by striking ''18'' and inserting ''19'';

(8) in the item relating to the western district of Texas, by striking ''10'' and inserting ''11'';

(9) in the item relating to the eastern district of Virginia, by striking ''9'' and inserting ''10''; and

(10) in the item relating to the eastern district of Wisconsin, by striking ''4'' and inserting ''5''.

(c) DESIGNATION OF JUDGE TO HOLD COURT.—The chief judge of the eastern district of Wisconsin shall designate 1 judge who shall hold court for such district in Green Bay, Wisconsin.

SEC. 306. Section 332 of title 28, United States Code, is amended by adding at the end the following new subsection:

''(h)(1) The United States Court of Appeals for the Federal Circuit may appoint a circuit executive, who shall serve at the pleasure of the court. In appointing a circuit executive, the court shall take into account experience in administrative and executive positions, familiarity with court procedures, and special training. The circuit executive shall exercise such administrative powers and perform such duties as may be delegated by the court. The duties delegated to the circuit executive may include but need not be limited to the duties specified in subsection (e) of this section, insofar as they are applicable to the Court of Appeals for the Federal Circuit.

''(2) The circuit executive shall be paid the salary for circuit executives established under subsection (f) of this section.

''(3) The circuit executive may appoint, with the approval of the court, necessary employees in such number as may be approved by the Director of the Administrative Office of the United States Courts.

''(4) The circuit executive and staff shall be deemed to be officers and employees of the United States within the meaning of the statutes specified in subsection (f)(4).

''(5) The court may appoint either a circuit executive under this subsection or a clerk under section 711 of this title, but not both, or may appoint a combined circuit executive/clerk who shall be paid the salary of a circuit executive.''.

SEC. 307. Section 3102(a)(1) of title 5, United States Code, is amended—

(1) in subparagraph (A) by striking ''and'';

(2) in subparagraph (B) by adding ''and'' after the semicolon; and

(3) by adding at the end the following:

''(C) an office, agency, or other establishment in the judicial branch;''.

SEC. 308. (a) SUPREME COURT POLICE RETIREMENT.—

(1) SERVICE DEEMED TO BE SERVICE AS LAW ENFORCEMENT OFFICER.—Any period of service performed before the effective date of this section by an individual as a member of the Supreme Court Police, who is such a member on such date, shall be deemed to be service performed as a law enforcement officer for purposes of chapters 83 and 84 of title 5, United States Code. Notwithstanding any amendment made by this section, any period of service performed before the effective date of this section by an individual as a member of the Supreme Court Police, who is not such a member on such date, shall be employee service for purposes of chapters 83 and 84 of title 5, United States Code.

(2) CONTRIBUTIONS.—The Marshal of the Supreme Court of the United States shall pay an amount determined by the Office of Personnel Management equal to—

(A)(i) the difference between—

(I) the amount that was deducted and withheld from basic pay under chapters 83 and 84 of title 5, United States Code, for the period of service described in the first sentence of paragraph (1); and

(II) the amount that should have been deducted and withheld for such period of service, if it had instead been performed as a law enforcement officer; and

(ii) interest as prescribed under section 8334(e) of title 5, United States Code, based on the amount determined under clause (i); and

(B) with respect to the period of service described in subparagraph (A), the difference between the Government contributions that were in fact made to the Civil Service Retirement and Disability Fund for such service, and the amount that would have been required if such service had instead been performed as a law enforcement officer, subject to subsection (f).

(3) DEPOSIT OF PAYMENTS.—Payments under paragraph (2) shall be paid from the salaries and expenses account from appropriations to the Supreme Court of the United States, including any prior year unobligated balances, and deposited in the Civil Service Retirement and Disability Fund.

(b) AMENDMENTS TO CHAPTER 83.—

(1) DEDUCTIONS, CONTRIBUTIONS, AND DEPOSITS.—Section 8334 of title 5, United States Code, is amended—

(A) in subsection (a)(1) by inserting ''member of the Supreme Court Police,'' after ''member of the Capitol Police,''; and

(B) in subsection (c) in the item relating to law enforcement officers by inserting '', member of the Supreme Court Police for Supreme Court Police service,'' after ''law enforcement service''.

(2) MANDATORY SEPARATION.—(A) Section 8335 of title 5, United States Code, is amended by redesignating subsection (e) as subsection (f) and inserting after subsection (d) the following:

''(e) A member of the Supreme Court Police who is otherwise eligible for immediate retirement under section 8336(n) shall be separated from the service on the last day of the month in which such member becomes 57 years of age or completes 20 years of service if then over that age. The Marshal of the Supreme Court of the United States, when in his judgment the public interest so requires, may exempt such a member from automatic separation under this subsection until that member becomes 60 years of age. The Marshal shall notify the member in writing of the date of separation at least 60 days in advance thereof. Action to separate the member is not effective, without the consent of the member, until the last day of the month in which the 60-day notice expires.''.

(B) Section 8335(f) of title 5, United States Code, as redesignated by subparagraph (A), is amended by striking ''Police)'' and inserting ''Police or the Supreme Court Police)''.

(3) IMMEDIATE RETIREMENT.—Section 8336 of title 5, United States Code, is amended by redesignating subsection (n) as subsection (o) and inserting after subsection (m) the following:

''(n) A member of the Supreme Court Police who is separated from the service after becoming 50 years of age and completing 20 years of service as a member of the Supreme Court Police or as a law enforcement officer, or any combination of such service totaling at least 20 years, is entitled to an annuity.''.

(4) COMPUTATION.—Section 8339 of title 5, United States Code, is amended by redesignating subsection (r) as subsection (s) and inserting after subsection (q) the following:

''(r) The annuity of a member of the Supreme Court Police, or former member of the Supreme Court Police, retiring under this subchapter is computed in accordance with subsection (d).''.

(c) AMENDMENTS TO CHAPTER 84.—

(1) IMMEDIATE RETIREMENT.—Section 8412(d) of title 5, United States Code, is amended by inserting ''or Supreme Court Police'' after ''Capitol Police'' each place it appears.

(2) COMPUTATION OF BASIC ANNUITY.—Section 8415(g) of title 5, United States Code, is amended by inserting ''member of the Supreme Court Police,'' after ''law enforcement officer,''.

(3) DEDUCTIONS FROM PAY.—Section 8422(a)(3) of title 5, United States Code, is amended in the item relating to law enforcement officers by inserting ''member of the Supreme Court Police,'' after ''member of the Capitol Police,''.

(4) GOVERNMENT CONTRIBUTIONS.—Section 8423(a) of title 5, United States Code, is amended by inserting ''members of the Supreme Court Police,'' after ''law enforcement officers,'' each place it appears.

(5) MANDATORY SEPARATION.—(A) Section 8425 of title 5, United States Code, is amended by redesignating subsection (d) as subsection (e) and inserting after subsection (c) the following:

''(d) A member of the Supreme Court Police who is otherwise eligible for immediate retirement under section 8412(d) shall be separated from the service on the last day of the month in which such member becomes 57 years of age or completes 20 years of service if then over that age. The Marshal of the Supreme Court of the United States, when in his judgment the public interest so requires, may exempt such a member from automatic separation under this subsection until that member becomes 60 years of age. The Marshal shall notify the member in writing of the date of separation at least 60 days before the date. Action to separate the member is not effective, without the consent of the member, until the last day of the month in which the 60-day notice expires.''.

(B) Section 8425(e) of title 5, United States Code, as so redesignated, is amended by striking ''Police)'' and inserting ''Police or Supreme Court Police)''.

(d) PAYMENTS FOR OTHER LIABILITY.—

(1) IN GENERAL.—The Marshal of the Supreme Court of the United States shall pay into the Civil Service Retirement and Disability Fund an amount determined by the Director of the Office of Personnel Management to be necessary to reimburse the Fund for any estimated increase in the unfunded liability of the Fund resulting from the amendments related to the Civil Service Retirement System under this section, and for any estimated increase in the supplemental liability of the Fund resulting from the amendments related to the Federal Employees' Retirement System under this section.

(2) INSTALLMENTS.—The amount determined under paragraph (1) shall be paid in 5 equal annual installments with interest computed at the rates used in the most recent valuation of the Federal Employees' Retirement System.

(3) SOURCE OF FUNDS.—Payments under this subsection shall be made from amounts available from the salaries and expenses account from appropriations to the Supreme Court of the United States, including any prior year unobligated balances.

(e) NO MANDATORY SEPARATION FOR A 2-YEAR PERIOD.—Nothing in section 8335(e) or 8425(d) of title 5, United States Code, as added by this section, shall require the automatic separation of any member of the Supreme Court Police before the end of the 2-year period beginning on the effective date of this section.

(f) NONREDUCTION IN GOVERNMENT CONTRIBUTIONS.—Notwithstanding any other provision of this section, Government contributions to the Civil Service Retirement and Disability Fund on behalf of a member of the Supreme Court Police shall, with respect to any service performed during the period beginning on January 1, 1999, and ending on December 31, 2002, while subject to the Federal Employees' Retirement System, be determined in the same way as if this section had never been enacted.

(g) SAVINGS PROVISION.—Nothing in this section or in any amendment made by this section shall, with respect to any service performed before the effective date of such amendment, have the effect of reducing the percentage applicable in computing any portion of an annuity based on service as a member of the Supreme Court Police below the percentage which would otherwise apply if this section had not been enacted.

(h) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) Section 8337(a) of title 5, United States Code, is amended in the last sentence by striking ''8339(a)–(e), (n), (q), or (r)'' and inserting ''8339(a) through (e), (n), (q), (r), or (s)''.

(2) Subsections (f) and (m) of section 8339 of title 5, United States Code, are each amended by striking ''subsections (a)–(e), (n), (q), and (r)'' and inserting ''subsections (a) through (e), (n), (q), (r), and (s)''.

(3) Section 8339(g) of title 5, United States Code, is amended—

(A) in paragraph (2), by striking ''subsections (a)–(c), (n), (q), or (r)'' and inserting ''subsections (a) through (c), (n), (q), (r), or (s)''; and

(B) in the matter following paragraph (2), by striking ''(q), or (r)'' each place it appears and inserting ''(q), (r), or (s)''.

(4) Section 8339(i) of title 5, United States Code, is amended by striking ''(a)–(h), (n), (q), and (r)'' and inserting ''(a)–(h), (n), (q), (r), or (s)''.

(5) Sections 8339(j), 8339(k)(1), and 8343a of title 5, United States Code, are each amended by striking ''(a)–(i), (n), (q), and (r)'' each place it appears and inserting ''(a)–(i), (n), (q), (r), and (s)''.

(6) Section 8339(l) of title 5, United States Code, is amended by striking ''(a)–(k), (n), (q), and (r)'' and inserting ''(a)–(k), (n), (q), (r), and (s)''.

(7) Subsections (b)(1) and (d) of section 8341 of title 5, United States Code, are each amended by striking ''(q), and (r)'' and inserting ''(q), (r), and (s)''.

(8) Section 8344(a)(A) of title 5, United States Code, is amended by striking ''(q), and (r)'' and inserting ''(q), (r), and (s)''.

(i) APPLICABILITY.—This section and the amendments made by this section shall apply only to an individual who is employed as a member of the Supreme Court Police after the later of October 1, 2000, or the date of enactment of this Act.

(j) EFFECTIVE DATE.—Except as otherwise provided in this section, this section and the amendments made by this section shall take effect on the first day of the first applicable pay period that begins on the later of October 1, 2000, or the date of enactment of this Act.

SEC. 309. Pursuant to section 140 of Public Law 97–92, Justices and judges of the United States are authorized during fiscal year 2001, to receive a salary adjustment in accordance with 28 U.S.C. 461, only if for the purposes of each provision of law amended by section 704(a)(2) of the Ethics Reform Act of 1989 (5 U.S.C. 5318 note), adjustments under section 5303 of title 5, United States Code, shall take effect in fiscal year 2001: Provided, That, if such adjustments take effect pursuant to this section, $8,801,000 is appropriated for such adjustments pursuant to this section and such funds shall be transferred to and merged with appropriations in title III of this Act.

This title may be cited as the ''Judiciary Appropriations Act, 2001''.

TITLE IV—DEPARTMENT OF STATE AND RELATED AGENCY

DEPARTMENT OF STATE

ADMINISTRATION OF FOREIGN AFFAIRS

DIPLOMATIC AND CONSULAR PROGRAMS

For necessary expenses of the Department of State and the Foreign Service not otherwise provided for, including employment, without regard to civil service and classification laws, of persons on a temporary basis (not to exceed $700,000 of this appropriation), as authorized; representation to certain international organizations in which the United States participates pursuant to treaties, ratified pursuant to the advice and consent of the Senate, or specific Acts of Congress; arms control, nonproliferation and disarmament activities as authorized; acquisition by exchange or purchase of passenger motor vehicles as authorized by law; and for expenses of general administration, $2,758,725,000: Provided, That, of the amount made available under this heading, not to exceed $4,000,000 may be transferred to, and merged with, funds in the ''Emergencies in the Diplomatic and Consular Service'' appropriations account, to be available only for emergency evacuations and terrorism rewards: Provided further, That, in fiscal year 2001, all receipts collected from individuals for assistance in the preparation and filing of an affidavit of support pursuant to section 213A of the Immigration and Nationality Act shall be deposited into this account as an offsetting collection and shall remain available until expended: Provided further, That, of the amount made available under this heading, $246,644,000 shall be available only for public diplomacy international information programs: Provided further, That of the amount made available under this heading, $5,000,000 shall be available only for overseas continuing language education: Provided further, That of the amount made available under this heading, not to exceed $1,400,000 shall be available for transfer to the Presidential Advisory Commission on Holocaust Assets in the United States: Provided further, That notwithstanding section 140(a)(5), and the second sentence of section 140(a)(3), of the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995, fees may be collected during fiscal years 2001 and 2002, under the authority of section 140(a)(1) of that Act: Provided further, That all fees collected under the preceding proviso shall be deposited in fiscal years 2001 and 2002 as an offsetting collection to appropriations made under this heading to recover costs as set forth under section 140(a)(2) of that Act and shall remain available until expended: Provided further, That advances for services authorized by 22 U.S.C. 3620(c) may be credited to this account, to remain available until expended for such services: Provided further, That in fiscal year 2001 and thereafter reimbursements for services provided to the press in connection with the travel of senior-level officials may be collected and credited to this appropriation and shall remain available until expended: Provided further, That no funds may be obligated or expended for processing licenses for the export of satellites of United States origin (including commercial satellites and satellite components) to the People's Republic of China, unless, at least 15 days in advance, the Committees on Appropriations of the House of Representatives and the Senate are notified of such proposed action: Provided further, That of the amount made available under this heading, $40,000,000 shall only be available to implement the 1999 Pacific Salmon Treaty Agreement, of which $10,000,000 shall be deposited in the Northern Boundary and Transboundary Rivers Restoration and Enhancement Fund, of which $10,000,000 shall be deposited in the Southern Boundary Restoration and Enhancement Fund, and of which $20,000,000 shall be for a direct payment to the State of Washington for obligations under the 1999 Pacific Salmon Treaty Agreement.

In addition, not to exceed $1,252,000 shall be derived from fees collected from other executive agencies for lease or use of facilities located at the International Center in accordance with section 4 of the International Center Act, as amended; in addition, as authorized by section 5 of such Act, $490,000, to be derived from the reserve authorized by that section, to be used for the purposes set out in that section; in addition, as authorized by section 810 of the United States Information and Educational Exchange Act, not to exceed $6,000,000, to remain available until expended, may be credited to this appropriation from fees or other payments received from English teaching, library, motion pictures, and publication programs, and from fees from educational advising and counseling, and exchange visitor programs; and, in addition, not to exceed $15,000, which shall be derived from reimbursements, surcharges, and fees for use of Blair House facilities.

In addition, for the costs of worldwide security upgrades, $410,000,000, to remain available until expended.

CAPITAL INVESTMENT FUND

For necessary expenses of the Capital Investment Fund, $97,000,000, to remain available until expended, as authorized: Provided, That section 135(e) of Public Law 103–236 shall not apply to funds available under this heading.

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General, $28,490,000, notwithstanding section 209(a)(1) of the Foreign Service Act of 1980, as amended (Public Law 96–465), as it relates to post inspections.

EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS

For expenses of educational and cultural exchange programs, as authorized, $231,587,000, to remain available until expended: Provided, That not to exceed $800,000, to remain available until expended, may be credited to this appropriation from fees or other payments received from or in connection with English teaching and educational advising and counseling programs as authorized.

REPRESENTATION ALLOWANCES

For representation allowances as authorized, $6,499,000.

PROTECTION OF FOREIGN MISSIONS AND OFFICIALS

For expenses, not otherwise provided, to enable the Secretary of State to provide for extraordinary protective services, as authorized, $15,467,000, to remain available until September 30, 2002: Provided, That, notwithstanding the limitations of 3 U.S.C. 202(10) concerning 20 or more consulates, of the amount made available under this heading, $5,000,000 shall be available only for the reimbursement of costs incurred by the City of Seattle, Washington.

EMBASSY SECURITY, CONSTRUCTION, AND MAINTENANCE

For necessary expenses for carrying out the Foreign Service Buildings Act of 1926, as amended (22 U.S.C. 292–300), preserving, maintaining, repairing, and planning for, buildings that are owned or directly leased by the Department of State, renovating, in addition to funds otherwise available, the Main State Building, and carrying out the Diplomatic Security Construction Program as authorized, $416,976,000, to remain available until expended as authorized, of which not to exceed $25,000 may be used for domestic and overseas representation as authorized: Provided, That none of the funds appropriated in this paragraph shall be available for acquisition of furniture and furnishings and generators for other departments and agencies.

In addition, for the costs of worldwide security upgrades, acquisition, and construction as authorized, $663,000,000, to remain available until expended.

EMERGENCIES IN THE DIPLOMATIC AND CONSULAR SERVICE

For expenses necessary to enable the Secretary of State to meet unforeseen emergencies arising in the Diplomatic and Consular Service, $5,477,000, to remain available until expended as authorized, of which not to exceed $1,000,000 may be transferred to and merged with the Repatriation Loans Program Account, subject to the same terms and conditions.

REPATRIATION LOANS PROGRAM ACCOUNT

For the cost of direct loans, $591,000, as authorized: Provided, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974. In addition, for administrative expenses necessary to carry out the direct loan program, $604,000, which may be transferred to and merged with the Diplomatic and Consular Programs account under Administration of Foreign Affairs.

PAYMENT TO THE AMERICAN INSTITUTE IN TAIWAN

For necessary expenses to carry out the Taiwan Relations Act, Public Law 96–8, $16,345,000.

PAYMENT TO THE FOREIGN SERVICE RETIREMENT AND DISABILITY FUND

For payment to the Foreign Service Retirement and Disability Fund, as authorized by law, $131,224,000.

INTERNATIONAL ORGANIZATIONS AND CONFERENCES

CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS

For expenses, not otherwise provided for, necessary to meet annual obligations of membership in international multilateral organizations, pursuant to treaties ratified pursuant to the advice and consent of the Senate, conventions or specific Acts of Congress, $870,833,000: Provided, That any payment of arrearages under this title

shall be directed toward special activities that are mutually agreed upon by the United States and the respective international organization: Provided further, That none of the funds appropriated in this paragraph shall be available for a United States contribution to an international organization for the United States share of interest costs made known to the United States Government by such organization for loans incurred on or after October 1, 1984, through external borrowings: Provided further, That of the funds appropriated in this paragraph, $100,000,000 may be made available only pursuant to a certification by the Secretary of State that the United Nations has taken no action in calendar year 2000 prior to the date of enactment of this Act to increase funding for any United Nations program without identifying an offsetting decrease elsewhere in the United Nations budget and cause the United Nations to exceed the budget for the biennium 2000–2001 of $2,535,700,000: Provided further, That if the Secretary of State is unable to make the aforementioned certification, the $100,000,000 is to be applied to paying the current year assessment for other international organizations for which the assessment has not been paid in full or to paying the assessment due in the next fiscal year for such organizations, subject to the reprogramming procedures contained in Section 605 of this Act: Provided further, That funds appropriated under this paragraph may be obligated and expended to pay the full United States assessment to the civil budget of the North Atlantic Treaty Organization.

CONTRIBUTIONS FOR INTERNATIONAL PEACEKEEPING ACTIVITIES

For necessary expenses to pay assessed and other expenses of international peacekeeping activities directed to the maintenance or restoration of international peace and security, $846,000,000, of which 15 percent shall remain available until September 30, 2002: Provided, That none of the funds made available under this Act shall be obligated or expended for any new or expanded United Nations peacekeeping mission unless, at least 15 days in advance of voting for the new or expanded mission in the United Nations Security Council (or in an emergency, as far in advance as is practicable): (1) the Committees on Appropriations of the House of Representatives and the Senate and other appropriate committees of the Congress are notified of the estimated cost and length of the mission, the vital national interest that will be served, and the planned exit strategy; and (2) a reprogramming of funds pursuant to section 605 of this Act is submitted, and the procedures therein followed, setting forth the source of funds that will be used to pay for the cost of the new or expanded mission: Provided further, That funds shall be available for peacekeeping expenses only upon a certification by the Secretary of State to the appropriate committees of the Congress that American manufacturers and suppliers are being given opportunities to provide equipment, services, and material for United Nations peacekeeping activities equal to those being given to foreign manufacturers and suppliers: Provided further, That none of the funds made available under this heading are available to pay the United States share of the cost of court monitoring that is part of any United Nations peacekeeping mission.

INTERNATIONAL COMMISSIONS

For necessary expenses, not otherwise provided for, to meet obligations of the United States arising under treaties, or specific Acts of Congress, as follows:

INTERNATIONAL BOUNDARY AND WATER COMMISSION, UNITED STATES AND MEXICO

For necessary expenses for the United States Section of the International Boundary and Water Commission, United States and Mexico, and to comply with laws applicable to the United States Section, including not to exceed $6,000 for representation; as follows:

SALARIES AND EXPENSES

For salaries and expenses, not otherwise provided for, $7,142,000.

CONSTRUCTION

For detailed plan preparation and construction of authorized projects, $22,950,000, to remain available until expended, as authorized.

AMERICAN SECTIONS, INTERNATIONAL COMMISSIONS

For necessary expenses, not otherwise provided for the International Joint Commission and the International Boundary Commission, United States and Canada, as authorized by treaties between the United States and Canada or Great Britain, and for the Border Environment Cooperation Commission as authorized by Public Law 103–182, $6,741,000, of which not to exceed $9,000 shall be available for representation expenses incurred by the International Joint Commission.

INTERNATIONAL FISHERIES COMMISSIONS

For necessary expenses for international fisheries commissions, not otherwise provided for, as authorized by law, $19,392,000: Provided, That the United States' share of such expenses may be advanced to the respective commissions, pursuant to 31 U.S.C. 3324.

OTHER

PAYMENT TO THE ASIA FOUNDATION

For a grant to the Asia Foundation, as authorized by section 501 of Public Law 101–246, $9,250,000, to remain available until expended, as authorized.

EISENHOWER EXCHANGE FELLOWSHIP PROGRAM TRUST FUND

For necessary expenses of Eisenhower Exchange Fellowships, Incorporated, as authorized by sections 4 and 5 of the Eisenhower Exchange Fellowship Act of 1990 (20 U.S.C. 5204–5205), all interest and earnings accruing to the Eisenhower Exchange Fellowship Program Trust Fund on or before September 30, 2001, to remain available until expended: Provided, That none of the funds appropriated herein shall be used to pay any salary or other compensation, or to enter into any contract providing for the payment thereof, in excess of the rate authorized by 5 U.S.C. 5376; or for purposes which are not in accordance with OMB Circulars A–110 (Uniform Administrative Requirements) and A–122 (Cost Principles for Non-profit Organizations), including the restrictions on compensation for personal services.

ISRAELI ARAB SCHOLARSHIP PROGRAM

For necessary expenses of the Israeli Arab Scholarship Program as authorized by section 214 of the Foreign Relations Authorization Act, Fiscal Years 1992 and 1993 (22 U.S.C. 2452), all interest and earnings accruing to the Israeli Arab Scholarship Fund on or before September 30, 2001, to remain available until expended.

EAST-WEST CENTER

To enable the Secretary of State to provide for carrying out the provisions of the Center for Cultural and Technical Interchange Between East and West Act of 1960, by grant to the Center for Cultural and Technical Interchange Between East and West in the State of Hawaii, $13,500,000: Provided, That none of the funds appropriated herein shall be used to pay any salary, or enter into any contract providing for the payment thereof, in excess of the rate authorized by 5 U.S.C. 5376.

NATIONAL ENDOWMENT FOR DEMOCRACY

For grants made by the Department of State to the National Endowment for Democracy as authorized by the National Endowment for Democracy Act, $30,999,000, to remain available until expended.

RELATED AGENCY

BROADCASTING BOARD OF GOVERNORS

INTERNATIONAL BROADCASTING OPERATIONS

For expenses necessary to enable the Broadcasting Board of Governors, as authorized, to carry out international communication activities, $398,971,000, of which not to exceed $16,000 may be used for official receptions within the United States as authorized, not to exceed $35,000 may be used for representation abroad as authorized, and not to exceed $39,000 may be used for official reception and representation expenses of Radio Free Europe/Radio Liberty; and in addition, notwithstanding any other provision of law, not to exceed $2,000,000 in receipts from advertising and revenue from business ventures, not to exceed $500,000 in receipts from cooperating international organizations, and not to exceed $1,000,000 in receipts from privatization efforts of the Voice of America and the International Broadcasting Bureau, to remain available until expended for carrying out authorized purposes.

BROADCASTING TO CUBA

For necessary expenses to enable the Broadcasting Board of Governors to carry out broadcasting to Cuba, including the purchase, rent, construction, and improvement of facilities for radio and television transmission and reception, and purchase and installation of necessary equipment for radio and television transmission and reception, $22,095,000, to remain available until expended.

BROADCASTING CAPITAL IMPROVEMENTS

For the purchase, rent, construction, and improvement of facilities for radio transmission and reception, and purchase and installation of necessary equipment for radio and television transmission and reception as authorized, $20,358,000, to remain available until expended, as authorized.

GENERAL PROVISIONS—DEPARTMENT OF STATE AND RELATED AGENCY

SEC. 401. Funds appropriated under this title shall be available, except as otherwise provided, for allowances and differentials as authorized by subchapter 59 of title 5, United States Code; for services as authorized by 5 U.S.C. 3109; and hire of passenger transportation pursuant to 31 U.S.C. 1343(b).

SEC. 402. Not to exceed 5 percent of any appropriation made available for the current fiscal year for the Department of State in this Act may be transferred between such appropriations, but no such appropriation, except as otherwise specifically provided, shall be increased by more than 10 percent by any such transfers: Provided, That not to exceed 5 percent of any appropriation made available for the current fiscal year for the Broadcasting Board of Governors in this Act may be transferred between such appropriations, but no such appropriation, except as otherwise specifically provided, shall be increased by more than 10 percent by any such transfers: Provided further, That any transfer pursuant to this section shall be treated as a reprogramming of funds under section 605 of this Act and shall not be available for obligation or expenditure except in compliance with the procedures set forth in that section.

SEC. 403. None of the funds made available in this Act may be used by the Department of State or the Broadcasting Board of Governors to provide equipment, technical support, consulting services, or any other form of assistance to the Palestinian Broadcasting Corporation.

SEC. 404. (a) Section 1(a)(2) of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2651a(a)(2)) is amended by striking ''and the Deputy Secretary of State'' and inserting '', the Deputy Secretary of State, and the Deputy Secretary of State for Management and Resources''.

(b) Section 5313 of title 5, United States Code, is amended by inserting ''Deputy Secretary of State for Management and Resources.'' after the item relating to the ''Deputy Secretary of State''.

SEC. 405. None of the funds appropriated or otherwise made available in this Act for the United Nations may be used by the United Nations for the promulgation or enforcement of any treaty, resolution, or regulation authorizing the United Nations, or any of its specialized agencies or affiliated organizations, to tax any aspect of the Internet.

SEC. 406. Notwithstanding any other provision of law, none of the funds appropriated or otherwise made available by this or any other Act may be used to allow for the entry into, or withdrawal from warehouse for consumption in the United States of diamonds if the country of origin in which such diamonds were mined (as evidenced by a legible certificate of origin) is the Republic of Sierra Leone, the Republic of Liberia, the Republic of Cote d'Ivoire, Burkina Faso, the Democratic Republic of the Congo, or the Republic of Angola with the exception of diamonds certified by the lawful governments of the Republic of Sierra Leone, the Democratic Republic of the Congo, or the Republic of Angola.

SEC. 407. Section 37(a)(3) of the State Department Basic Authorities Act, as amended, (22 U.S.C. 2709) is amended by—

(1) striking ''and'' at the end of subsection (a)(3)(C); and

(2) by inserting at the end the following new subsections:

''(E) a departing Secretary of State for a period of up to 180 days after the date of termination of that individual's incumbency as Secretary of State, on the basis of a threat assessment; and

''(F) an individual who has been designated by the President to serve as Secretary of State, prior to that individual's appointment.''.

SEC. 408. Funds appropriated by this Act for the Broadcasting Board of Governors and the Department of State, and for the American Section of the International Joint Commission in Public Law 106–246, may be obligated and expended notwithstanding section 313 of the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995, and section 15 of the State Department Basic Authorities Act of 1956, as amended.

This title may be cited as the ''Department of State and Related Agency Appropriations Act, 2001''.

TITLE V—RELATED AGENCIES

DEPARTMENT OF TRANSPORTATION

MARITIME ADMINISTRATION

MARITIME SECURITY PROGRAM

For necessary expenses to maintain and preserve a U.S.-flag merchant fleet to serve the national security needs of the United States, $98,700,000, to remain available until expended.

OPERATIONS AND TRAINING

For necessary expenses of operations and training activities authorized by law, $86,910,000.

MARITIME GUARANTEED LOAN (TITLE XI) PROGRAM ACCOUNT

For the cost of guaranteed loans, as authorized by the Merchant Marine Act, 1936, $30,000,000, to remain available until expended: Provided, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended.

In addition, for administrative expenses to carry out the guaranteed loan program, not to exceed $3,987,000, which shall be transferred to and merged with the appropriation for Operations and Training.

ADMINISTRATIVE PROVISIONS—MARITIME ADMINISTRATION

Notwithstanding any other provision of this Act, the Maritime Administration is authorized to furnish utilities and services and make necessary repairs in connection with any lease, contract, or occupancy involving Government property under control of the Maritime Administration, and payments received therefore shall be credited to the appropriation charged with the cost thereof: Provided, That rental payments under any such lease, contract, or occupancy for items other than such utilities, services, or repairs shall be covered into the Treasury as miscellaneous receipts.

No obligations shall be incurred during the current fiscal year from the construction fund established by the Merchant Marine Act, 1936, or otherwise, in excess of the appropriations and limitations contained in this Act or in any prior appropriation Act.

COMMISSION FOR THE PRESERVATION OF AMERICA'S HERITAGE ABROAD

SALARIES AND EXPENSES

For expenses for the Commission for the Preservation of America's Heritage Abroad, $490,000, as authorized by section 1303 of Public Law 99–83.

COMMISSION ON CIVIL RIGHTS

SALARIES AND EXPENSES

For necessary expenses of the Commission on Civil Rights, including hire of passenger motor vehicles, $8,900,000: Provided, That not to exceed $50,000 may be used to employ consultants: Provided further, That none of the funds appropriated in this paragraph shall be used to employ in excess of four full-time individuals under Schedule C of the Excepted Service exclusive of one special assistant for each Commissioner: Provided further, That none of the funds appropriated in this paragraph shall be used to reimburse Commissioners for more than 75 billable days, with the exception of the chairperson, who is permitted 125 billable days.

COMMISSION ON OCEAN POLICY

SALARIES AND EXPENSES

For the necessary expenses of the Commission on Ocean Policy, pursuant to S. 2327 as passed the Senate, $1,000,000, to remain available until expended: Provided, That the Commission shall present to the Congress within 18 months of appointment its recommendations for a national ocean policy.

COMMISSION ON SECURITY AND COOPERATION IN EUROPE

SALARIES AND EXPENSES

For necessary expenses of the Commission on Security and Cooperation in Europe, as authorized by Public Law 94–304, $1,370,000, to remain available until expended as authorized by section 3 of Public Law 99–7.

CONGRESSIONAL-EXECUTIVE COMMISSION ON THE PEOPLE'S REPUBLIC OF CHINA

SALARIES AND EXPENSES

For necessary expenses of the Congressional-Executive Commission on the People's Republic of China, as authorized, $500,000, to remain available until expended.

EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

SALARIES AND EXPENSES

For necessary expenses of the Equal Employment Opportunity Commission as authorized by title VII of the Civil Rights Act of 1964, as amended (29 U.S.C. 206(d) and 621–634), the Americans with Disabilities Act of 1990, and the Civil Rights Act of 1991, including services as authorized by 5 U.S.C. 3109; hire of passenger motor vehicles as authorized by 31 U.S.C. 1343(b); non-monetary awards to private citizens; and not to exceed $30,000,000 for payments to State and local enforcement agencies for services to the Commission pursuant to title VII of the Civil Rights Act of 1964, as amended, sections 6 and 14 of the Age Discrimination in Employment Act, the Americans with Disabilities Act of 1990, and the Civil Rights Act of 1991, $303,864,000: Provided, That the Commission is authorized to make available for official reception and representation expenses not to exceed $2,500 from available funds.

FEDERAL COMMUNICATIONS COMMISSION

SALARIES AND EXPENSES

For necessary expenses of the Federal Communications Commission, as authorized by law, including uniforms and allowances therefor, as authorized by 5 U.S.C. 5901–5902; not to exceed $600,000 for land and structure; not to exceed $500,000 for improvement and care of grounds and repair to buildings; not to exceed $4,000 for official reception and representation expenses; purchase (not to exceed 16) and hire of motor vehicles; special counsel fees; and services as authorized by 5 U.S.C. 3109, $230,000,000, of which not to exceed $300,000 shall remain available until September 30, 2002, for research and policy studies: Provided, That $200,146,000 of offsetting collections shall be assessed and collected pursuant to section 9 of title I of the Communications Act of 1934, as amended, and shall be retained and used for necessary expenses in this appropriation, and shall remain available until expended: Provided further, That the sum herein appropriated shall be reduced as such offsetting collections are received during fiscal year 2001 so as to result in a final fiscal year 2001 appropriation estimated at $29,854,000: Provided further, That any offsetting collections received in excess of $200,146,000 in fiscal year 2001 shall remain available until expended, but shall not be available for obligation until October 1, 2001.

FEDERAL MARITIME COMMISSION

SALARIES AND EXPENSES

For necessary expenses of the Federal Maritime Commission as authorized by section 201(d) of the Merchant Marine Act, 1936, as amended (46 U.S.C. App. 1111), including services as authorized by 5 U.S.C. 3109; hire of passenger motor vehicles as authorized by 31 U.S.C. 1343(b); and uniforms or allowances therefor, as authorized by 5 U.S.C. 5901–5902, $15,500,000: Provided, That not to exceed $2,000 shall be available for official reception and representation expenses.

FEDERAL TRADE COMMISSION

SALARIES AND EXPENSES

For necessary expenses of the Federal Trade Commission, including uniforms or allowances therefor, as authorized by 5 U.S.C. 5901–5902; services as authorized by 5 U.S.C. 3109; hire of passenger motor vehicles; not to exceed $2,000 for official reception and representation expenses, $145,254,000: Provided, That not to exceed $300,000 shall be available for use to contract with a person or persons for collection services in accordance with the terms of 31 U.S.C. 3718, as amended: Provided further, That, notwithstanding section 3302(b) of title 31, United States Code, not to exceed $145,254,000 of offsetting collections derived from fees collected for premerger notification filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (15 U.S.C. 18(a)) shall be retained and used for necessary expenses in this appropriation, and shall remain available until expended: Provided further, That the sum herein appropriated from the general fund shall be reduced as such offsetting collections are received during fiscal year 2001, so as to result in a final fiscal year 2001 appropriation from the general fund estimated at not more than $0, to remain available until expended: Provided further, That

none of the funds made available to the Federal Trade Commission shall be available for obligation for expenses authorized by section 151 of the Federal Deposit Insurance Corporation Improvement Act of 1991 (Public Law 102–242; 105 Stat. 2282–2285).

LEGAL SERVICES CORPORATION

PAYMENT TO THE LEGAL SERVICES CORPORATION

For payment to the Legal Services Corporation to carry out the purposes of the Legal Services Corporation Act of 1974, as amended, $330,000,000, of which $310,000,000 is for basic field programs and required independent audits; $2,200,000 is for the Office of Inspector General, of which such amounts as may be necessary may be used to conduct additional audits of recipients; $10,800,000 is for management and administration; and $7,000,000 is for client self-help and information technology.

ADMINISTRATIVE PROVISION—LEGAL SERVICES CORPORATION

None of the funds appropriated in this Act to the Legal Services Corporation shall be expended for any purpose prohibited or limited by, or contrary to any of the provisions of, sections 501, 502, 503, 504, 505, and 506 of Public Law 105–119, and all funds appropriated in this Act to the Legal Services Corporation shall be subject to the same terms and conditions set forth in such sections, except that all references in sections 502 and 503 to 1997 and 1998 shall be deemed to refer instead to 2000 and 2001, respectively.

MARINE MAMMAL COMMISSION

SALARIES AND EXPENSES

For necessary expenses of the Marine Mammal Commission as authorized by title II of Public Law 92–522, as amended, $1,700,000.

SECURITIES AND EXCHANGE COMMISSION

SALARIES AND EXPENSES

For necessary expenses for the Securities and Exchange Commission, including services as authorized by 5 U.S.C. 3109, the rental of space (to include multiple year leases) in the District of Columbia and elsewhere, and not to exceed $3,000 for official reception and representation expenses, $127,800,000 from fees collected in fiscal year 2001 to remain available until expended, and from fees collected in fiscal year 1999, $295,000,000, to remain available until expended; of which not to exceed $10,000 may be used toward funding a permanent secretariat for the International Organization of Securities Commissions; and of which not to exceed $100,000 shall be available for expenses for consultations and meetings hosted by the Commission with foreign governmental and other regulatory officials, members of their delegations, appropriate representatives and staff to exchange views concerning developments relating to securities matters, development and implementation of cooperation agreements concerning securities matters and provision of technical assistance for the development of foreign securities markets, such expenses to include necessary logistic and administrative expenses and the expenses of Commission staff and foreign invitees in attendance at such consultations and meetings including: (1) such incidental expenses as meals taken in the course of such attendance; (2) any travel and transportation to or from such meetings; and (3) any other related lodging or subsistence: Provided, That fees and charges authorized by sections 6(b)(4) of the Securities Act of 1933 (15 U.S.C. 77f(b)(4)) and 31(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78ee(d)) shall be credited to this account as offsetting collections.

SMALL BUSINESS ADMINISTRATION

SALARIES AND EXPENSES

For necessary expenses, not otherwise provided for, of the Small Business Administration as authorized by Public Law 105–135, including hire of passenger motor vehicles as authorized by 31 U.S.C. 1343 and 1344, and not to exceed $3,500 for official reception and representation expenses, $331,635,000: Provided, That the Administrator is authorized to charge fees to cover the cost of publications developed by the Small Business Administration, and certain loan servicing activities: Provided further, That, notwithstanding 31 U.S.C. 3302, revenues received from all such activities shall be credited to this account, to be available for carrying out these purposes without further appropriations: Provided further, That $88,000,000 shall be available to fund grants for performance in fiscal year 2001 or fiscal year 2002 as authorized by section 21 of the Small Business Act, as amended: Provided further, That, of the funds made available under this heading, $4,000,000 shall be for the National Veterans Business Development Corporation established under section 33(a) of the Small Business Act (15 U.S.C. 657c).

In addition, for the costs of programs related to the New Markets Venture Capital Program, $37,000,000, of which $7,000,000 shall be for BusinessLINC, and of which $30,000,000 shall be for technical assistance: Provided, That the funds appropriated under this paragraph shall not be available for obligation until the New Markets Venture Capital Program is authorized by subsequent legislation.

In addition, to reimburse the Small Business Administration for qualified expenses of delinquent non-tax debt collection, to be derived from increased agency collections of delinquent debt, 5 percent of such collections but not to exceed $3,000,000.

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended (5 U.S.C. App.), $11,953,000.

BUSINESS LOANS PROGRAM ACCOUNT

For the cost of direct loans, $2,250,000, to be available until expended; and for the cost of guaranteed loans, $163,160,000, as authorized by 15 U.S.C. 631 note, of which $45,000,000 shall remain available until September 30, 2002: Provided, That of the total provided, $22,000,000 shall be available only for the costs of guaranteed loans under the New Markets Venture Capital program and shall become available for obligation only upon authorization of such program by the enactment of subsequent legislation in fiscal year 2001: Provided further, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: Provided further, That during fiscal year 2001, commitments to guarantee loans under section 503 of the Small Business Investment Act of 1958, as amended, shall not exceed $3,750,000,000: Provided further, That during fiscal year 2001, commitments for general business loans authorized under section 7(a) of the Small Business Act, as amended, shall not exceed $10,000,000,000 without prior notification of the Committees on Appropriations of the House of Representatives and Senate in accordance with section 605 of this Act: Provided further, That during fiscal year 2001, commitments to guarantee loans under section 303(b) of the Small Business Investment Act of 1958, as amended, shall not exceed $500,000,000.

In addition, for administrative expenses to carry out the direct and guaranteed loan programs, $129,000,000, which may be transferred to and merged with the appropriations for Salaries and Expenses.

DISASTER LOANS PROGRAM ACCOUNT

For the cost of direct loans authorized by section 7(b) of the Small Business Act, as amended, $76,140,000, to remain available until expended: Provided, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended.

In addition, for administrative expenses to carry out the direct loan program, $108,354,000, which may be transferred to and merged with appropriations for Salaries and Expenses, of which $500,000 is for the Office of Inspector General of the Small Business Administration for audits and reviews of disaster loans and the disaster loan program and shall be transferred to and merged with appropriations for the Office of Inspector General; of which $98,000,000 is for direct administrative expenses of loan making and servicing to carry out the direct loan program; and of which $9,854,000 is for indirect administrative expenses: Provided, That any amount in excess of $9,854,000 to be transferred to and merged with appropriations for Salaries and Expenses for indirect administrative expenses shall be treated as a reprogramming of funds under section 605 of this Act and shall not be available for obligation or expenditure except in compliance with the procedures set forth in that section.

ADMINISTRATIVE PROVISION—SMALL BUSINESS ADMINISTRATION

Not to exceed 5 percent of any appropriation made available for the current fiscal year for the Small Business Administration in this Act may be transferred between such appropriations, but no such appropriation shall be increased by more than 10 percent by any such transfers: Provided, That any transfer pursuant to this paragraph shall be treated as a reprogramming of funds under section 605 of this Act and shall not be available for obligation or expenditure except in compliance with the procedures set forth in that section.

STATE JUSTICE INSTITUTE

SALARIES AND EXPENSES

For necessary expenses of the State Justice Institute, as authorized by the State Justice Institute Authorization Act of 1992 (Public Law 102–572; 106 Stat. 4515–4516), $6,850,000, to remain available until expended: Provided, That not to exceed $2,500 shall be available for official reception and representation expenses.

TITLE VI—GENERAL PROVISIONS

SEC. 601. No part of any appropriation contained in this Act shall be used for publicity or propaganda purposes not authorized by the Congress.

SEC. 602. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

SEC. 603. The expenditure of any appropriation under this Act for any consulting service through procurement contract, pursuant to 5 U.S.C. 3109, shall be limited to those contracts where such expenditures are a matter of public record and available for public inspection, except where otherwise provided under existing law, or under existing Executive order issued pursuant to existing law.

SEC. 604. If any provision of this Act or the application of such provision to any person or circumstances shall be held invalid, the remainder of the Act and the application of each provision to persons or circumstances other than those as to which it is held invalid shall not be affected thereby.

SEC. 605. (a) None of the funds provided under this Act, or provided under previous appropriations Acts to the agencies funded by this Act that remain available for obligation or expenditure in fiscal year 2001, or provided from any accounts in the Treasury of the United States derived by the collection of fees available to the agencies funded by this Act, shall be available for obligation or expenditure through a reprogramming of funds which: (1) creates new

programs; (2) eliminates a program, project, or activity; (3) increases funds or personnel by any means for any project or activity for which funds have been denied or restricted; (4) relocates an office or employees; (5) reorganizes offices, programs, or activities; or (6) contracts out or privatizes any functions, or activities presently performed by Federal employees; unless the Appropriations Committees of both Houses of Congress are notified 15 days in advance of such reprogramming of funds.

(b) None of the funds provided under this Act, or provided under previous appropriations Acts to the agencies funded by this Act that remain available for obligation or expenditure in fiscal year 2001, or provided from any accounts in the Treasury of the United States derived by the collection of fees available to the agencies funded by this Act, shall be available for obligation or expenditure for activities, programs, or projects through a reprogramming of funds in excess of $500,000 or 10 percent, whichever is less, that: (1) augments existing programs, projects, or activities; (2) reduces by 10 percent funding for any existing program, project, or activity, or numbers of personnel by 10 percent as approved by Congress; or (3) results from any general savings from a reduction in personnel which would result in a change in existing programs, activities, or projects as approved by Congress; unless the Appropriations Committees of both Houses of Congress are notified 15 days in advance of such reprogramming of funds.

SEC. 606. None of the funds made available in this Act may be used for the construction, repair (other than emergency repair), overhaul, conversion, or modernization of vessels for the National Oceanic and Atmospheric Administration in shipyards located outside of the United States.

SEC. 607. (a) PURCHASE OF AMERICAN-MADE EQUIPMENT AND PRODUCTS.—It is the sense of the Congress that, to the greatest extent practicable, all equipment and products purchased with funds made available in this Act should be American-made.

(b) NOTICE REQUIREMENT.—In providing financial assistance to, or entering into any contract with, any entity using funds made available in this Act, the head of each Federal agency, to the greatest extent practicable, shall provide to such entity a notice describing the statement made in subsection (a) by the Congress.

(c) PROHIBITION OF CONTRACTS WITH PERSONS FALSELY LABELING PRODUCTS AS MADE IN AMERICA.—If it has been finally determined by a court or Federal agency that any person intentionally affixed a label bearing a ''Made in America'' inscription, or any inscription with the same meaning, to any product sold in or shipped to the United States that is not made in the United States, the person shall be ineligible to receive any contract or subcontract made with funds made available in this Act, pursuant to the debarment, suspension, and ineligibility procedures described in sections 9.400 through 9.409 of title 48, Code of Federal Regulations.

SEC. 608. None of the funds made available in this Act may be used to implement, administer, or enforce any guidelines of the Equal Employment Opportunity Commission covering harassment based on religion, when it is made known to the Federal entity or official to which such funds are made available that such guidelines do not differ in any respect from the proposed guidelines published by the Commission on October 1, 1993 (58 Fed. Reg. 51266).

SEC. 609. None of the funds made available by this Act may be used for any United Nations undertaking when it is made known to the Federal official having authority to obligate or expend such funds: (1) that the United Nations undertaking is a peacekeeping mission; (2) that such undertaking will involve United States Armed Forces under the command or operational control of a foreign national; and (3) that the President's military advisors have not submitted to the President a recommendation that such involvement is in the national security interests of the United States and the President has not submitted to the Congress such a recommendation.

SEC. 610. (a) None of the funds appropriated or otherwise made available by this Act shall be expended for any purpose for which appropriations are prohibited by section 609 of the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1999.

(b) The requirements in subparagraphs (A) and (B) of section 609 of that Act shall continue to apply during fiscal year 2001.

SEC. 611. None of the funds made available in this Act shall be used to provide the following amenities or personal comforts in the Federal prison system—

(1) in-cell television viewing except for prisoners who are segregated from the general prison population for their own safety;

(2) the viewing of R, X, and NC–17 rated movies, through whatever medium presented;

(3) any instruction (live or through broadcasts) or training equipment for boxing, wrestling, judo, karate, or other martial art, or any bodybuilding or weightlifting equipment of any sort;

(4) possession of in-cell coffee pots, hot plates or heating elements; or

(5) the use or possession of any electric or electronic musical instrument.

SEC. 612. None of the funds made available in title II for the National Oceanic and Atmospheric Administration (NOAA) under the headings ''Operations, Research, and Facilities'' and ''Procurement, Acquisition and Construction'' may be used to implement sections 603, 604, and 605 of Public Law 102–567: Provided, That NOAA may develop a modernization plan for its fisheries research vessels that takes fully into account opportunities for contracting for fisheries surveys.

SEC. 613. Any costs incurred by a department or agency funded under this Act resulting from personnel actions taken in response to funding reductions included in this Act shall be absorbed within the total budgetary resources available to such department or agency: Provided, That the authority to transfer funds between appropriations accounts as may be necessary to carry out this section is provided in addition to authorities included elsewhere in this Act: Provided further, That use of funds to carry out this section shall be treated as a reprogramming of funds under section 605 of this Act and shall not be available for obligation or expenditure except in compliance with the procedures set forth in that section.

SEC. 614. Hereafter, none of the funds made available in this Act to the Federal Bureau of Prisons may be used to distribute or make available any commercially published information or material to a prisoner when it is made known to the Federal official having authority to obligate or expend such funds that such information or material is sexually explicit or features nudity.

SEC. 615. Of the funds appropriated in this Act under the heading ''Office of Justice Programs—State and Local Law Enforcement Assistance'', not more than 90 percent of the amount to be awarded to an entity under the Local Law Enforcement Block Grant shall be made available to such an entity when it is made known to the Federal official having authority to obligate or expend such funds that the entity that employs a public safety officer (as such term is defined in section 1204 of title I of the Omnibus Crime Control and Safe Streets Act of 1968) does not provide such a public safety officer who retires or is separated from service due to injury suffered as the direct and proximate result of a personal injury sustained in the line of duty while responding to an emergency situation or a hot pursuit (as such terms are defined by State law) with the same or better level of health insurance benefits at the time of retirement or separation as they received while on duty.

SEC. 616. None of the funds provided by this Act shall be available to promote the sale or export of tobacco or tobacco products, or to seek the reduction or removal by any foreign country of restrictions on the marketing of tobacco or tobacco products, except for restrictions which are not applied equally to all tobacco or tobacco products of the same type.

SEC. 617. (a) None of the funds appropriated or otherwise made available by this Act shall be expended for any purpose for which appropriations are prohibited by section 616 of the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1999, as amended.

(b) Subsection (a)(1) of section 616 of that Act, as amended, is further amended—

(1) by striking ''and'' after ''Toussaint,''; and

(2) by inserting before the semicolon at the end of the subsection, '', Jean Leopold Dominique, Jean-Claude Louissaint, Legitime Athis and his wife, Christa Joseph Athis, Jean-Michel Olophene, Claudy Myrthil, Merilus Deus, and Ferdinand Dorvil''.

(c) The requirements in subsections (b) and (c) of section 616 of that Act shall continue to apply during fiscal year 2001.

SEC. 618. None of the funds appropriated pursuant to this Act or any other provision of law may be used for: (1) the implementation of any tax or fee in connection with the implementation of 18 U.S.C. 922(t); and (2) any system to implement 18 U.S.C. 922(t) that does not require and result in the destruction of any identifying information submitted by or on behalf of any person who has been determined not to be prohibited from owning a firearm.

SEC. 619. Notwithstanding any other provision of law, amounts deposited or available in the Fund established under 42 U.S.C. 10601 in any fiscal year in excess of $537,500,000 shall not be available for obligation until the following fiscal year.

SEC. 620. None of the funds made available to the Department of Justice in this Act may be used to discriminate against or denigrate the religious or moral beliefs of students who participate in programs for which financial assistance is provided from those funds, or of the parents or legal guardians of such students.

SEC. 621. None of the funds appropriated in this Act shall be available for the purpose of granting either immigrant or nonimmigrant visas, or both, consistent with the Secretary's determination under section 243(d) of the Immigration and Nationality Act, to citizens, subjects, nationals, or residents of countries that the Attorney General has determined deny or unreasonably delay accepting the return of citizens, subjects, nationals, or residents under that section.

SEC. 622. None of the funds made available to the Department of Justice in this Act may be used for the purpose of transporting an individual who is a prisoner pursuant to conviction for crime under State or Federal law and is classified as a maximum or high security prisoner, other than to a prison or other facility certified by the Federal Bureau of Prisons as appropriately secure for housing such a prisoner.

SEC. 623. None of the funds appropriated by this Act shall be used to propose or issue rules, regulations, decrees, or orders for the purpose of implementation, or in preparation for implementation, of the Kyoto Protocol which was adopted

on December 11, 1997, in Kyoto, Japan, at the Third Conference of the Parties to the United Nations Framework Convention on Climate Change, which has not been submitted to the Senate for advice and consent to ratification pursuant to article II, section 2, clause 2, of the United States Constitution, and which has not entered into force pursuant to article 25 of the Protocol.

SEC. 624. Beginning 60 days from the date of the enactment of this Act, none of the funds appropriated or otherwise made available by this Act may be made available for the participation by delegates of the United States to the Standing Consultative Commission unless the President certifies and so reports to the Committees on Appropriations that the United States Government is not implementing the Memorandum of Understanding Relating to the Treaty Between the United States of America and the Union of Soviet Socialist Republics on the limitation of Anti-Ballistic Missile Systems of May 26, 1972, entered into in New York on September 26, 1997, by the United States, Russia, Kazakhstan, Belarus, and Ukraine, or until the Senate provides its advice and consent to the Memorandum of Understanding.

SEC. 625. None of the funds appropriated in this Act may be available to the Department of State to approve the purchase of property in Arlington, Virginia by the Xinhua News Agency.

SEC. 626. Title 18, section 4006(b)(1) is amended by inserting, '', the Federal Bureau of Investigation'' after ''United States Marshals Service''.

SEC. 627. Section 3022 of the 1999 Emergency Supplemental Appropriations Act (113 Stat. 100) is amended by striking ''between the date of enactment of this Act and October 1, 2000,''.

SEC. 628. Section 623 of H.R. 3421 (the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 2000 (16 U.S.C. 3645)), as enacted into law by section 1000(a)(1) of Public Law 106–113 (113 Stat. 1535), is amended—

(a) in subsection (a)(1) by striking ''The Northern Fund and Southern Fund shall each receive $10,000,000 of the amounts authorized by this section.'';

(b) by striking subsection (d) and inserting in lieu thereof the following new subsection:

''(d)(1) PACIFIC SALMON TREATY.—

''(A) For capitalizing the Northern Fund there is authorized to be appropriated in fiscal years 2000, 2001, 2002, and 2003 a total of $75,000,000.

''(B) For capitalizing the Southern Fund there is authorized to be appropriated in fiscal years 2000, 2001, 2002, and 2003 a total of $65,000,000.

''(C) To provide economic adjustment assistance to fishermen pursuant to the 1999 Pacific Salmon Treaty Agreement, there is authorized to be appropriated in fiscal years 2000, 2001, and 2002 a total of $30,000,000.

''(2) PACIFIC COASTAL SALMON RECOVERY.—

''(A) For salmon habitat restoration, salmon stock enhancement, and salmon research, including the construction of salmon research and related facilities, there is authorized to be appropriated for each of fiscal years 2000, 2001, 2002, and 2003, $90,000,000 to the States of Alaska, Washington, Oregon, and California. Amounts appropriated pursuant to this subparagraph shall be made available as direct payments. The State of Alaska may allocate a portion of any funds it receives under this subsection to eligible activities outside Alaska.

''(B) For salmon habitat restoration, salmon stock enhancement, salmon research, and supplementation activities, there is authorized to be appropriated in each of fiscal years 2000, 2001, 2002, and 2003, $10,000,000 to be divided between the Pacific Coastal tribes (as defined by the Secretary of Commerce) and the Columbia River tribes (as defined by the Secretary of Commerce).''.

SEC. 629. Section 3(3) of the Interstate Horseracing Act of 1978 (15 U.S.C. 3002(3)) is amended by inserting ''and includes pari-mutuel wagers, where lawful in each State involved, placed or transmitted by an individual in one State via telephone or other electronic media and accepted by an off-track betting system in the same or another State, as well as the combination of any pari-mutuel wagering pools'' after ''another State''.

SEC. 630. (a) Section 7A(a) of the Clayton Act (15 U.S.C. 18a(a)) is amended to read as follows:

''(a) Except as exempted pursuant to subsection (c), no person shall acquire, directly or indirectly, any voting securities or assets of any other person, unless both persons (or in the case of a tender offer, the acquiring person) file notification pursuant to rules under subsection (d)(1) and the waiting period described in subsection (b)(1) has expired, if—

''(1) the acquiring person, or the person whose voting securities or assets are being acquired, is engaged in commerce or in any activity affecting commerce; and

''(2) as a result of such acquisition, the acquiring person would hold an aggregate total amount of the voting securities and assets of the acquired person—

''(A) in excess of $200,000,000 (as adjusted and published for each fiscal year beginning after September 30, 2004, in the same manner as provided in section 8(a)(5) to reflect the percentage change in the gross national product for such fiscal year compared to the gross national product for the year ending September 30, 2003); or

''(B)(i) in excess of $50,000,000 (as so adjusted and published) but not in excess of $200,000,000 (as so adjusted and published); and

''(ii)(I) any voting securities or assets of a person engaged in manufacturing which has annual net sales or total assets of $10,000,000 (as so adjusted and published) or more are being acquired by any person which has total assets or annual net sales of $100,000,000 (as so adjusted and published) or more;

''(II) any voting securities or assets of a person not engaged in manufacturing which has total assets of $10,000,000 (as so adjusted and published) or more are being acquired by any person which has total assets or annual net sales of $100,000,000 (as so adjusted and published) or more; or

''(III) any voting securities or assets of a person with annual net sales or total assets of $100,000,000 (as so adjusted and published) or more are being acquired by any person with total assets or annual net sales of $10,000,000 (as so adjusted and published) or more.

In the case of a tender offer, the person whose voting securities are sought to be acquired by a person required to file notification under this subsection shall file notification pursuant to rules under subsection (d).''.

(b) Section 605 of title VI of Public Law 101–162 (15 U.S.C. 18a note) is amended—

(1) by inserting ''(a)'' after ''SEC. 605.'',

(2) in the 1st sentence—

(A) by striking ''at $45,000'' and inserting ''in subsection (b)'', and

(B) by striking ''Hart-Scott-Rodino Antitrust Improvements Act of 1976'' and inserting ''section 7A of the Clayton Act'', and

(3) by adding at the end the following:

''(b) The filing fees referred to in subsection (a) are—

''(1) $45,000 if the aggregate total amount determined under section 7A(a)(2) of the Clayton Act (15 U.S.C. 18a(a)(2)) is less than $100,000,000 (as adjusted and published for each fiscal year beginning after September 30, 2004, in the same manner as provided in section 8(a)(5) of the Clayton Act (15 U.S.C. 19(a)(5)) to reflect the percentage change in the gross national product for such fiscal year compared to the gross national product for the year ending September 30, 2003);

''(2) $125,000 if the aggregate total amount determined under section 7A(a)(2) of the Clayton Act (15 U.S.C. 18a(a)(2)) is not less than $100,000,000 (as so adjusted and published) but less than $500,000,000 (as so adjusted and published); and

''(3) $280,000 if the aggregate total amount determined under section 7A(a)(2) of the Clayton Act (15 U.S.C. 18a(a)(2)) is not less than $500,000,000 (as so adjusted and published).'',

(4) by striking ''States.'' and inserting ''States'', and

(5) by adding a period at the end.

(c) Section 7A(e)(1) of the Clayton Act (15 U.S.C. 18a(e)(1)) is amended)—

(1) by inserting ''(A)'' after ''(1)'', and

(2) by inserting at the end the following:

''(B)(i) The Assistant Attorney General and the Federal Trade Commission shall each designate a senior official who does not have direct responsibility for the review of any enforcement recommendation under this section concerning the transaction at issue, to hear any petition filed by such person to determine—

''(I) whether the request for additional information or documentary material is unreasonably cumulative, unduly burdensome, or duplicative; or

''(II) whether the request for additional information or documentary material has been substantially complied with by the petitioning person.

''(ii) Internal review procedures for petitions filed pursuant to clause (i) shall include reasonable deadlines for expedited review of such petitions, after reasonable negotiations with investigative staff, in order to avoid undue delay of the merger review process.

''(iii) Not later than 90 days after the date of the enactment of this Act, the Assistant Attorney General and the Federal Trade Commission shall conduct an internal review and implement reforms of the merger review process in order to eliminate unnecessary burden, remove costly duplication, and eliminate undue delay, in order to achieve a more effective and more efficient merger review process.

''(iv) Not later than 120 days after the date of enactment of this Act, the Assistant Attorney General and the Federal Trade Commission shall issue or amend their respective industry guidance, regulations, operating manuals and relevant policy documents, to the extent appropriate, to implement each reform in this subparagraph.

''(v) Not later than 180 days after the date the of enactment of this Act, the Assistant Attorney General and the Federal Trade Commission shall each report to Congress—

''(I) which reforms each agency has adopted under this subparagraph;

''(II) which steps each has taken to implement such internal reforms; and

''(III) the effects of such reforms.''.

(d) Section 7A of the Clayton Act (15 U.S.C. 18a) is amended—

(1) in subsection (e)(2), by striking ''20 days'' and inserting ''30 days'', and

(2) by adding at the end the following:

''(k) If the end of any period of time provided in this section falls on a Saturday, Sunday, or legal public holiday (as defined in section 6103(a) of title 5 of the United States Code), then such period shall be extended to the end of the next day that is not a Saturday, Sunday, or legal public holiday.''.

(e) This section and the amendments made by this section shall take effect on the 1st day of the 1st month that begins more than 30 days after the date of the enactment of this Act.

SEC. 631. (a) The Secretary of the Army is authorized to take all necessary measures to further stabilize and renovate Lock and Dam 10 at Boonesborough, Kentucky, with the purpose of extending the design life of the structure by an additional 50 years, at a total cost of $24,000,000, with an estimated Federal cost of $19,200,000 and an estimated non-Federal cost of $4,800,000.

(b) For purposes of this section only, ''stabilize and renovate'' shall include, but shall not be limited to, the following activities: stabilization of the main dam, auxiliary dam and lock; renovation of all operational aspects of the lock; and elevation of the main and auxiliary dams.

SEC. 632. (a)(1) The Federal Communications Commission shall modify the rules authorizing the operation of low-power FM radio stations, as proposed in MM Docket No. 99–25, to—

(A) prescribe minimum distance separations for third-adjacent channels (as well as for co-channels and first- and second-adjacent channels); and

(B) prohibit any applicant from obtaining a low-power FM license if the applicant has engaged in any manner in the unlicensed operation of any station in violation of section 301 of the Communications Act of 1934 (47 U.S.C. 301).

(2) The Federal Communications Commission may not—

(A) eliminate or reduce the minimum distance separations for third-adjacent channels required by paragraph (1)(A); or

(B) extend the eligibility for application for low-power FM stations beyond the organizations and entities as proposed in MM Docket No. 99–25 (47 CFR 73.853),

except as expressly authorized by an Act of Congress enacted after the date of the enactment of this Act.

(3) Any license that was issued by the Commission to a low-power FM station prior to the date on which the Commission modifies its rules as required by paragraph (1) and that does not comply with such modifications shall be invalid.

(b)(1) The Federal Communications Commission shall conduct an experimental program to test whether low-power FM radio stations will result in harmful interference to existing FM radio stations if such stations are not subject to the minimum distance separations for third-adjacent channels required by subsection (a). The Commission shall conduct such test in no more than nine FM radio markets, including urban, suburban, and rural markets, by waiving the minimum distance separations for third-adjacent channels for the stations that are the subject of the experimental program. At least one of the stations shall be selected for the purpose of evaluating whether minimum distance separations for third-adjacent channels are needed for FM translator stations. The Commission may, consistent with the public interest, continue after the conclusion of the experimental program to waive the minimum distance separations for third-adjacent channels for the stations that are the subject of the experimental program.

(2) The Commission shall select an independent testing entity to conduct field tests in the markets of the stations in the experimental program under paragraph (1). Such field tests shall include—

(A) an opportunity for the public to comment on interference; and

(B) independent audience listening tests to determine what is objectionable and harmful interference to the average radio listener.

(3) The Commission shall publish the results of the experimental program and field tests and afford an opportunity for the public to comment on such results. The Federal Communications Commission shall submit a report on the experimental program and field tests to the Committee on Commerce of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate not later than February 1, 2001. Such report shall include—

(A) an analysis of the experimental program and field tests and of the public comment received by the Commission;

(B) an evaluation of the impact of the modification or elimination of minimum distance separations for third-adjacent channels on—

(i) listening audiences;

(ii) incumbent FM radio broadcasters in general, and on minority and small market broadcasters in particular, including an analysis of the economic impact on such broadcasters;

(iii) the transition to digital radio for terrestrial radio broadcasters;

(iv) stations that provide a reading service for the blind to the public; and

(v) FM radio translator stations;

(C) the Commission's recommendations to the Congress to reduce or eliminate the minimum distance separations for third-adjacent channels required by subsection (a); and

(D) such other information and recommendations as the Commission considers appropriate.

SEC. 633. For an additional amount for ''Small Business Administration, Salaries and Expenses'', $40,000,000, of which $2,500,000 shall be available for a grant to the NTTC at Wheeling Jesuit University to continue the outreach program to assist small business development; $600,000 shall be available for a grant for Western Carolina University to develop a tourism and hospitality curriculum; $2,500,000 shall be available for a grant to the Bronx Museum of the Arts, New York, to develop facilities, including the Museum's participation in the Point Residency and the Community Gallery projects; $1,000,000 shall be available for a grant to Soundview Community in Action in the Bronx, New York, for a technology access and business improvement project; $5,000,000 shall be available for the Center for Rural Development, Somerset, Kentucky, for a regional program of technology workforce development; $1,500,000 shall be available for a grant to the State University of New York to develop a facility and operate the Institute of Entrepreneurship for small business and workforce development; $500,000 shall be available for a grant for Pike County, Kentucky, for an interpretive development initiative; $1,000,000 shall be available for a grant to the East Los Angeles Community Union to develop a facility; $5,000,000 shall be available for a grant to the Southern Kentucky Tourism Development Association for a regional tourism promotion initiative; $1,500,000 shall be available for a grant for Union College, Barbourville, Kentucky, for a technology and media center; $500,000 shall be available for a grant to the National Corrections and Law Enforcement Training and Technology Center, Inc., to work in conjunction with the Office of Law Enforcement Technology Commercialization and the Moundsville Economic Development Council for continued operations of the National Corrections and Law Enforcement Training and Technology Center, and for infrastructure improvements associated with this initiative; $2,000,000 shall be available for a grant for the City of Paintsville, Kentucky, for a regional arts and tourism center; $200,000 shall be available for a grant for the Vandalia Heritage Foundation to fulfill its charter purposes; $800,000 shall be available for a grant for the Museum of Science and Industry to develop a Manufacturing Learning Center; $200,000 shall be available for a grant to Rural Enterprises, Inc., in Durant, Oklahoma, to continue support for a resource center for rural businesses; $1,000,000 shall be available for a grant for Greenpoint Manufacturing and Design Center to acquire certain properties to develop a small business incubator facility; $1,000,000 shall be available for a grant to the Long Island Bay Shore Aquarium to develop a facility; $200,000 shall be available for a grant for Old Sturbridge Village's Threshold Project to develop an arts and tourism facility; $1,300,000 shall be available for a grant to Pulaski County, Kentucky, for an emergency training center; $2,000,000 shall be available for a grant for Promesa Enterprises in the Bronx, New York, to assist community-based businesses; $1,000,000 shall be available for a grant to the City of Oak Ridge, Tennessee, to develop a center to support technology and economic development initiatives; $1,000,000 shall be available for a grant for the Safer Foundation to develop a facility; $250,000 shall be available for a grant for the Johnstown Area Regional Industries Center for a Workforce Development initiative; $600,000 shall be available for a grant for the Buckhorn Children's Foundation for a community-based youth development facility; $250,000 shall be available for a grant for the Johnstown Area Regional Industries Center to continue support for the Entrepreneur Challenge 2000 small business incubator initiative; $250,000 shall be available for a grant to the Business Development Assistance Group to establish an Entrepreneurship Center for New Americans in Northern Virginia; $1,000,000 shall be available for a grant for the Brotherhood Business Development and Capital Fund for a small business technical assistance and loan program; $900,000 shall be available for a grant for the Arizona Department of Public Safety for planning and design for infrastructure improvements; $250,000 shall be available for a grant for Gadsden State Community College to develop a Center for Economic Development; $2,000,000 shall be available for a grant to Morehead State University for a science research and technology center; $350,000 shall be available for a grant for the Nicholas County, Kentucky, Industrial Authority to acquire certain properties in Carlisle, Kentucky, to develop a small business initiative; $350,000 shall be available for a grant for Montgomery County, Kentucky, to develop an education and training facility; $500,000 shall be available for a grant to the New York City Department of Parks and Recreation, Bronx County, to develop a river house facility; $500,000 shall be available for a grant to the New York Public Library Mott Haven Branch in the Bronx, New York, to develop a facility; and $500,000 shall be available for a grant to the Oklahoma Department of Career and Technology Education for a technology-based pilot program for vocational training for economic and job development.

SEC. 634. None of the funds provided in this or any previous Act, or hereinafter made available to the Department of Commerce shall be available to issue or renew, for any fishing vessel, any general or harpoon category fishing permit for Atlantic bluefin tuna that would allow the vessel—

(1) to use an aircraft to locate, or otherwise assist in fishing for, catching, or possessing Atlantic bluefin tuna; or

(2) to fish for, catch, or possessing Atlantic bluefin tuna located by the use of an aircraft.

SEC. 635. (a) This section may be cited as ''Amy Boyer's Law''.

(b) Congress makes the following findings:

(1) The inappropriate display, sale, or use of social security numbers is a significant factor in a growing range of illegal activities, including fraud, identity theft, and, in some cases, stalking and other violent crimes.

(2) Because social security numbers are used to track financial, health care, and other sensitive information about individuals, the inappropriate sale or display of those numbers to the general public can result in serious invasions of individual privacy and facilitate the commission of criminal activity.

(3) The Federal Government requires virtually every individual in the United States to obtain and maintain a social security number in order to pay taxes, to qualify for social security benefits, or to seek employment. An unintended consequence of these requirements is that social security numbers have become tools that can be used to facilitate crime, fraud, and invasions of the privacy of the individuals to whom the numbers are assigned. Because the Federal Government created and maintains the social security number system, and because the Federal Government does not permit persons to exempt themselves from the requirements of that system, it is appropriate for the Federal Government to take steps to stem abuse of the system.

(4) A social security number is simply a sequence of numbers. In no meaningful sense can the number itself impart knowledge or ideas. Persons do not sell or transfer such numbers in order to convey any particularized message, nor to express to the purchaser any ideas, knowledge, or thoughts.

(5) No one should seek to profit from the display or sale to the general public of social security numbers in circumstances that create a substantial risk of physical, emotional, or financial harm to the individuals to whom those numbers are assigned.

(6) Various entities may display, sell, or use social security numbers, including the private sector, the Federal Government and State governments, and Federal and State courts. Whatever the source, the inappropriate display or sale to the general public of social security numbers should be prevented.

(7) Congress should enact legislation that will offer an individual assigned a social security number necessary protection from the display, sale, or purchase of the number in circumstances that might facilitate unlawful conduct or that might otherwise likely result in unfair and deceptive practices.

(c)(1) Part A of title XI of the Social Security Act (42 U.S.C. 1301 et seq.) is amended by adding at the end the following new section:

''PROHIBITION OF CERTAIN MISUSES OF THE SOCIAL SECURITY NUMBER

''SEC. 1150A. (a) Except as otherwise provided in this section, no person may display or sell to the general public any individual's social security number, or any identifiable derivative of such number, without the affirmatively expressed consent, electronically or in writing, of the individual.

''(b) No person may obtain any individual's social security number, or any identifiable derivative of such number, for purposes of locating or identifying an individual with the intent to physically injure, harm, or use the identity of the individual for illegal purposes.

''(c) In order for consent to exist under subsection (a), the person displaying, or seeking to display, or selling or attempting to sell, an individual's social security number, or any identifiable derivative of such number, shall—

''(1) inform the individual of the general purposes for which the number will be utilized and the types of persons to whom the number may be available; and

''(2) obtain affirmatively expressed consent electronically or in writing.

''(d) Except as set forth in subsection (b), nothing in this section shall be construed to prohibit or limit the display, sale, or use of a social security number—

''(1)(A) permitted, required, or excepted, expressly or by implication, under section 205(c)(2), section 7(a)(2) of the Privacy Act of 1974 (5 U.S.C. 552a note; 88 Stat. 1909), section 6109(d) of the Internal Revenue Code of 1986, the Fair Credit Reporting Act (15 U.S.C. 1681 et seq.), title V of the Gramm-Leach-Bliley Act (15 U.S.C. 6801 et seq.), or the Health Insurance Portability and Accountability Act of 1996 (Public Law 104–191; 110 Stat. 1936) or the amendments made by that Act, or (B) in connection with an activity authorized under or pursuant to section 4(k) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(k)), whether or not such activity is conducted by or subject to any limitations or requirements applicable to a financial holding company;

''(2) by a professional or commercial user who appropriately uses the information in the normal course and scope of their businesses for purposes of retrieval of other information, except that the professional or commercial user may not display or sell the number (or any identifiable derivative of the number) to the general public;

''(3) for purposes of law enforcement, including investigation of fraud or as required under subchapter II of chapter 53 of title 31, United States Code, and chapter 2 of title I of Public Law 91–508 (12 U.S.C. 1951–1959); or

''(4) that may appear in a public record including, but not limited to, proceedings or records of Federal or State courts.

''(e)(1) Any individual aggrieved by any act of any person in violation of this section may bring a civil action in a United States district court to recover—

''(A) such preliminary and equitable relief as the court determines to be appropriate; and

''(B) the greater of—

''(i) actual damages;

''(ii) liquidated damages of $2,500; or

''(iii) in the case of a violation that was willful and resulted in profit or monetary gain, liquidated damages of $10,000.

''(2) In the case of a civil action brought under paragraph (1)(B)(iii) in which the aggrieved individual has substantially prevailed, the court may assess against the respondent a reasonable attorney's fee and other litigation costs and expenses (including expert fees) reasonably incurred.

''(3) No action may be commenced under this subsection more than 3 years after the date on which the violation was or should reasonably have been discovered by the aggrieved individual.

''(4) The remedy provided under this subsection shall be in addition to any other lawful remedy available to the individual.

''(f)(1) Any person who the Commissioner of Social Security determines has violated this section shall be subject, in addition to any other penalties that may be prescribed by law, to—

''(A) a civil money penalty of not more than $5,000 for each such violation; and

''(B) a civil money penalty of not more than $50,000, if violations have occurred with such frequency as to constitute a general business practice.

''(2) Any willful violation committed contemporaneously with respect to the social security numbers of 2 or more individuals by means of mail, telecommunication, or otherwise shall be treated as a separate violation with respect to each such individual.

''(3) The provisions of section 1128A (other than subsections (a), (b), (f), (h), (i), (j), and (m), and the first sentence of subsection (c)) and the provisions of subsections (d) and (e) of section 205 shall apply to civil money penalties under this subsection in the same manner as such provisions apply to a penalty or proceeding under section 1128A(a), except that, for purposes of this paragraph, any reference in section 1128A to the Secretary shall be deemed a reference to the Commissioner of Social Security.

''(g) In this section, the term 'display or sell to the general public' means the intentional placing of an individual's social security number, or identifying portion thereof, in a viewable manner on a web site that makes such information available to the general public, or otherwise intentionally communicating an individual's social security number, or an identifying portion thereof, to the general public.

''(h) Nothing in this section shall be construed to limit the use of social security numbers by the Federal Government for governmental purposes, including any of the following purposes:

''(1) National security.

''(2) Law enforcement.

''(3) Public health.

''(4) Federal or federally-funded research conducted for the purposes of advancing knowledge.

''(5) When such numbers are required to be submitted as part of the process for applying for any type of government benefit or program.''.

(2) Section 208(a) of the Social Security Act (42 U.S.C. 408(a)) is amended—

(1) in paragraph (8), by inserting ''or'' after the semicolon; and

(2) by inserting after paragraph (8), the following new paragraphs:

''(9) except as provided in section 1150A(d), knowingly and willfully displays or sells to the general public (as defined in section 1150A(g)) any individual's social security number, or any identifiable derivative of such number, without the affirmatively expressed consent (as defined in section 1150A(c)), electronically or in writing, of such individual; or

''(10) obtains any individual's social security number, or any identifiable derivative of such number, for purposes of locating or identifying an individual with the intent to physically injure, harm, or use the identity of the individual for illegal purposes;''.

(3) The amendments made by this subsection apply with respect to violations occurring on and after the date that is 2 years after the date of enactment of this Act.

(d)(1) The Comptroller General of the United States shall conduct a study of the feasibility and advisability of imposing additional limitations or prohibitions on the use of social security numbers in public records.

(2) Not later than 1 year after the date of enactment of this section, the Comptroller General shall submit to Congress a report on the study conducted under paragraph (1). The report shall include a detailed description of the activities and results of the study and such recommendations for legislative action as the Comptroller General considers appropriate.

SEC. 636. The Cuyahoga Valley National Park shall not be redesignated as a Class I area under title I, Part C of the Clean Air Act, 42 U.S.C. sections 7470–7479.

TITLE VII—RESCISSIONS

DEPARTMENT OF JUSTICE

DRUG ENFORCEMENT ADMINISTRATION

DRUG DIVERSION CONTROL FEE ACCOUNT

(RESCISSION)

Amounts otherwise available for obligation in fiscal year 2001 for the Drug Diversion Control Fee Account are reduced by $8,000,000.

RELATED AGENCIES

DEPARTMENT OF TRANSPORTATION

MARITIME ADMINISTRATION

MARITIME GUARANTEED LOAN (TITLE XI) PROGRAM ACCOUNT

(RESCISSION)

Of the funds provided under this heading in Public Law 104–208, $7,644,000 are rescinded.

TITLE VIII—DEBT REDUCTION

AND OTHER MATTER

DEPARTMENT OF THE TREASURY

BUREAU OF THE PUBLIC DEBT

GIFTS TO THE UNITED STATES FOR REDUCTION OF THE PUBLIC DEBT

For deposit on November 1, 2000, of an additional amount into the account established

under section 3113(d) of title 31, United States Code, to reduce the public debt, the amount equal to the difference between $240,088,000,000 and the aggregate amount deposited into this account in other appropriation Acts for fiscal year 2001 enacted before such date.

GENERAL PROVISION

SEC. 801. Beginning on the first day of the 107th Congress, the Presiding Officer of the Senate shall apply all of the precedents of the Senate under Rule XXVIII in effect at the conclusion of the 103rd Congress. Further that there is now in effect a standing order of the Senate that the reading of conference reports, are no longer required, if the said conference report is available in the Senate.

TITLE IX—WILDLIFE, OCEAN AND COASTAL CONSERVATION

SEC. 901. WILDLIFE CONSERVATION AND RESTORATION PLANNING.

For expenses necessary to support activities that supplement, but not replace, existing funding available to the States and territories from the sport fish restoration account and wildlife restoration account and shall be used for the development, revision, and implementation of wildlife conservation and restoration plans and programs, $50,000,000, to remain available until expended: Provided, That these funds may be used by a State, territory or an Indian Tribe for the planning and implementation of its wildlife conservation and restoration program and wildlife conservation strategy, including wildlife conservation, wildlife conservation education, and wildlife-associated recreation projects: Provided further, That the Secretary, after deducting administrative expenses shall make the following apportionment from the Wildlife Conservation and Restoration Account: (A) to the District of Columbia and to the Commonwealth of Puerto Rico, each a sum equal to not more than one-half of 1 percent thereof; (B) to Guam, American Samoa, the Virgin Islands, and the Commonwealth of the Northern Mariana Islands, each a sum equal to not more than one-fourth of 1 percent thereof: Provided further, That the Secretary shall apportion the remaining amount in the Wildlife Conservation and Restoration Account for each year among the States in the following manner: (A) one-third of which is based on the ratio to which the land area of such State bears to the total land area of all such States; and, (B) two-thirds of which is based on the ratio to which the population of such State bears to the total population of all such States: Provided further, That the amounts apportioned under this paragraph shall be adjusted equitably so that no State shall be apportioned a sum which is less than 1 percent of the amount available for apportionment under this paragraph for any fiscal year or more than 5 percent of such amount: Provided further, That no State, territory or other jurisdiction shall receive a grant unless it has certified to the Service that it has in place, or has agreed to develop by a mutually agreed date certain, a wildlife conservation strategy and plan.

SEC. 902. WILDLIFE CONSERVATION AND RESTORATION.

(a) PURPOSES.—The purposes of this section are—

(1) to extend financial and technical assistance to the States under the Federal Aid to Wildlife Restoration Act for the benefit of a diverse array of wildlife and associated habitats, including species that are not hunted or fished, to fulfill unmet needs of wildlife within the States in recognition of the primary role of the States to conserve all wildlife;

(2) to assure sound conservation policies through the development, revision, and implementation of a comprehensive wildlife conservation and restoration plan;

(3) to encourage State fish and wildlife agencies to participate with the Federal Government, other State agencies, wildlife conservation organizations and outdoor recreation and conservation interests through cooperative planning and implementation of this title; and

(4) to encourage State fish and wildlife agencies to provide for public involvement in the process of development and implementation of a wildlife conservation and restoration program.

(b) REFERENCE TO LAW.—In this section, the term ''Federal Aid in Wildlife Restoration Act'' means the Act of September 2, 1937 (16 U.S.C. 669 et seq.), commonly referred to as the Federal Aid in Wildlife Restoration Act or the Pittman-Robertson Act.

(c) DEFINITIONS.—Section 2 of the Federal Aid in Wildlife Restoration Act (16 U.S.C. 669a) is amended to read as follows:

''SEC. 2. DEFINITIONS.

''As used in this Act—

''(1) the term 'conservation' means the use of methods and procedures necessary or desirable to sustain healthy populations of wildlife, including all activities associated with scientific resources management such as research, census, monitoring of populations, acquisition, improvement and management of habitat, live trapping and transplantation, wildlife damage management, and periodic or total protection of a species or population, as well as the taking of individuals within wildlife stock or population if permitted by applicable State and Federal law;

''(2) the term 'Secretary' means the Secretary of the Interior;

''(3) the term 'State fish and game department' or 'State fish and wildlife department' means any department or division of department of another name, or commission, or official or officials, of a State empowered under its laws to exercise the functions ordinarily exercised by a State fish and game department or State fish and wildlife department.

''(4) the term 'wildlife' means any species of wild, free-ranging fauna including fish, and also fauna in captive breeding programs the object of which is to reintroduce individuals of a depleted indigenous species into previously occupied range;

''(5) the term 'wildlife-associated recreation' means projects intended to meet the demand for outdoor activities associated with wildlife including, but not limited to, hunting and fishing, wildlife observation and photography, such projects as construction or restoration of wildlife viewing areas, observation towers, blinds, platforms, land and water trails, water access, field trialing, trail heads, and access for such projects;

''(6) the term 'wildlife conservation and restoration program' means a program developed by a State fish and wildlife department and approved by the Secretary under section 304(d), the projects that constitute such a program, which may be implemented in whole or part through grants and contracts by a State to other State, Federal, or local agencies (including those that gather, evaluate, and disseminate information on wildlife and their habitats), wildlife conservation organizations, and outdoor recreation and conservation education entities from funds apportioned under this title, and maintenance of such projects;

''(7) the term 'wildlife conservation education' means projects, including public outreach, intended to foster responsible natural resource stewardship; and

''(8) the term 'wildlife-restoration project' includes the wildlife conservation and restoration program and means the selection, restoration, rehabilitation, and improvement of areas of land or water adaptable as feeding, resting, or breeding places for wildlife, including acquisition of such areas or estates or interests therein as are suitable or capable of being made suitable therefor, and the construction thereon or therein of such works as may be necessary to make them available for such purposes and also including such research into problems of wildlife management as may be necessary to efficient administration affecting wildlife resources, and such preliminary or incidental costs and expenses as may be incurred in and about such projects.''.

(d) WILDLIFE CONSERVATION AND RESTORATION ACCOUNT.—Section 3 of the Federal Aid in Wildlife Restoration Act (16 U.S.C. 669b) is amended—

(1) in subsection (a) by inserting ''(1)'' after ''(a)'', and by adding at the end the following:

''(2) There is established in the Federal aid to wildlife restoration fund a subaccount to be known as the 'Wildlife Conservation and Restoration Account'. There are authorized to be appropriated for the purposes of the Wildlife Conservation and Restoration Account $50,000,000 in fiscal year 2001 for apportionment in accordance with this Act to carry out State wildlife conservation and restoration programs. Further, interest on amounts transferred shall be treated in a manner consistent with 16 U.S.C. 669(b)(1)).''; and

(2) by adding at the end the following:

''(c)(1) Amounts transferred to the Wildlife Conservation and Restoration Account shall supplement, but not replace, existing funds available to the States from the sport fish restoration account and wildlife restoration account and shall be used for the development, revision, and implementation of wildlife conservation and restoration programs and should be used to address the unmet needs for a diverse array of wildlife and associated habitats, including species that are not hunted or fished, for wildlife conservation, wildlife conservation education, and wildlife-associated recreation projects. Such funds may be used for new programs and projects as well as to enhance existing programs and projects.

''(2) Funds may be used by a State or an Indian tribe for the planning and implementation of its wildlife conservation and restoration program and wildlife conservation strategy, as provided in sections 4(d) and (e) of this Act, including wildlife conservation, wildlife conservation education, and wildlife-associated recreation projects. Such funds may be used for new programs and projects as well as to enhance existing programs and projects.

''(3) Priority for funding from the Wildlife Conservation and Restoration Account shall be for those species with the greatest conservation need as defined by the State wildlife conservation and restoration program.

''(d) Notwithstanding subsections (a) and (b) of this section, with respect to amounts transferred to the Wildlife Conservation and Restoration Account, so much of such amounts apportioned to any State for any fiscal year as remains unexpended at the close thereof shall remain available for obligation in that State until the close of the second succeeding fiscal year.''.

(e) APPORTIONMENTS OF AMOUNTS.—Section 4 of the Federal Aid in Wildlife Restoration Act (16 U.S.C. 669c) is amended by adding at the end the following new subsection:

''(c) APPORTIONMENT OF WILDLIFE CONSERVATION AND RESTORATION ACCOUNT.—

''(1) The Secretary of the Interior shall make the following apportionment from the Wildlife Conservation and Restoration Account:

''(A) to the District of Columbia and to the Commonwealth of Puerto Rico, each a sum equal to not more than one-half of 1 percent thereof;

''(B) to Guam, American Samoa, the Virgin Islands, and the Commonwealth of the Northern Mariana Islands, each a sum equal to not more than one-fourth of 1 percent thereof.

''(2)(A) The Secretary of the Interior, after making the apportionment under paragraph (1),

shall apportion the remaining amount in the Wildlife Conservation and Restoration Account for each fiscal year among the States in the following manner:

''(i) one-third of which is based on the ratio to which the land area of such State bears to the total land area of all such States; and

''(ii) two-thirds of which is based on the ratio to which the population of such State bears to the total population of all such States.

''(B) The amounts apportioned under this paragraph shall be adjusted equitably so that no such State shall be apportioned a sum which is less than one percent of the amount available for apportionment under this paragraph for any fiscal year or more than five percent of such amount.

''(3) Of the amounts transferred to the Wildlife Conservation and Restoration Account, not to exceed 3 percent shall be available for any Federal expenses incurred in the administration and execution of programs carried out with such amounts.

''(d) WILDLIFE CONSERVATION AND RESTORATION PROGRAMS.—

''(1) Any State, through its fish and wildlife department, may apply to the Secretary of the Interior for approval of a wildlife conservation and restoration program, or for funds from the Wildlife Conservation and Restoration Account, to develop a program. To apply, a State shall submit a comprehensive plan that includes—

''(A) provisions vesting in the fish and wildlife department of the State overall responsibility and accountability for the program;

''(B) provisions for the development and implementation of—

''(i) wildlife conservation projects that expand and support existing wildlife programs, giving appropriate consideration to all wildlife;

''(ii) wildlife-associated recreation projects; and

''(iii) wildlife conservation education projects pursuant to programs under section 8(a); and

''(C) provisions to ensure public participation in the development, revision, and implementation of projects and programs required under this paragraph.

''(D) WILDLIFE CONSERVATION STRATEGY.—Within five years of the date of the initial apportionment, develop and begin implementation of a wildlife conservation strategy based upon the best available and appropriate scientific information and data that—

''(i) uses such information on the distribution and abundance of species of wildlife, including low population and declining species as the State fish and wildlife department deems appropriate, that are indicative of the diversity and health of wildlife of the State;

''(ii) identifies the extent and condition of wildlife habitats and community types essential to conservation of species identified under paragraph (1);

''(iii) identifies the problems which may adversely affect the species identified under paragraph (1) or their habitats, and provides for priority research and surveys to identify factors which may assist in restoration and more effective conservation of such species and their habitats;

''(iv) determines those actions which should be taken to conserve the species identified under paragraph (1) and their habitats and establishes priorities for implementing such conservation actions;

''(v) provides for periodic monitoring of species identified under paragraph (1) and their habitats and the effectiveness of the conservation actions determined under paragraph (4), and for adapting conservation actions as appropriate to respond to new information or changing conditions;

''(vi) provides for the review of the State wildlife conservation strategy and, if appropriate, revision at intervals of not more than ten years;

''(vii) provides for coordination to the extent feasible the State fish and wildlife department, during the development, implementation, review, and revision of the wildlife conservation strategy, with Federal, State, and local agencies and Indian tribes that manage significant areas of land or water within the State, or administer programs that significantly affect the conservation of species identified under paragraph (1) or their habitats.

''(2) A State shall provide an opportunity for public participation in the development of the comprehensive plan required under paragraph (1).

''(3) If the Secretary finds that the comprehensive plan submitted by a State complies with paragraph (1), the Secretary shall approve the wildlife conservation and restoration program of the State and set aside from the apportionment to the State made pursuant to subsection (c) an amount that shall not exceed 75 percent of the estimated cost of developing and implementing the program.

''(4)(A) Except as provided in subparagraph (B), after the Secretary approves a State's wildlife conservation and restoration program, the Secretary may make payments on a project that is a segment of the State's wildlife conservation and restoration program as the project progresses. Such payments, including previous payments on the project, if any, shall not be more than the United States pro rata share of such project. The Secretary, under such regulations as he may prescribe, may advance funds representing the United States pro rata share of a project that is a segment of a wildlife conservation and restoration program, including funds to develop such program.

''(B) Not more than 10 percent of the amounts apportioned to each State under this section for a State's wildlife conservation and restoration program may be used for wildlife-associated recreation.

''(5) For purposes of this subsection, the term 'State' shall include the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.''.

(f) FACA.—Coordination with State fish and wildlife agency personnel or with personnel of other State agencies pursuant to the Federal Aid in Wildlife Restoration Act or the Federal Aid in Sport Fish Restoration Act shall not be subject to the Federal Advisory Committee Act (5 U.S.C. App.). Except for the preceding sentence, the provisions of this title relate solely to wildlife conservation and restoration programs and shall not be construed to affect the provisions of the Federal Aid in Wildlife Restoration Act relating to wildlife restoration projects or the provisions of the Federal Aid in Sport Fish Restoration Act relating to fish restoration and management projects.

(g) EDUCATION.—Section 8(a) of the Federal Aid in Wildlife Restoration Act (16 U.S.C. 669g(a)) is amended by adding the following at the end thereof: ''Funds from the Wildlife Conservation and Restoration Account may be used for a wildlife conservation education program, except that no such funds may be used for education efforts, projects, or programs that promote or encourage opposition to the regulated taking of wildlife.''.

(h) PROHIBITION AGAINST DIVERSION.—No designated State agency shall be eligible to receive matching funds under this title if sources of revenue available to it after January 1, 2000, for conservation of wildlife are diverted for any purpose other than the administration of the designated State agency, it being the intention of Congress that funds available to States under this title be added to revenues from existing State sources and not serve as a substitute for revenues from such sources. Such revenues shall include interest, dividends, or other income earned on the foregoing.

(i) NORTH AMERICAN WETLANDS CONSERVATION ACT.—Section 7(c) of the North American Wetlands Conservation Act (16 U.S.C. 4406(c)) is amended by striking ''$30,000,000'' and inserting ''$50,000,000''.

SEC. 903. COASTAL IMPACT ASSISTANCE.

The Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.) is amended by adding at the end the following:

''SEC. 31. COASTAL IMPACT ASSISTANCE.

''Nothing in this section shall be construed as a permanent authorization.

''(a) DEFINITIONS.—When used in this section—

''(1) The term 'coastal political subdivision' means a county, parish, or any equivalent subdivision of a Producing Coastal State all or part of which subdivision lies within the coastal zone (as defined in section 304(1) of the Coastal Zone Management Act of 1972 (16 U.S.C. 1453(1)).

''(2) The term 'coastal population' means the population of all political subdivisions, as determined by the most recent official data of the Census Bureau, contained in whole or in part within the designated coastal boundary of a State as defined in a State's coastal zone management program under the Coastal Zone Management Act (16 U.S.C. 1451 et seq.).

''(3) The term 'Coastal State' has the same meaning as provided by subsection 304(4) of the Coastal Zone Management Act (16 U.S.C. 1453(4)).

''(4) The term 'coastline' has the same meaning as the term 'coast line' as defined in subsection 2(c) of the Submerged Lands Act (43 U.S.C. 1301(c)).

''(5) The term 'distance' means minimum great circle distance, measured in statute miles.

''(6) The term 'leased tract' means a tract maintained under section 6 or leased under section 8 for the purpose of drilling for, developing, and producing oil and natural gas resources.

''(7) The term 'Producing Coastal State' means a Coastal State with a coastal seaward boundary within 200 miles from the geographic center of a leased tract other than a leased tract within any area of the Outer Continental Shelf where a moratorium on new leasing was in effect as of January 1, 2000, unless the lease was issued prior to the establishment of the moratorium and was in production on January 1, 2000.

''(8) The term 'qualified Outer Continental Shelf revenues' means all amounts received by the United States from each leased tract or portion of a leased tract lying seaward of the zone defined and governed by section 8(g) of this Act, or lying within such zone but to which section 8(g) does not apply, the geographic center of which lies within a distance of 200 miles from any part of the coastline of any Coastal State, including bonus bids, rents, royalties (including payments for royalties taken in kind and sold), net profit share payments, and related late payment interest. Such term does not include any revenues from a leased tract or portion of a leased tract that is included within any area of the Outer Continental Shelf where a moratorium on new leasing was in effect as of January 1, 2000, unless the lease was issued prior to the establishment of the moratorium and was in production on January 1, 2000.

''(9) The term 'Secretary' means the Secretary of Commerce.

''(b) AUTHORIZATION.—For fiscal year 2001, $150,000,000 is authorized to be appropriated for the purposes of this section.

''(c) IMPACT ASSISTANCE PAYMENTS TO STATES AND POLITICAL SUBDIVISIONS.—The Secretary shall make payments from the amounts available under this section to Producing Coastal States with an approved Coastal Impact Assistance Plan, and to coastal political subdivisions as follows:

''(1) ALLOCATIONS TO PRODUCING COASTAL STATES.—In each fiscal year, each Producing Coastal State's allocable share shall be equal to the sum of the following:

''(A) 60 percent of the amounts appropriated shall be equally divided among all Producing Coastal States;

''(B) 40 percent of the amounts appropriated for the purposes of this section shall be divided among Producing Coastal States based on Outer Continental Shelf production, except that of such amounts no Producing Coastal State may receive more than 25 percent in any fiscal year.

''(2) CALCULATION.—The amount for each Producing Coastal State under paragraph (1)(B) shall be calculated based on the ratio of qualified OCS revenues generated off the coastline of the Producing Coastal State to the qualified OCS revenues generated off the coastlines of all Producing Coastal States for the period beginning on January 1, 1995 and ending on December 31, 2000. Where there is more than one Producing Coastal State within 200 miles of a leased tract, the amount of each Producing Coastal State's payment under paragraph (1)(B) for such leased tract shall be inversely proportional to the distance between the nearest point on the coastline of such State and the geographic center of each leased tract or portion of the leased tract (to the nearest whole mile) that is within 200 miles of that coastline, as determined by the Secretary. A leased tract or portion of a leased tract shall be excluded if the tract or portion is located in a geographic area where a moratorium on new leasing was in effect on January 1, 2000, unless the lease was issued prior to the establishment of the moratorium and was in production on January 1, 2000.

''(3) PAYMENTS TO COASTAL POLITICAL SUBDIVISIONS.—Thirty-five percent of each Producing Coastal State's allocable share as determined under paragraph (1) shall be paid directly to the coastal political subdivisions by the Secretary based on the following formula, except that a coastal political subdivision in the State of California that has a coastal shoreline, that is not within 200 miles of the geographic center of a leased tract or portion of a leased tract, and in which there is located one or more oil refineries shall be eligible for that portion of the allocation described in paragraph (C) in the same manner as if that political subdivision were located within a distance of 50 miles from the geographic center of the closest leased tract with qualified Outer Continental Shelf revenues:

''(A) 25 percent shall be allocated based on the ratio of such coastal political subdivision's coastal population to the coastal population of all coastal political subdivisions in the Producing Coastal State.

''(B) 25 percent shall be allocated based on the ratio of such coastal political subdivision's coastline miles to the coastline miles of all coastal political subdivisions in the Producing Coastal State.

''(C) 50 percent shall be allocated based on the relative distance of such coastal political subdivision from any leased tract used to calculate that Producing Coastal State's allocation using ratios that are inversely proportional to the distance between the point in the coastal political subdivision closest to the geographic center of each leased tract or portion, as determined by the Secretary. For purposes of the calculations under this subparagraph, a leased tract or portion of a leased tract shall be excluded if the leased tract or portion is located in a geographic area where a moratorium on new leasing was in effect on January 1, 2000, unless the lease was issued prior to the establishment of the moratorium and was in production on January 1, 2000.

''(4) FAILURE TO HAVE PLAN APPROVED.—Any amount allocated to a Producing Coastal State or coastal political subdivision but not disbursed because of a failure to have an approved Coastal Impact Assistance Plan under this section shall be allocated equally by the Secretary among all other Producing Coastal States in a manner consistent with this subsection except that the Secretary shall hold in escrow such amount until the final resolution of any appeal regarding the disapproval of a plan submitted under this section. The Secretary may waive the provisions of this paragraph and hold a Producing Coastal State's allocable share in escrow if the Secretary determines that such State is making a good faith effort to develop and submit, or update, a Coastal Impact Assistance Plan.

''(d) COASTAL IMPACT ASSISTANCE PLAN.—

''(1) DEVELOPMENT AND SUBMISSION OF STATE PLANS.—The Governor of each Producing Coastal State shall prepare, and submit to the Secretary, a Coastal Impact Assistance Plan. The Governor shall solicit local input and shall provide for public participation in the development of the plan. The plan shall be submitted to the Secretary by July 1, 2001. Amounts received by Producing Coastal States and coastal political subdivisions may be used only for the purposes specified in the Producing Coastal State's Coastal Impact Assistance Plan.

''(2) APPROVAL.—The Secretary shall approve a plan under paragraph (1) prior to disbursement of amounts under this section. The Secretary shall approve the plan if the Secretary determines that the plan is consistent with the uses set forth in subsection (e) and if the plan contains each of the following:

''(A) The name of the State agency that will have the authority to represent and act for the State in dealing with the Secretary for purposes of this section.

''(B) A program for the implementation of the plan which describes how the amounts provided under this section will be used.

''(C) A contact for each political subdivision and description of how coastal political subdivisions will use amounts provided under this section, including a certification by the Governor that such uses are consistent with the requirements of this section.

''(D) Certification by the Governor that ample opportunity has been accorded for public participation in the development and revision of the plan.

''(E) Measures for taking into account other relevant Federal resources and programs.

''(3) PROCEDURE.—The Secretary shall approve or disapprove each plan or amendment within 90 days of its submission.

''(4) AMENDMENT.—Any amendment to the plan shall be prepared in accordance with the requirements of this subsection and shall be submitted to the Secretary for approval or disapproval.

''(e) AUTHORIZED USES.—Producing Coastal States and coastal political subdivisions shall use amounts provided under this section, including any such amounts deposited in a State or coastal political subdivision administered trust fund dedicated to uses consistent with this subsection, in compliance with Federal and State law and only for one or more of the following purposes:

''(1) uses set forth in new section 32(c)(4) of the Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.) proposed by the amendment to H.R. 701 of the 106th Congress as reported by the Senate Committee on Energy and Natural Resources;

''(2) projects and activities for the conservation, protection or restoration of wetlands;

''(3) mitigating damage to fish, wildlife or natural resources, including such activities authorized under subtitle B of title IV of the Oil Pollution Act of 1990 (33 U.S.C. 1321(c), (d));

''(4) planning assistance and administrative costs of complying with the provisions of this section;

''(5) implementation of Federally approved marine, coastal, or comprehensive conservation management plans; and

''(6) mitigating impacts of Outer Continental Shelf activities through funding of (A) onshore infrastructure projects and (B) other public service needs intended to mitigate the environmental effects of Outer Continental Shelf activities: Provided, That funds made available under this paragraph shall not exceed 23 percent of the funds provided under this section.

''(f) COMPLIANCE WITH AUTHORIZED USES.—If the Secretary determines that any expenditure made by a Producing Coastal State or coastal political subdivision is not consistent with the uses authorized in subsection (e), the Secretary shall not disburse any further amounts under this section to that Producing Coastal State or coastal political subdivision until the amounts used for the inconsistent expenditure have been repaid or obligated for authorized uses.''.

TITLE X—LOCAL TV ACT

SECTION 1001. SHORT TITLE.

This title may be cited as the ''Launching Our Communities' Access to Local Television Act of 2000''.

SEC. 1002. PURPOSE.

The purpose of this Act is to facilitate access, on a technologically neutral basis and by December 31, 2006, to signals of local television stations for households located in nonserved areas and underserved areas.

SEC. 1003. LOCAL TELEVISION LOAN GUARANTEE BOARD.

(a) ESTABLISHMENT.—There is established the LOCAL Television Loan Guarantee Board (in this Act referred to as the ''Board'').

(b) MEMBERS.—

(1) IN GENERAL.—Subject to paragraph (2), the Board shall consist of the following members:

(A) The Secretary of the Treasury, or the designee of the Secretary.

(B) The Chairman of the Board of Governors of the Federal Reserve System, or the designee of the Chairman.

(C) The Secretary of Agriculture, or the designee of the Secretary.

(D) The Secretary of Commerce, or the designee of the Secretary.

(2) REQUIREMENT AS TO DESIGNEES.—An individual may not be designated a member of the Board under paragraph (1) unless the individual is an officer of the United States pursuant to an appointment by the President, by and with the advice and consent of the Senate.

(c) FUNCTIONS OF THE BOARD.—

(1) IN GENERAL.—The Board shall determine whether or not to approve loan guarantees under this Act. The Board shall make such determinations consistent with the purpose of this Act and in accordance with this subsection and section 4.

(2) CONSULTATION AUTHORIZED.—

(A) IN GENERAL.—In carrying out its functions under this Act, the Board shall consult with such departments and agencies of the Federal Government as the Board considers appropriate, including the Department of Commerce, the Department of Agriculture, the Department of the Treasury, the Department of Justice, the Department of the Interior, the Board of Governors of the Federal Reserve System, the Federal Communications Commission, the Federal Trade Commission, and the National Aeronautics and Space Administration.

(B) RESPONSE.—A department or agency consulted by the Board under subparagraph (A) shall provide the Board such expertise and assistance as the Board requires to carry out its functions under this Act.

(3) APPROVAL BY MAJORITY VOTE.—The determination of the Board to approve a loan guarantee under this Act shall be by an affirmative vote of not less than 3 members of the Board.

SEC. 1004. APPROVAL OF LOAN GUARANTEES.

(a) AUTHORITY TO APPROVE LOAN GUARANTEES.—Subject to the provisions of this section and consistent with the purpose of this Act, the Board may approve loan guarantees under this Act.

(b) REGULATIONS.—

(1) REQUIREMENTS.—The Administrator (as defined in section 5), under the direction of and for approval by the Board, shall prescribe regulations to implement the provisions of this Act and shall do so not later than 120 days after funds authorized to be appropriated under section 11 have been appropriated in a bill signed into law.

(2) ELEMENTS.—The regulations prescribed under paragraph (1) shall—

(A) set forth the form of any application to be submitted to the Board under this Act;

(B) set forth time periods for the review and consideration by the Board of applications to be submitted to the Board under this Act, and for any other action to be taken by the Board with respect to such applications;

(C) provide appropriate safeguards against the evasion of the provisions of this Act;

(D) set forth the circumstances in which an applicant, together with any affiliate of an applicant, shall be treated as an applicant for a loan guarantee under this Act;

(E) include requirements that appropriate parties submit to the Board any documents and assurances that are required for the administration of the provisions of this Act; and

(F) include such other provisions consistent with the purpose of this Act as the Board considers appropriate.

(3) CONSTRUCTION.—(A) Nothing in this Act shall be construed to prohibit the Board from requiring, to the extent and under circumstances considered appropriate by the Board, that affiliates of an applicant be subject to certain obligations of the applicant as a condition to the approval or maintenance of a loan guarantee under this Act.

(B) If any provision of this Act or the application of such provision to any person or entity or circumstance is held to be invalid by a court of competent jurisdiction, the remainder of this Act, or the application of such provision to such person or entity or circumstance other than those as to which it is held invalid, shall not be affected thereby.

(c) AUTHORITY LIMITED BY APPROPRIATIONS ACTS.—The Board may approve loan guarantees under this Act only to the extent provided for in advance in appropriations Acts, and the Board may accept credit risk premiums from a non-Federal source in order to cover the cost of a loan guarantee under this Act, to the extent that appropriations of budget authority are insufficient to cover such costs.

(d) REQUIREMENTS AND CRITERIA APPLICABLE TO APPROVAL.—

(1) IN GENERAL.—The Board shall utilize the underwriting criteria developed under subsection (g), and any relevant information provided by the departments and agencies with which the Board consults under section 3, to determine which loans may be eligible for a loan guarantee under this Act.

(2) PREREQUISITES.—In addition to meeting the underwriting criteria under paragraph (1), a loan may not be guaranteed under this Act unless—

(A) the loan is made to finance the acquisition, improvement, enhancement, construction, deployment, launch, or rehabilitation of the means by which local television broadcast signals will be delivered to a nonserved area or underserved area;

(B) the proceeds of the loan will not be used for operating, advertising, or promotion expenses, or for the acquisition of licenses for the use of spectrum in any competitive bidding under section 309(j) of the Communications Act of 1934 (47 U.S.C. 309(j));

(C) the proposed project, as determined by the Board in consultation with the National Telecommunications and Information Administration, is not likely to have a substantial adverse impact on competition that outweighs the benefits of improving access to the signals of a local television station in a nonserved area or underserved area and is commercially viable;

(D)(i) the loan—

(I) is provided by any entity engaged in the business of commercial lending—

(aa) if the loan is made in accordance with loan-to-one-borrower and affiliate transaction restrictions to which the entity is subject under applicable law; or

(bb) if item (aa) does not apply, the loan is made only to a borrower that is not an affiliate of the entity and only if the amount of the loan and all outstanding loans by that entity to that borrower and any of its affiliates does not exceed 10 percent of the net equity of the entity; or

(II) is provided by a nonprofit corporation, including the National Rural Utilities Cooperative Finance Corporation, engaged primarily in commercial lending, if the Board determines that such nonprofit corporation has one or more issues of outstanding long-term debt that is rated within the highest 3 rating categories of a nationally recognized statistical rating organization;

(ii) if the loan is provided by a lender described in clause (i)(II) and the Board determines that the making of the loan by such lender will cause a decline in such lender's debt rating as described in that clause, the Board at its discretion may disapprove the loan guarantee on this basis;

(iii) no loan may be made for purposes of this Act by a governmental entity or affiliate thereof, or by the Federal Agricultural Mortgage Corporation, or any institution supervised by the Office of Federal Housing Enterprise Oversight, the Federal Housing Finance Board, or any affiliate of such entities;

(iv) any loan must have terms, in the judgment of the Board, that are consistent in material respects with the terms of similar obligations in the private capital market;

(v) for purposes of clause (i)(I)(bb), the term ''net equity'' means the value of the total assets of the entity, less the total liabilities of the entity, as recorded under generally accepted accounting principles for the fiscal quarter ended immediately prior to the date on which the subject loan is approved;

(E) repayment of the loan is required to be made within a term of the lesser of—

(i) 25 years from the date of the execution of the loan; or

(ii) the economically useful life, as determined by the Board or in consultation with persons or entities deemed appropriate by the Board, of the primary assets to be used in the delivery of the signals concerned; and

(F) the loan meets any additional criteria developed under subsection (g).

(3) PROTECTION OF UNITED STATES FINANCIAL INTERESTS.—The Board may not approve the guarantee of a loan under this Act unless—

(A) the Board has been given documentation, assurances, and access to information, persons, and entities necessary, as determined by the Board, to address issues relevant to the review of the loan by the Board for purposes of this Act; and

(B) the Board makes a determination in writing that—

(i) to the best of its knowledge upon due inquiry, the assets, facilities, or equipment covered by the loan will be utilized economically and efficiently;

(ii) the terms, conditions, security, and schedule and amount of repayments of principal and the payment of interest with respect to the loan protect the financial interests of the United States and are reasonable;

(iii) the value of collateral provided by an applicant is at least equal to the unpaid balance of the loan amount covered by the loan guarantee (the ''Amount'' for purposes of this clause); and if the value of collateral provided by an applicant is less than the Amount, the additional required collateral is provided by any affiliate of the applicant;

(iv) all necessary and required regulatory and other approvals, spectrum licenses, and delivery permissions have been received for the loan and the project under the loan;

(v) the loan would not be available on reasonable terms and conditions without a loan guarantee under this Act; and

(vi) repayment of the loan can reasonably be expected.

(e) CONSIDERATIONS.—

(1) TYPE OF MARKET.—

(A) PRIORITY CONSIDERATIONS.—To the maximum extent practicable, the Board shall give priority in the approval of loan guarantees under this Act in the following order:

(i) First, to projects that will serve households in nonserved areas. In considering such projects, the Board shall balance projects that will serve the largest number of households with projects that will serve remote, isolated communities (including noncontiguous States) in areas that are unlikely to be served through market mechanisms.

(ii) Second, to projects that will serve households in underserved areas. In considering such projects, the Board shall balance projects that will serve the largest number of households with projects that will serve remote, isolated communities (including noncontiguous States) in areas that are unlikely to be served through market mechanisms.

Within each category, the Board shall consider the project's estimated cost per household and shall give priority to those projects that provide the highest quality service at the lowest cost per household.

(B) ADDITIONAL CONSIDERATION.—The Board should give additional consideration to projects that also provide high-speed Internet service.

(C) PROHIBITIONS.—The Board may not approve a loan guarantee under this Act for a project that—

(i) is designed primarily to serve 1 or more of the top 40 designated market areas (as that term is defined in section 122(j) of title 17, United States Code); or

(ii) would alter or remove National Weather Service warnings from local broadcast signals.

(2) OTHER CONSIDERATIONS.—The Board shall consider other factors, which shall include projects that would—

(A) offer a separate tier of local broadcast signals, but for applicable Federal, State, or local laws or regulations;

(B) provide lower projected costs to consumers of such separate tier; and

(C) enable the delivery of local broadcast signals consistent with the purpose of this Act by a means reasonably compatible with existing systems or devices predominantly in use.

(3) FURTHER CONSIDERATION.—In implementing this Act, the Board shall support the use of loan guarantees for projects that would serve households not likely to be served in the absence of loan guarantees under this Act.

(f) GUARANTEE LIMITS.—

(1) LIMITATION ON AGGREGATE VALUE OF LOANS.—The aggregate value of all loans for which loan guarantees are issued under this Act (including the unguaranteed portion of such loans) may not exceed $1,250,000,000.

(2) GUARANTEE LEVEL.—A loan guarantee issued under this Act may not exceed an amount equal to 80 percent of a loan meeting in its entirety the requirements of subsection (d)(2)(A). If only a portion of a loan meets the requirements of that subsection, the Board shall determine that percentage of the loan meeting such requirements (the ''applicable portion'') and may issue a loan guarantee in an amount not exceeding 80 percent of the applicable portion.

(g) UNDERWRITING CRITERIA.—Within the period provided for under subsection (b)(1), the Board shall, in consultation with the Director of the Office of Management and Budget and an independent public accounting firm, develop underwriting criteria relating to the guarantee of loans that are consistent with the purpose of this Act, including appropriate collateral and cash flow levels for loans guaranteed under this Act, and such other matters as the Board considers appropriate.

(h) CREDIT RISK PREMIUMS.—

(1) ESTABLISHMENT AND ACCEPTANCE.—

(A) IN GENERAL.—The Board may establish and approve the acceptance of credit risk premiums with respect to a loan guarantee under this Act in order to cover the cost, as defined in section 502(5) of the Federal Credit Reform Act of 1990, of the loan guarantee. To the extent that appropriations of budget authority are insufficient to cover the cost, as so determined, of a loan guarantee under this Act, credit risk premiums shall be accepted from a non-Federal source under this subsection on behalf of the applicant for the loan guarantee.

(B) AUTHORITY LIMITED BY APPROPRIATIONS ACTS.—Credit risk premiums under this subsection shall be imposed only to the extent provided for in advance in appropriations Acts.

(2) CREDIT RISK PREMIUM AMOUNT.—

(A) IN GENERAL.—The Board shall determine the amount of any credit risk premium to be accepted with respect to a loan guarantee under this Act on the basis of—

(i) the financial and economic circumstances of the applicant for the loan guarantee, including the amount of collateral offered;

(ii) the proposed schedule of loan disbursements;

(iii) the business plans of the applicant for providing service;

(iv) any financial commitment from a broadcast signal provider; and

(v) the concurrence of the Director of the Office of Management and Budget as to the amount of the credit risk premium.

(B) PROPORTIONALITY.—To the extent that appropriations of budget authority are sufficient to cover the cost, as determined under section 502(5) of the Federal Credit Reform Act of 1990, of loan guarantees under this Act, the credit risk premium with respect to each loan guarantee shall be reduced proportionately.

(C) PAYMENT OF PREMIUMS.—Credit risk premiums under this subsection shall be paid to an account (the ''Escrow Account'') established in the Treasury which shall accrue interest and such interest shall be retained by the account, subject to subparagraph (D).

(D) DEDUCTIONS FROM ESCROW ACCOUNT.—If a default occurs with respect to any loan guaranteed under this Act and the default is not cured in accordance with the terms of the underlying loan or loan guarantee agreement, the Administrator, in accordance with subsections (i) and (j) of section 5, shall liquidate, or shall cause to be liquidated, all assets collateralizing such loan as to which it has a lien or security interest. Any shortfall between the proceeds of the liquidation net of costs and expenses relating to the liquidation, and the guarantee amount paid pursuant to this Act shall be deducted from funds in the Escrow Account and credited to the Administrator for payment of such shortfall. At such time as determined under subsection (d)(2)(E) of this section when all loans guaranteed under this Act have been repaid or otherwise satisfied in accordance with this Act and the regulations promulgated hereunder, remaining funds in the Escrow Account, if any, shall be refunded, on a pro rata basis, to applicants whose loans guaranteed under this Act were not in default, or where any default was cured in accordance with the terms of the underlying loan or loan guarantee agreement.

(i) LIMITATIONS ON GUARANTEES FOR CERTAIN CABLE OPERATORS.—Notwithstanding any other provision of this Act, no loan guarantee under this Act may be granted or used to provide funds for a project that extends, upgrades, or enhances the services provided over any cable system to an area that, as of the date of the enactment of this Act, is covered by a cable franchise agreement that expressly obligates a cable system operator to serve such area.

(j) JUDICIAL REVIEW.—The decision of the Board to approve or disapprove the making of a loan guarantee under this Act shall not be subject to judicial review.

(k) APPLICABILITY OF APA.—Except as otherwise provided in subsection (j), the provisions of subchapter II of chapter 5 and chapter 7 of title 5, United States Code (commonly referred to as the Administrative Procedure Act), shall apply to actions taken under this Act.

SEC. 1005. ADMINISTRATION OF LOAN GUARANTEES.

(a) IN GENERAL.—The Administrator of the Rural Utilities Service (in this Act referred to as the ''Administrator'') shall issue and otherwise administer loan guarantees that have been approved by the Board in accordance with sections 3 and 4.

(b) SECURITY FOR PROTECTION OF UNITED STATES FINANCIAL INTERESTS.—

(1) TERMS AND CONDITIONS.—An applicant shall agree to such terms and conditions as are satisfactory, in the judgment of the Board, to ensure that, as long as any principal or interest is due and payable on a loan guaranteed under this Act, the applicant—

(A) shall maintain assets, equipment, facilities, and operations on a continuing basis;

(B) shall not make any discretionary dividend payments that impair its ability to repay obligations guaranteed under this Act;

(C) shall remain sufficiently capitalized; and

(D) shall submit to, and cooperate fully with, any audit of the applicant under section 6(a)(2).

(2) COLLATERAL.—

(A) EXISTENCE OF ADEQUATE COLLATERAL.—An applicant shall provide the Board such documentation as is necessary, in the judgment of the Board, to provide satisfactory evidence that appropriate and adequate collateral secures a loan guaranteed under this Act.

(B) FORM OF COLLATERAL.—Collateral required by subparagraph (A) shall consist solely of assets of the applicant, any affiliate of the applicant, or both (whichever the Board considers appropriate), including primary assets to be used in the delivery of signals for which the loan is guaranteed.

(C) REVIEW OF VALUATION.—The value of collateral securing a loan guaranteed under this Act may be reviewed by the Board, and may be adjusted downward by the Board if the Board reasonably believes such adjustment is appropriate.

(3) LIEN ON INTERESTS IN ASSETS.—Upon the Board's approval of a loan guarantee under this Act, the Administrator shall have liens on assets securing the loan, which shall be superior to all other liens on such assets, and the value of the assets (based on a determination satisfactory to the Board) subject to the liens shall be at least equal to the unpaid balance of the loan amount covered by the loan guarantee, or that value approved by the Board under section 4(d)(3)(B)(iii).

(4) PERFECTED SECURITY INTEREST.—With respect to a loan guaranteed under this Act, the Administrator and the lender shall have a perfected security interest in assets securing the loan that are fully sufficient to protect the financial interests of the United States and the lender.

(5) INSURANCE.—In accordance with practices in the private capital market, as determined by the Board, the applicant for a loan guarantee under this Act shall obtain, at its expense, insurance sufficient to protect the financial interests of the United States, as determined by the Board.

(c) ASSIGNMENT OF LOAN GUARANTEES.—The holder of a loan guarantee under this Act may assign the loan guaranteed under this Act in whole or in part, subject to such requirements as the Board may prescribe.

(d) EXPIRATION OF LOAN GUARANTEE UPON STRIPPING.—Notwithstanding subsections (c), (e), and (h), a loan guarantee under this Act shall have no force or effect if any part of the guaranteed portion of the loan is transferred separate and apart from the unguaranteed portion of the loan.

(e) ADJUSTMENT.—The Board may approve the adjustment of any term or condition of a loan guarantee or a loan guaranteed under this Act, including the rate of interest, time of payment of principal or interest, or security requirements only if—

(1) the adjustment is consistent with the financial interests of the United States;

(2) consent has been obtained from the parties to the loan agreement;

(3) the adjustment is consistent with the underwriting criteria developed under section 4(g);

(4) the adjustment does not adversely affect the interest of the Federal Government in the assets or collateral of the applicant;

(5) the adjustment does not adversely affect the ability of the applicant to repay the loan; and

(6) the National Telecommunications and Information Administration has been consulted by the Board regarding the adjustment.

(f) PERFORMANCE SCHEDULES.—

(1) PERFORMANCE SCHEDULES.—An applicant for a loan guarantee under this Act for a project covered by section 4(e)(1) shall enter into stipulated performance schedules with the Administrator with respect to the signals to be provided through the project.

(2) PENALTY.—The Administrator may assess against and collect from an applicant described in paragraph (1) a penalty not to exceed 3 times the interest due on the guaranteed loan of the applicant under this Act if the applicant fails to meet its stipulated performance schedule under that paragraph.

(g) COMPLIANCE.—The Administrator, in cooperation with the Board and as the regulations of the Board may provide, shall enforce compliance by an applicant, and any other party to a loan guarantee for whose benefit assistance under this Act is intended, with the provisions of this Act, any regulations under this Act, and the terms and conditions of the loan guarantee, including through the submittal of such reports and documents as the Board may require in regulations prescribed by the Board and through regular periodic inspections and audits.

(h) COMMERCIAL VALIDITY.—A loan guarantee under this Act shall be incontestable—

(1) in the hands of an applicant on whose behalf the loan guarantee is made, unless the applicant engaged in fraud or misrepresentation in securing the loan guarantee; and

(2) as to any person or entity (or their respective successor in interest) who makes or contracts to make a loan to the applicant for the

loan guarantee in reliance thereon, unless such person or entity (or respective successor in interest) engaged in fraud or misrepresentation in making or contracting to make such loan.

(i) DEFAULTS.—The Board shall prescribe regulations governing defaults on loans guaranteed under this Act, including the administration of the payment of guaranteed amounts upon default.

(j) RECOVERY OF PAYMENTS.—

(1) IN GENERAL.—The Administrator shall be entitled to recover from an applicant for a loan guarantee under this Act the amount of any payment made to the holder of the guarantee with respect to the loan.

(2) SUBROGATION.—Upon making a payment described in paragraph (1), the Administrator shall be subrogated to all rights of the party to whom the payment is made with respect to the guarantee which was the basis for the payment.

(3) DISPOSITION OF PROPERTY.—

(A) SALE OR DISPOSAL.—The Administrator shall, in an orderly and efficient manner, sell or otherwise dispose of any property or other interests obtained under this Act in a manner that maximizes taxpayer return and is consistent with the financial interests of the United States.

(B) MAINTENANCE.—The Administrator shall maintain in a cost-effective and reasonable manner any property or other interests pending sale or disposal of such property or other interests under subparagraph (A).

(k) ACTION AGAINST OBLIGOR.—

(1) AUTHORITY TO BRING CIVIL ACTION.—The Administrator may bring a civil action in an appropriate district court of the United States in the name of the United States or of the holder of the obligation in the event of a default on a loan guaranteed under this Act. The holder of a loan guarantee shall make available to the Administrator all records and evidence necessary to prosecute the civil action.

(2) FULLY SATISFYING OBLIGATIONS OWED THE UNITED STATES.—The Administrator may accept property in satisfaction of any sums owed the United States as a result of a default on a loan guaranteed under this Act, but only to the extent that any cash accepted by the Administrator is not sufficient to satisfy fully the sums owed as a result of the default.

(l) BREACH OF CONDITIONS.—The Administrator shall commence a civil action in a court of appropriate jurisdiction to enjoin any activity which the Board finds is in violation of this Act, the regulations under this Act, or any conditions which were duly agreed to, and to secure any other appropriate relief, including relief against any affiliate of the applicant.

(m) ATTACHMENT.—No attachment or execution may be issued against the Administrator or any property in the control of the Administrator pursuant to this Act before the entry of a final judgment (as to which all rights of appeal have expired) by a Federal, State, or other court of competent jurisdiction against the Administrator in a proceeding for such action.

(n) FEES.—

(1) APPLICATION FEE.—The Board shall charge and collect from an applicant for a loan guarantee under this Act a fee to cover the cost of the Board in making necessary determinations and findings with respect to the loan guarantee application under this Act. The amount of the fee shall be reasonable.

(2) LOAN GUARANTEE ORIGINATION FEE.—The Board shall charge, and the Administrator may collect, a loan guarantee origination fee with respect to the issuance of a loan guarantee under this Act.

(3) USE OF FEES COLLECTED.—

(A) IN GENERAL.—Any fee collected under this subsection shall be used, subject to subparagraph (B), to offset administrative costs under this Act, including costs of the Board and of the Administrator.

(B) SUBJECT TO APPROPRIATIONS.—The authority provided by this subsection shall be effective only to such extent or in such amounts as are provided in advance in appropriations Acts.

(C) LIMITATION ON FEES.—The aggregate amount of fees imposed by this subsection shall not exceed the actual amount of administrative costs under this Act.

(o) REQUIREMENTS RELATING TO AFFILIATES.—

(1) INDEMNIFICATION.—The United States shall be indemnified by any affiliate (acceptable to the Board) of an applicant for a loan guarantee under this Act for any losses that the United States incurs as a result of—

(A) a judgment against the applicant or any of its affiliates;

(B) any breach by the applicant or any of its affiliates of their obligations under the loan guarantee agreement;

(C) any violation of the provisions of this Act, and the regulations prescribed under this Act, by the applicant or any of its affiliates;

(D) any penalties incurred by the applicant or any of its affiliates for any reason, including violation of a stipulated performance schedule under subsection (f); and

(E) any other circumstances that the Board considers appropriate.

(2) LIMITATION ON TRANSFER OF LOAN PROCEEDS.—An applicant for a loan guarantee under this Act may not transfer any part of the proceeds of the loan to an affiliate.

(p) EFFECT OF BANKRUPTCY.—

(1) Notwithstanding any other provision of law, whenever any person or entity is indebted to the United States as a result of any loan guarantee issued under this Act and such person or entity is insolvent or is a debtor in a case under title 11, United States Code, the debts due to the United States shall be satisfied first.

(2) A discharge in bankruptcy under title 11, United States Code, shall not release a person or entity from an obligation to the United States in connection with a loan guarantee under this Act.

SEC. 1006. ANNUAL AUDIT.

(a) REQUIREMENT.—The Comptroller General of the United States shall conduct on an annual basis an audit of—

(1) the administration of the provisions of this Act; and

(2) the financial position of each applicant who receives a loan guarantee under this Act, including the nature, amount, and purpose of investments made by the applicant.

(b) REPORT.—The Comptroller General shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Banking and Financial Services of the House of Representatives a report on each audit conducted under subsection (a).

SEC. 1007. IMPROVED CELLULAR SERVICE IN RURAL AREAS.

(a) REINSTATEMENT OF APPLICANTS AS TENTATIVE SELECTEES.—

(1) IN GENERAL.—Notwithstanding the order of the Federal Communications Commission in the proceeding described in paragraph (3), the Commission shall—

(A) reinstate each applicant as a tentative selectee under the covered rural service area licensing proceeding; and

(B) permit each applicant to amend its application, to the extent necessary to update factual information and to comply with the rules of the Commission, at any time before the Commission's final licensing action in the covered rural service area licensing proceeding.

(2) EXEMPTION FROM PETITIONS TO DENY.—For purposes of the amended applications filed pursuant to paragraph (1)(B), the provisions of section 309(d)(1) of the Communications Act of 1934 (47 U.S.C. 309(d)(1)) shall not apply.

(3) PROCEEDING.—The proceeding described in this paragraph is the proceeding of the Commission In re Applications of Cellwave Telephone Services L.P., Futurewave General Partners L.P., and Great Western Cellular Partners, 7 FCC Rcd No. 19 (1992).

(b) CONTINUATION OF LICENSE PROCEEDING; FEE ASSESSMENT.—

(1) AWARD OF LICENSES.—The Commission shall award licenses under the covered rural service area licensing proceeding within 90 days after the date of the enactment of this Act.

(2) SERVICE REQUIREMENTS.—The Commission shall provide that, as a condition of an applicant receiving a license pursuant to the covered rural service area licensing proceeding, the applicant shall provide cellular radiotelephone service to subscribers in accordance with sections 22.946 and 22.947 of the Commission's rules (47 CFR 22.946, 22.947); except that the time period applicable under section 22.947 of the Commission's rules (or any successor rule) to the applicants identified in subparagraphs (A) and (B) of subsection (d)(1) shall be 3 years rather than 5 years and the waiver authority of the Commission shall apply to such 3-year period.

(3) CALCULATION OF LICENSE FEE.—

(A) FEE REQUIRED.—The Commission shall establish a fee for each of the licenses under the covered rural service area licensing proceeding. In determining the amount of the fee, the Commission shall consider—

(i) the average price paid per person served in the Commission's Cellular Unserved Auction (Auction No. 12); and

(ii) the settlement payments required to be paid by the permittees pursuant to the consent decree set forth in the Commission's order, In re the Tellesis Partners (7 FCC Rcd 3168 (1992)), multiplying such payments by two.

(B) NOTICE OF FEE.—Within 30 days after the date an applicant files the amended application permitted by subsection (a)(1)(B), the Commission shall notify each applicant of the fee established for the license associated with its application.

(4) PAYMENT FOR LICENSES.—No later than 18 months after the date that an applicant is granted a license, each applicant shall pay to the Commission the fee established pursuant to paragraph (3) for the license granted to the applicant under paragraph (1).

(5) AUCTION AUTHORITY.—If, after the amendment of an application pursuant to subsection (a)(1)(B), the Commission finds that the applicant is ineligible for grant of a license to provide cellular radiotelephone services for a rural service area or the applicant does not meet the requirements under paragraph (2) of this subsection, the Commission shall grant the license for which the applicant is the tentative selectee (pursuant to subsection (a)(1)(B) by competitive bidding pursuant to section 309(j) of the Communications Act of 1934 (47 U.S.C. 309(j)).

(c) PROHIBITION OF TRANSFER.—During the 5-year period that begins on the date that an applicant is granted any license pursuant to subsection (a), the Commission may not authorize the transfer or assignment of that license under section 310 of the Communications Act of 1934 (47 U.S.C. 310). Nothing in this Act may be construed to prohibit any applicant granted a license pursuant to subsection (a) from contracting with other licensees to improve cellular telephone service.

(d) DEFINITIONS.—For the purposes of this section, the following definitions shall apply:

(1) APPLICANT.—The term ''applicant'' means—

(A) Great Western Cellular Partners, a California general partnership chosen by the Commission as tentative selectee for RSA #492 on May 4, 1989;

(B) Monroe Telephone Services L.P., a Delaware limited partnership chosen by the Commission as tentative selectee for RSA #370 on August 24, 1989 (formerly Cellwave Telephone Services L.P.); and

(C) FutureWave General Partners L.P., a Delaware limited partnership chosen by the Commission as tentative selectee for RSA #615 on May 25, 1990.

(2) COMMISSION.—The term ''Commission'' means the Federal Communications Commission.

(3) COVERED RURAL SERVICE AREA LICENSING PROCEEDING.—The term ''covered rural service area licensing proceeding'' means the proceeding of the Commission for the grant of cellular radiotelephone licenses for rural service areas #492 (Minnesota 11), #370 (Florida 11), and #615 (Pennsylvania 4).

(4) TENTATIVE SELECTEE.—The term ''tentative selectee'' means a party that has been selected by the Commission under a licensing proceeding for grant of a license, but has not yet been granted the license because the Commission has not yet determined whether the party is qualified under the Commission's rules for grant of the license.

SEC. 1008. TECHNICAL AMENDMENT.

Section 339(c) of the Communications Act of 1934 (47 U.S.C. 339(c)) is amended by adding at the end the following new paragraph:

''(5) DEFINITION.—Notwithstanding subsection (d)(4), for purposes of paragraphs (2) and (4) of this subsection, the term 'satellite carrier' includes a distributor (as defined in section 119(d)(1) of title 17, United States Code), but only if the satellite distributor's relationship with the subscriber includes billing, collection, service activation, and service deactivation.''.

SEC. 1009. SUNSET.

No loan guarantee may be approved under this Act after December 31, 2006.

SEC. 1010. DEFINITIONS.

In this Act:

(1) AFFILIATE.—The term ''affiliate''—

(A) means any person or entity that controls, or is controlled by, or is under common control with, another person or entity; and

(B) may include any individual who is a director or senior management officer of an affiliate, a shareholder controlling more than 25 percent of the voting securities of an affiliate, or more than 25 percent of the ownership interest in an affiliate not organized in stock form.

(2) NONSERVED AREA.—The term ''nonserved area'' means any area that—

(A) is outside the grade B contour (as determined using standards employed by the Federal Communications Commission) of the local television broadcast signals serving a particular designated market area; and

(B) does not have access to such signals by any commercial, for profit, multichannel video provider.

(3) UNDERSERVED AREA.—The term ''underserved area'' means any area that—

(A) is outside the grade A contour (as determined using standards employed by the Federal Communications Commission) of the local television broadcast signals serving a particular designated market area; and

(B) has access to local television broadcast signals from not more than one commercial, for-profit multichannel video provider.

(4) COMMON TERMS.—Except as provided in paragraphs (1) through (3), any term used in this Act that is defined in the Communications Act of 1934 (47 U.S.C. 151 et seq.) has the meaning given that term in the Communications Act of 1934.

SEC. 1011. AUTHORIZATIONS OF APPROPRIATIONS.

(a) COST OF LOAN GUARANTEES.—For the cost of the loans guaranteed under this Act, including the cost of modifying the loans, as defined in section 502 of the Congressional Budget Act of 1974 (2 U.S.C. 661(a)), there are authorized to be appropriated for fiscal years 2001 through 2006, such amounts as may be necessary.

(b) COST OF ADMINISTRATION.—There is hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act, other than to cover costs under subsection (a).

(c) AVAILABILITY.—Any amounts appropriated pursuant to the authorizations of appropriations in subsections (a) and (b) shall remain available until expended.

SEC. 1012. PREVENTION OF INTERFERENCE TO DIRECT BROADCAST SATELLITE SERVICES.

(a) TESTING FOR HARMFUL INTERFERENCE.—The Federal Communications Commission shall provide for an independent technical demonstration of any terrestrial service technology proposed by any entity that has filed an application to provide terrestrial service in the direct broadcast satellite frequency band to determine whether the terrestrial service technology proposed to be provided by that entity will cause harmful interference to any direct broadcast satellite service.

(b) TECHNICAL DEMONSTRATION.—In order to satisfy the requirement of subsection (a) for any pending application, the Commission shall select an engineering firm or other qualified entity independent of any interested party based on a recommendation made by the Institute of Electrical and Electronics Engineers (IEEE), or a similar independent professional organization, to perform the technical demonstration or analysis. The demonstration shall be concluded within 60 days after the date of enactment of this Act and shall be subject to public notice and comment for not more than 30 days thereafter.

(c) DEFINITIONS.—As used in this section:

(1) DIRECT BROADCAST SATELLITE FREQUENCY BAND.—The term ''direct broadcast satellite frequency band'' means the band of frequencies at 12.2 to 12.7 gigahertz.

(2) DIRECT BROADCAST SATELLITE SERVICE.—The term ''direct broadcast satellite service'' means any direct broadcast satellite system operating in the direct broadcast satellite frequency band.

TITLE XI—ENCOURAGING IMMIGRANT FAMILY REUNIFICATION

SEC. 1101. SHORT TITLE.

This title may be cited as—

(1) the ''Legal Immigration Family Equity Act''; or

(2) the ''LIFE Act''.

SEC. 1102. NONIMMIGRANT STATUS FOR SPOUSES AND CHILDREN OF PERMANENT RESIDENTS AWAITING THE AVAILABILITY OF AN IMMIGRANT VISA; PROVISIONS AFFECTING SUBSEQUENT ADJUSTMENT OF STATUS FOR SUCH NONIMMIGRANTS.

(a) IN GENERAL.—Section 101(a)(15) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15)) is amended—

(1) in subparagraph (T), by striking ''or'' at the end;

(2) in subparagraph (U), by striking the period at the end and inserting ''; or''; and

(3) by adding at the end the following:

''(V) subject to section 214(o), an alien who is the beneficiary (including a child of the principal alien, if eligible to receive a visa under section 203(d)) of a petition to accord a status under section 203(a)(2)(A) that was filed with the Attorney General under section 204 on or before the date of the enactment of the Legal Immigration Family Equity Act, if—

''(i) such petition has been pending for 3 years or more; or

''(ii) such petition has been approved, 3 years or more have elapsed since such filing date, and—

''(I) an immigrant visa is not immediately available to the alien because of a waiting list of applicants for visas under section 203(a)(2)(A); or

''(II) the alien's application for an immigrant visa, or the alien's application for adjustment of status under section 245, pursuant to the approval of such petition, remains pending.

(b) PROVISIONS AFFECTING NONIMMIGRANT STATUS.—Section 214 of the Immigration and Nationality Act (8 U.S.C. 1184) is amended by adding at the end the following:

''(o)(1) In the case of a nonimmigrant described in section 101(a)(15)(V)—

''(A) the Attorney General shall authorize the alien to engage in employment in the United States during the period of authorized admission and shall provide the alien with an 'employment authorized' endorsement or other appropriate document signifying authorization of employment; and

''(B) the period of authorized admission as such a nonimmigrant shall terminate 30 days after the date on which any of the following is denied:

''(i) The petition filed under section 204 to accord the alien a status under section 203(a)(2)(A) (or, in the case of a child granted nonimmigrant status based on eligibility to receive a visa under section 203(d), the petition filed to accord the child's parent a status under section 203(a)(2)(A)).

''(ii) The alien's application for an immigrant visa pursuant to the approval of such petition.

''(iii) The alien's application for adjustment of status under section 245 pursuant to the approval of such petition.

''(2) In determining whether an alien is eligible to be admitted to the United States as a nonimmigrant under section 101(a)(15)(V), the grounds for inadmissibility specified in section 212(a)(9)(B) shall not apply.

''(3) The status of an alien physically present in the United States may be adjusted by the Attorney General, in the discretion of the Attorney General and under such regulations as the Attorney General may prescribe, to that of a nonimmigrant under section 101(a)(15)(V), if the alien—

''(A) applies for such adjustment;

''(B) satisfies the requirements of such section; and

''(C) is eligible to be admitted to the United States, except in determining such admissibility, the grounds for inadmissibility specified in paragraphs (6)(A), (7), and (9)(B) of section 212(a) shall not apply.''.

(c) PROVISIONS AFFECTING PERMANENT RESIDENT STATUS.—Section 245 of the Immigration and Nationality Act (8 U.S.C. 1255) is amended by adding at the end the following:

''(m)(1) The status of a nonimmigrant described in section 101(a)(15)(V) who the Attorney General determines was physically present in the United States at any time during the period beginning on July 1, 2000, and ending on October 1, 2000, may be adjusted by the Attorney General, in the discretion of the Attorney General and under such regulations as the Attorney General may prescribe, to that of an alien lawfully admitted for permanent residence, if—

''(A) the alien makes an application for such adjustment;

''(B) the alien is eligible to receive an immigrant visa and is admissible to the United States for permanent residence, except in determining such admissibility, the grounds for inadmissibility specified in paragraphs (6)(A), (7), and (9)(B) of section 212(a) shall not apply; and

''(C) an immigrant visa is immediately available to the alien at the time the alien's application is filed.

''(2) Paragraph (1) shall not apply to an alien who has failed (other than through no fault of

the alien or for technical reasons) to maintain continuously a lawful status since obtaining the status of a nonimmigrant described in section 101(a)(15)(V).

''(3) Upon the approval of an application for adjustment made under paragraph (1), the Attorney General shall record the alien's lawful admission for permanent residence as of the date the order of the Attorney General approving the application for the adjustment of status is made, and the Secretary of State shall reduce by one the number of the preference visas authorized to be issued under sections 202 and 203 within the class to which the alien is chargeable for the fiscal year then current.

''(4) The Attorney General may accept an application for adjustment made under paragraph (1) only if the alien remits with such application a sum equalling $1,000, except that such sum shall not be required from an alien if it would not be required from the alien if the alien were applying under subsection (i).

''(5) The sum specified in paragraph (4) shall be in addition to the fee normally required for the processing of an application under this section.

''(6)(A) The portion of each application fee (not to exceed $200) that the Attorney General determines is required to process an application under this subsection shall be disposed of by the Attorney General as provided in subsections (m), (n), and (o) of section 286.

''(B) One-half of any remaining portion of such fee shall be deposited by the Attorney General into the Immigration Examination Fee Account established under section 286(m), and one-half of any remaining portion of such fees shall be deposited by the Attorney General into the Breached Bond/Detention Fund established under section 286(r).

''(7) Nothing in this subsection shall be construed as precluding a nonimmigrant described in section 101(a)(15)(V) who is eligible for adjustment of status under subsection (a) from applying for and obtaining adjustment under such subsection. In the case of such an application, the alien shall be required to remit only the fee normally required for the processing of an application under subsection (a).''.

(d) CONFORMING AMENDMENTS.—

(1) ADMISSION OF NONIMMIGRANTS.—Section 214 of the Immigration and Nationality Act (8 U.S.C. 1184) is amended, in each of subsections (b) and (h), by striking ''(H)(i) or (L)'' and inserting ''(H)(i), (L), or (V)''.

(2) ADJUSTMENT OF STATUS.—Section 245 of the Immigration and Nationality Act (8 U.S.C. 1255) is amended—

(A) in each of subsections (d) and (f), by striking ''under subsection (a),'' each place such term appears and inserting ''under subsection (a) or (m),''; and

(B) in subsection (e)(1), by striking ''subsection (a).'' and inserting ''subsection (a) or (m).''.

(e) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act and shall apply to an alien who is the beneficiary of a classification petition filed under section 204 of the Immigration and Nationality Act on or before the date of the enactment of this Act.

SEC. 1103. NONIMMIGRANT STATUS FOR SPOUSES AND CHILDREN OF CITIZENS AWAITING THE AVAILABILITY OF AN IMMIGRANT VISA.

(a) IN GENERAL.—Section 101(a)(15)(K) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15)(K)) is amended to read as follows:

''(K) subject to subsections (d) and (p) of section 214, an alien who—

''(i) is the fiancée or fiancé of a citizen of the United States and who seeks to enter the United States solely to conclude a valid marriage with the petitioner within ninety days after admission;

''(ii) has concluded a valid marriage with a citizen of the United States who is the petitioner, is the beneficiary of a petition to accord a status under section 201(b)(2)(A)(i) that was filed under section 204 by the petitioner, and seeks to enter the United States to await the approval of such petition and the availability to the alien of an immigrant visa; or

''(iii) is the minor child of an alien described in clause (i) or (ii) and is accompanying, or following to join, the alien;''.

(b) PROVISIONS AFFECTING NONIMMIGRANT STATUS.—Section 214 of the Immigration and Nationality Act (8 U.S.C. 1184), as amended by section 2 of this Act, is further amended by adding at the end the following:

''(p)(1) A visa shall not be issued under the provisions of section 101(a)(15)(K)(ii) until the consular officer has received a petition filed in the United States by the spouse of the applying alien and approved by the Attorney General. The petition shall be in such form and contain such information as the Attorney General shall, by regulation, prescribe.

''(2) In the case of an alien seeking admission under section 101(a)(15)(K)(ii) who concluded a marriage with a citizen of the United States outside the United States, the alien shall be considered inadmissible under section 212(a)(7)(B) if the alien is not at the time of application for admission in possession of a valid nonimmigrant visa issued by a consular officer in the foreign state in which the marriage was concluded.

''(3) In the case of a nonimmigrant described in section 101(a)(15)(K)(ii), and any child of such a nonimmigrant who was admitted as accompanying, or following to join, such a nonimmigrant, the period of authorized admission shall terminate 30 days after the date on which any of the following is denied:

''(A) The petition filed under section 204 to accord the principal alien status under section 201(b)(2)(A)(i).

''(B) The principal alien's application for an immigrant visa pursuant to the approval of such petition.

''(C) The principal alien's application for adjustment of status under section 245 pursuant to the approval of such petition.''.

(c) CONFORMING AMENDMENTS.—

(1) ADMISSION OF NONIMMIGRANTS.—Section 214(d) of the Immigration and Nationality Act (8 U.S.C. 1184(d)) is amended by striking ''101(a)(15)(K)'' and inserting ''101(a)(15)(K)(i)''.

(2) CONDITIONAL PERMANENT RESIDENT STATUS.—Section 216 of the Immigration and Nationality Act (8 U.S.C. 1186a) is amended, in each of subsections (b)(1)(B) and (d)(1)(A)(ii), by striking ''214(d)'' and inserting ''subsection (d) or (p) of section 214''.

(3) ADJUSTMENT OF STATUS.—Section 245 of the Immigration and Nationality Act (8 U.S.C. 1255) is amended—

(A) in subsection (d), by striking ''(relating to an alien fiancee or fiance or the minor child of such alien)''; and

(B) in subsection (e)(3), by striking ''214(d)'' and inserting ''subsection (d) or (p) of section 214''.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act and shall apply to an alien who is the beneficiary of a classification petition filed under section 204 of the Immigration and Nationality Act before, on, or after the date of the enactment of this Act.

SEC. 1104. ADJUSTMENT OF STATUS OF CERTAIN CLASS ACTION PARTICIPANTS WHO ENTERED BEFORE JANUARY 1, 1982, TO THAT OF PERSON ADMITTED FOR LAWFUL RESIDENCE.

(a) IN GENERAL.—In the case of an eligible alien described in subsection (b), the provisions of section 245A of the Immigration and Nationality Act (8 U.S.C. 1255a), as modified by subsection (c), shall apply to the alien.

(b) ELIGIBLE ALIENS DESCRIBED.—An alien is an eligible alien described in this subsection if, before October 1, 2000, the alien filed with the Attorney General a written claim for class membership, with or without a filing fee, pursuant to a court order issued in the case of—

(1) Catholic Social Services, Inc. v. Meese, vacated sub nom. Reno v. Catholic Social Services, Inc., 509 U.S. 43 (1993); or

(2) League of United Latin American Citizens v. INS, vacated sub nom. Reno v. Catholic Social Services, Inc., 509 U.S. 43 (1993).

(c) MODIFICATIONS TO PROVISIONS GOVERNING ADJUSTMENT OF STATUS.—The modifications to section 245A of the Immigration and Nationality Act that apply to an eligible alien described in subsection (b) of this section are the following:

(1) TEMPORARY RESIDENT STATUS.—Subsection (a) of such section 245A shall not apply.

(2) ADJUSTMENT TO PERMANENT RESIDENT STATUS.—In lieu of paragraphs (1) and (2) of subsection (b) of such section 245A, the Attorney General shall be required to adjust the status of an eligible alien described in subsection (b) of this section to that of an alien lawfully admitted for permanent residence if the alien meets the following requirements:

(A) APPLICATION PERIOD.—The alien must file with the Attorney General an application for such adjustment during the 12-month period beginning on the date on which the Attorney General issues final regulations to implement this section.

(B) CONTINUOUS UNLAWFUL RESIDENCE.—

(i) IN GENERAL.—The alien must establish that the alien entered the United States before January 1, 1982, and that he or she has resided continuously in the United States in an unlawful status since such date and through May 4, 1988. In determining whether an alien maintained continuous unlawful residence in the United States for purposes of this subparagraph, the regulations prescribed by the Attorney General under section 245A(g) of the Immigration and Nationality Act that were most recently in effect before the date of the enactment of this Act shall apply.

(ii) NONIMMIGRANTS.—In the case of an alien who entered the United States as a nonimmigrant before January 1, 1982, the alien must establish that the alien's period of authorized stay as a nonimmigrant expired before such date through the passage of time or the alien's unlawful status was known to the Government as of such date.

(iii) EXCHANGE VISITORS.—If the alien was at any time a nonimmigrant exchange alien (as defined in section 101(a)(15)(J) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15)(J)), the alien must establish that the alien was not subject to the two-year foreign residence requirement of section 212(e) of such Act or has fulfilled that requirement or received a waiver thereof.

(iv) CUBAN AND HAITIAN ENTRANTS.—For purposes of this section, an alien in the status of a Cuban and Haitian entrant described in paragraph (1) or (2)(A) of section 501(e) of Public Law 96–422 shall be considered to have entered the United States and to be in an unlawful status in the United States.

(C) CONTINUOUS PHYSICAL PRESENCE.—

(i) IN GENERAL.—The alien must establish that the alien was continuously physically present in the United States during the period beginning on November 6, 1986, and ending on May 4, 1988, except that—

(I) an alien shall not be considered to have failed to maintain continuous physical presence in the United States for purposes of this subparagraph by virtue of brief, casual, and innocent absences from the United States; and

(II) brief, casual, and innocent absences from the United States shall not be limited to absences with advance parole.

(ii) ADMISSIONS.—Nothing in this section shall be construed as authorizing an alien to apply for admission to, or to be admitted to, the United States in order to apply for adjustment of status under this section or section 245A of the Immigration and Nationality Act.

(D) ADMISSIBLE AS IMMIGRANT.—The alien must establish that the alien—

(i) is admissible to the United States as an immigrant, except as otherwise provided under section 245A(d)(2) of the Immigration and Nationality Act;

(ii) has not been convicted of any felony or of three or more misdemeanors committed in the United States;

(iii) has not assisted in the persecution of any person or persons on account of race, religion, nationality, membership in a particular social group, or political opinion; and

(iv) is registered or registering under the Military Selective Service Act, if the alien is required to be so registered under that Act.

(E) BASIC CITIZENSHIP SKILLS.—

(i) IN GENERAL.—The alien must demonstrate that the alien either—

(I) meets the requirements of section 312(a) of the Immigration and Nationality Act (8 U.S.C. 1423(a)) (relating to minimal understanding of ordinary English and a knowledge and understanding of the history and government of the United States); or

(II) is satisfactorily pursuing a course of study (recognized by the Attorney General) to achieve such an understanding of English and such a knowledge and understanding of the history and government of the United States.

(ii) EXCEPTION FOR ELDERLY OR DEVELOPMENTALLY DISABLED INDIVIDUALS.—The Attorney General may, in the discretion of the Attorney General, waive all or part of the requirements of clause (i) in the case of an alien who is 65 years of age or older or who is developmentally disabled.

(iii) RELATION TO NATURALIZATION EXAMINATION.—In accordance with regulations of the Attorney General, an alien who has demonstrated under clause (i)(I) that the alien meets the requirements of section 312(a) of the Immigration and Nationality Act may be considered to have satisfied the requirements of that section for purposes of becoming naturalized as a citizen of the United States under title III of such Act.

(3) TEMPORARY STAY OF REMOVAL, AUTHORIZED TRAVEL, AND EMPLOYMENT DURING PENDENCY OF APPLICATION.—In lieu of subsections (b)(3) and (e)(2) of such section 245A, the Attorney General shall provide that, in the case of an eligible alien described in subsection (b) of this section who presents a prima facie application for adjustment of status to that of an alien lawfully admitted for permanent residence under such section 245A during the application period described in paragraph (2)(A), until a final determination on the application has been made—

(A) the alien may not be deported or removed from the United States;

(B) the Attorney General shall, in accordance with regulations, permit the alien to return to the United States after such brief and casual trips abroad as reflect an intention on the part of the alien to adjust to lawful permanent resident status and after brief temporary trips abroad occasioned by a family obligation involving an occurrence such as the illness or death of a close relative or other family need; and

(C) the Attorney General shall grant the alien authorization to engage in employment in the United States and provide to that alien an ''employment authorized'' endorsement or other appropriate work permit.

(4) APPLICATIONS.—Paragraphs (1) through (4) of subsection (c) of such section 245A shall not apply.

(5) CONFIDENTIALITY OF INFORMATION.—Subsection (c)(5) of such section 245A shall apply to information furnished by an eligible alien described in subsection (b) pursuant to any application filed under such section 245A or this section, except that the Attorney General (and other officials and employees of the Department of Justice and any bureau or agency thereof) may use such information for purposes of rescinding, pursuant to section 246(a) of the Immigration and Nationality Act (8 U.S.C. 1256(a)), any adjustment of status obtained by the alien.

(6) USE OF FEES FOR IMMIGRATION-RELATED UNFAIR EMPLOYMENT PRACTICES.—Notwithstanding subsection (c)(7)(C) of such section 245A, no application fee paid to the Attorney General pursuant to this section by an eligible alien described in subsection (b) of this section shall be available in any fiscal year for the purpose described in such subsection (c)(7)(C).

(7) TEMPORARY STAY OF REMOVAL AND WORK AUTHORIZATION FOR CERTAIN APPLICANTS BEFORE APPLICATION PERIOD.—In lieu of subsection (e)(1) of such section 245A, the Attorney General shall provide that in the case of an eligible alien described in subsection (b) of this section who is apprehended before the beginning of the application period described in paragraph (2)(A) and who can establish a prima facie case of eligibility to have his status adjusted under such section 245A pursuant to this section (but for the fact that he may not apply for such adjustment until the beginning of such period), until the alien has had the opportunity during the first 30 days of the application period to complete the filing of an application for adjustment, the alien—

(A) may not be deported or removed from the United States; and

(B) shall be granted authorization to engage in employment in the United States and be provided an ''employment authorized'' endorsement or other appropriate work permit.

(8) JURISDICTION OF COURTS.—Effective as of November 6, 1986, subsection (f)(4)(C) of such section 245A shall not apply to an eligible alien described in subsection (b) of this section.

(9) PUBLIC WELFARE ASSISTANCE.—Subsection (h) of such section 245A shall not apply.

(d) APPLICATIONS FROM ABROAD.—The Attorney General shall establish a process under which an alien who has become eligible to apply for adjustment of status to that of an alien lawfully admitted for permanent residence as a result of the enactment of this section and who is not physically present in the United States may apply for such adjustment from abroad.

(e) DEADLINE FOR REGULATIONS.—The Attorney General shall issue regulations to implement this section not later than 120 days after the date of the enactment of this Act.

(f) ADMINISTRATIVE AND JUDICIAL REVIEW.—The provisions of subparagraphs (A) and (B) of section 245A(f)(4) of the Immigration and Nationality Act (8 U.S.C. 1255a(f)(4)) shall apply to administrative or judicial review of a determination under this section or of a determination respecting an application for adjustment of status under section 245A of the Immigration and Nationality Act filed pursuant to this section.

(g) DEFINITION.—For purposes of this section, the term ''such section 245A'' means section 245A of the Immigration and Nationality Act (8 U.S.C. 1255a).

Titles I through VII of this Act may be cited as the ''Department of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 2001.''

DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS

Following is explanatory language on H.R. 5548, as introduced on October 25, 2000.

The conferees on H.R. 4942 agree with the matter included in H.R. 5548 and enacted in this conference report by reference and the following description of it. The bill was developed through negotiations by subcommittee members of the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Subcommittees of the House and Senate on the differences in the House passed and Senate reported versions of H.R. 4690. References in the following description to the ''conference agreement'' mean the matter included in the introduced bill enacted by this conference report. References to the House bill mean the House passed version of H.R. 4690. References to the Senate reported amendment mean the Senate reported version of H.R. 4690.

The House passed H.R. 4690 on June 26, 2000. The Senate reported from Committee a Senate amendment to H.R. 4690 on July 21, 2000. References in the following statement to appropriations amounts or other items proposed by the House bill or the Senate-reported amendment refer only to those amounts and items recommended in the House-passed and Senate-reported versions of H.R. 4690. Any reference to appropriations amounts or other items included in the conference agreement reflects the final agreement on H.R. 4690. This statement reflects how the funds provided in the conference agreement are to be spent.

Senate-reported amendment: The Senate Appropriations Committee considered H.R. 4690 as passed by the House, struck all after the enacting clause, and inserted the text of the Senate-reported amendment. The conference agreement includes a revised bill.

TITLE I—DEPARTMENT OF JUSTICE

GENERAL ADMINISTRATION

SALARIES AND EXPENSES

The conference agreement includes $88,713,000 for General Administration, instead of $83,713,000 as proposed in the Senate-reported amendment and $84,177,000 as proposed in the House bill.

The conference agreement adopts by reference the House report language regarding budget ''shortfalls'' and racial disparities in Federal capital prosecutions.

The conference agreement includes a $5,000,000 transfer from the Immigration and Naturalization Service Salaries and Expenses account to continue the planned integration of the Immigration and Naturalization Service (INS) IDENT system and the Federal Bureau of Investigation (FBI) IAFIS system.

The conference agreement includes a $5,000,000 increase for the Office of Intelligence Policy and Review for Foreign Intelligence Surveillance Act applications.

The conference agreement includes bill language contained in the House bill specifying the amount of funding provided for the Department Leadership Program and the Offices of Legislative and Public Affairs.

JOINT AUTOMATED BOOKING SYSTEM

The conference agreement includes $15,915,000 for the Joint Automated Booking System (JABS) program as proposed in the Senate-reported amendment, instead of $1,800,000 as proposed in the House bill.

NARROWBAND COMMUNICATIONS

The conference agreement includes $205,000,000 for narrowband communications conversion activities as proposed in the Senate-reported amendment, instead of $95,445,000 as proposed in the House bill. The conference agreement provides funding necessary to continue implementation of the Department of Justice Wireless Network (JWN), and for operations and maintenance

of legacy systems. The Wireless Management Office (WMO) is directed to submit quarterly status reports on implementation of the JWN, with the first such report due no later than February 15, 2001.

The conference agreement deletes a citation included in the House bill but not included in the Senate-reported amendment.

COUNTERTERRORISM FUND

The conference agreement includes $5,000,000 for the Counterterrorism Fund as proposed in the Senate-reported amendment, instead of $10,000,000 as proposed in the House bill. When combined with $32,844,150 in prior year carryover, a total of $37,844,150 will be available in the Fund in fiscal year 2001 to cover unanticipated, extraordinary expenses incurred as a result of a terrorist threat or incident.

The conference agreement retains language, included in the House bill and carried in previous Acts, authorizing the Attorney General to make expenditures from the fund, subject to section 605 of this Act. The Senate-reported amendment proposed to give this authority to a new Deputy Attorney General.

TELECOMMUNICATIONS CARRIER COMPLIANCE FUND

The conference agreement includes $201,420,000 for the Telecommunications Carrier Compliance program for implementation of the Communications Assistance for Law Enforcement Act of 1994 (CALEA), instead of $278,021,000 as proposed in the House bill. The Senate-reported amendment did not include funding for this activity. This amount, when combined with funds previously made available, will provide the full $500,000,000 authorized and required to implement CALEA.

The conference agreement concurs with the direction in the House report that the Department and the Federal Bureau of Investigation (FBI) are to remain focused on the timely implementation of CALEA, and have therefore included $17,300,000 within the FBI Salaries and Expenses account for CALEA implementation. The Department of Justice is directed to submit a reorganization proposal no later than November 15, 2000, to ensure coordination of CALEA implementation and other related electronic surveillance issues.

ADMINISTRATIVE REVIEW AND APPEALS

The conference agreement includes $161,062,000 for Administrative Review and Appeals, instead of $159,570,000 as proposed in the House bill and $112,814,000 as proposed in the Senate-reported amendment. Of the total amount provided, $159,335,000 is for the Executive Office for Immigration Review (EOIR) and $1,727,000 is for the Office of the Pardon Attorney.

The conference agreement includes $9,566,000 for adjustments to base, and $3,000,000, 37 positions and 19 full-time equivalent workyears (FTE) to address the increased Immigration Judge and appellate caseload. In addition, EOIR is directed to provide such sums as necessary for point-to-point installation of video-conferencing equipment in accordance with EOIR's plan and the Senate report. The conference agreement also includes direction under the INS Examinations Fees account regarding continued support for contract court interpreter services.

DETENTION TRUSTEE

The conference agreement includes $1,000,000 to establish a new Federal Detention Trustee within the Department of Justice as proposed in the House bill. The Senate-reported amendment did not address this matter. The conference agreement reflects the concerns expressed in the House report regarding the planning and management of detention space in the Department of Justice. Therefore, the direction included in the House report regarding the authorities and duties of this new Trustee, and the establishment of regional pilot projects to test better mechanisms for addressing detention needs, is adopted by reference. Further, the Department of Justice is expected to consolidate all detention resources under the Trustee as part of the fiscal year 2002 budget submission.

OFFICE OF INSPECTOR GENERAL

The conference agreement includes $41,575,000 for the Office of Inspector General (OIG) instead of $41,825,000 as proposed in the House bill and $42,192,000 as proposed in the Senate-reported amendment. The conference agreement also assumes that $1,500,000 in INS fees will be available to the OIG.

The conference agreement directs the Department of Justice to review its procedures for releasing OIG investigatory material and findings and inform the Committees on Appropriations by June 1, 2001, if any procedures should be modified.

The OIG is directed to submit future budget requests separating OIG Leadership Offices and OIG Operational Offices. The OIG Leadership Offices decision unit should include the following: the Inspector General, the Deputy Inspector General, the Counselor to the Inspector General, the Special Counsel, and the Special Investigations and Review Unit. The Operational Offices decision unit should include the following offices: the Audit Division, the Investigations Division, the Inspections Division, and the Management and Planning Division.

The conference agreement directs that the OIG submit a detailed financial plan to the Committees on Appropriations by December 1, 2000.

UNITED STATES PAROLE COMMISSION

SALARIES AND EXPENSES

The conference agreement includes $8,855,000 for the U.S. Parole Commission, as proposed in the House bill, instead of the $7,380,000 as proposed in the Senate-reported amendment. The conference agreement adopts by reference the recommendation in the Senate report on detailing attorneys.

LEGAL ACTIVITIES

SALARIES AND EXPENSES, GENERAL LEGAL ACTIVITIES

The conference agreement includes $535,771,000 for General Legal Activities, instead of $523,228,000 as proposed in the House bill, and $494,310,000 as proposed in the Senate-reported amendment.

The recommendation includes base adjustments for all divisions, but does not include an undefined base restoration. The distribution of funding provided is as follows:

Office of the Solicitor General	$7,118,000
Tax Division	70,991,000
Criminal Division	110,851,000
Civil Division	154,092,000
Environment and Natural Resources	68,703,000
Office of Legal Counsel	4,967,000
Civil Rights Division	92,166,000
Interpol—USNCB	7,686,000
Legal Activities Office Automation	18,877,000
Office of Dispute Resolution	320,000
Total	535,771,000

The conference agreement includes a $3,000,000 increase for the Civil Rights Division, including funding for civil enforcement for police misconduct, and other highest priority initiatives.

The conference agreement provides $18,877,000 to remain available until expended for office automation costs as proposed in the House bill, instead of $18,571,000 as proposed in the Senate-reported amendment. The conference agreement adopts language included in the Senate-reported amendment which limits the use of these funds to automation costs and allows such funds to be used for the United States Trustees Program. The conference agreement adopts by reference the Senate report language regarding the Office of Special Investigations, and the House report language regarding extradition reporting and extradition treaties.

THE NATIONAL CHILDHOOD VACCINE INJURY ACT

The conference agreement includes a reimbursement of $4,028,000 for fiscal year 2001 from the Vaccine Injury Compensation Trust Fund to the Department of Justice, as proposed in the House bill and the Senate-reported amendment.

SALARIES AND EXPENSES, ANTITRUST DIVISION

The conference agreement provides $120,838,000 for the Antitrust Division as proposed in the Senate-reported amendment, instead of $113,269,000 as proposed in the House bill. The conference agreement assumes that of the amount provided, $95,838,000 will be derived from current year fee collections and $25,000,000 from estimated unobligated fee collections available from prior years, resulting in a net direct appropriation of $0. The use of any remaining unobligated fees balances from prior years is subject to the reprogramming requirements outlined in section 605 of this Act.

Appropriations for both the Division and the Federal Trade Commission are financed with Hart-Scott-Rodino Act pre-merger filing fees. Section 630 of this Act modifies the Hart-Scott-Rodino Act to include a three-tiered fee structure that increases the filing threshold for a merger transaction from $15,000,000 to $50,000,000. It is anticipated that the increase in the filing threshold will reduce the number of mergers requiring review by approximately 50 percent.

SALARIES AND EXPENSES, UNITED STATES ATTORNEYS

The conference agreement includes $1,250,382,000 for the U.S. Attorneys, instead of $1,247,416,000 as proposed in the House bill, and $1,159,014,000 as proposed in the Senate-reported amendment. The following narrative reflects how the funds provided in the conference agreement are to be spent.

The conference agreement provides a net increase of $59,896,000 for pay and inflationary adjustments to enable the U.S. Attorneys to maintain the current operating level. The conference agreement does not include $7,425,000 requested as base adjustments to substitute direct appropriations for activities previously supported from the Health Care Fraud and Abuse Control (HCFAC) account. The Department of Justice is directed to continue to provide funding for not less than 177 positions and 177 FTE to the U.S. Attorneys from the HCFAC account to support health care fraud activities.

The conference agreement also includes the following program increases:

Firearms Prosecutions.—$15,259,000, 163 positions and 82 FTE, including 113 attorneys, to augment prosecutions under existing firearms statutes. This amount, when combined

with base resources of $7,125,000, will provide a total of $22,384,000 for intensive firearms prosecution projects. The direction included in the House report regarding the criteria and process for allocation of these funds is adopted by reference. Further, the Executive Office of U.S. Attorneys is directed not to set aside any portion of these funds for headquarters priorities, but rather is to allocate these funds in accordance with the priorities identified by the local districts which will result in a direct increase in prosecutions under existing gun laws. In addition, the conference agreement adopts the Senate direction requiring the annualization of funds provided in fiscal year 2000 for firearms prosecutions, and the reporting requirement regarding panel attorney costs.

Cyber Crime and Intellectual Property.—$3,974,000, 50 positions and 25 FTE, including 28 attorneys, to augment the investigation and prosecution of computer and intellectual property crimes, including crimes identified in the No Electronic Theft (NET) Act, the National Information Infrastructure Assurance Act, and the Economic Espionage Act. The direction included in the Senate report regarding submission of a report on copyright enforcement is adopted by reference.

Immigration.—$1,974,000, 24 positions and 12 FTE, including 13 attorneys, to address the growing criminal immigration caseload along the Southwest Border, with particular emphasis to be placed on prosecutions of individuals involved in alien smuggling, document fraud, and illegal aliens with multiple deportations. The conference agreement adopts by reference the direction included in the House report regarding submission of a spending plan for these resources.

Indian Country.—$5,000,000, 60 positions and 30 FTE, including 33 attorneys, to enhance Federal investigation and prosecution activities in Indian Country to meet Federal statutory responsibilities related to Indian Country.

Legal Education.—$2,300,000 to continue establishment of a distance learning facility at the National Advocacy Center (NAC). This amount, when combined with $15,316,000 in base resources, provides a total of $17,616,000 under this account for legal education at the National Advocacy Center (NAC). These funds are to be spent in accordance with the direction included in the Senate report.

Within the total amount available to the U.S. Attorneys, the conference agreement includes $2,612,000 for technology demonstration projects, and adopts by reference the direction included in the Senate report regarding distribution of these resources. In addition, $1,000,000 is included from within base resources to continue a violent crime task force demonstration project, as proposed in the Senate-reported amendment. The conference agreement also adopts by reference the direction included in the House and Senate reports regarding the unstaffed offices report, as well as the direction included in the Senate report regarding an office in Western Kentucky. In addition, the Senate report language regarding property flipping, computer network privatization, and a fiscal year 1995 quarterly reporting requirement are adopted by reference.

The conference agreement does not adopt the recommendations included in the Senate report regarding the reallocation of existing staffing to the Southwest border and within the Missouri River Valley, spending freezes among object classifications, elimination of base funds for office relocations, limitations on expansion of gun prosecution initiatives, or pre-trial sentencing guidelines.

In addition to identical provisions that were included in both the House bill and Senate-reported amendment, the conference agreement includes the following provisions: (1) providing for 9,439 positions and 9,557 workyears for the U.S. Attorneys, instead of 9,381 positions and 9,529 workyears as proposed in the House bill, and 9,120 positions and 9,398 workyears as proposed in the Senate-reported amendment; (2) allowing not to exceed $2,500,000 for the National Advocacy Center as proposed in the Senate-reported amendment; and (3) providing $1,000,000 for violent crime task forces to remain available until expended as proposed in the Senate-reported amendment. The conference agreement does not include language proposed in the Senate bill withholding 50 percent of funds available to U.S. Attorneys until the Attorney General establishes certain rules and penalties in accordance with the Senate version of the fiscal year 2000 appropriations bill.

UNITED STATES TRUSTEE SYSTEM FUND

The conference agreement provides $125,997,000 for the U.S. Trustees for fiscal year 2001, to be entirely funded from offsetting collections, instead of $126,242,000 proposed in the House bill and $127,212,000 proposed in the Senate-reported amendment. The conference agreement does not provide amounts the budget request assumed would carry forward to fiscal year 2002. The conference agreement adopts by reference the Senate report language on the National Advocacy Center (NAC). The conference agreement also adopts House report language on the reprogramming of offsetting collections.

SALARIES AND EXPENSES, FOREIGN CLAIMS SETTLEMENT COMMISSION

The conference agreement provides $1,107,000 for the Foreign Claims Settlement Commission, instead of $1,000,000 as proposed in the House bill and $1,214,000 as proposed in the Senate-reported amendment.

SALARIES AND EXPENSES, UNITED STATES MARSHALS SERVICE

The conference agreement includes $572,695,000 for the U.S. Marshals Service Salaries and Expenses account, instead of $560,438,000 as proposed in the House bill and $550,472,000 as proposed in the Senate-reported amendment. The following narrative reflects how the funds provided in the conference agreement are to be spent.

The amount included in the conference agreement includes a $4,713,000 net increase in base adjustments, as follows: $19,774,000 for pay and inflationary increases, offset by decreases of $4,852,000 for one-time equipment purchases and $10,209,000 from the transfer of the Seized Assets Management Program to the Assets Forfeiture Fund. Within the amount provided, a total of $1,735,000 is included for the Warrant Information Network and other networks and online services, and $725,000 is for recurring costs of the Electronic Surveillance Unit as directed in the Senate report. The conference agreement does not adopt the recommendation included in the Senate-reported amendment to transfer funding from this account for U.S. Marshals Service costs associated with the Justice Prisoner Alien Transportation System (JPATS), but instead provides $25,503,000 for U.S. Marshals Service requirements under this account.

In addition, the conference agreement includes $27,389,000 in program increases for the following:

Courthouse Security Staffing and Equipment.—$21,211,000, for courthouse security personnel and equipment. Of this amount, $6,711,000, 89 positions and 45 FTE are provided for courthouse security personnel at new and expanded courthouses expected to open in fiscal year 2001. Language included in the House report regarding the submission of a spending plan and allocation of resources in excess of requirements is adopted by reference.

In addition, $14,500,000 is provided for courthouse security equipment, as follows:

USMS Courthouse Security Equipment

[In thousands of dollars]

New Courthouses	$8,173
Las Vegas, NV	(1,023)
Cleveland, OH	(1,012)
Columbia, SC	(1,122)
Greenville, TN	(353)
Corpus Christi, TX	(1,078)
Laredo, TX	(989)
Providence, RI	(920)
Helena, MT	(658)
Wheeling, WV	(245)
Denver, CO	(773)
Other Security Requirements	5,684
Nationwide Equipment Maintenance Requirement	643
Total, USMS Security Equipment	14,500

The Marshals Service is directed to use the $5,684,000 provided for Other Security Requirements to address the highest priority security equipment needs for existing courthouses and new courthouses with the greatest deficiencies, and to submit a spending plan for these funds no later than December 1, 2000.

Electronic Surveillance Unit.—$3,150,000, and up to 6 positions and 3 FTE, for personnel and equipment for the Electronic Surveillance Unit.

Special Assignments.—$2,500,000 for security at high threat and/or high profile trials and for protective details for judicial personnel involved in these trials, including the World Trade Center bombing trial. The Marshals Service is directed to annualize this increase in fiscal year 2002. Concerns have been expressed regarding the exclusion of the Marshals Service from the threat assessment and decision-making process regarding certain special and other protective assignments. In addition, the level of protection at Federal facilities by the General Services Administration (GSA) is inadequate relative to the amount the Marshals Service and other agencies are charged by GSA for these services. The Department is directed to report to the Committees on Appropriations no later than December 15, 2000, on the role afforded to the Marshals Service in the threat assessment and decision-making process for special and other protective assignments, and to provide recommendations to augment the Marshals Service's role in this activity. Further, the Department is directed to provide a report on the adequacy of support provided by GSA for facility protection, relative to the amount GSA is charging for these services.

Financial Management.—$378,000, 8 positions and 4 FTE to improve financial management.

Cost Saving Initiatives.—$150,000 for implementation and support of a variety of cost saving initiatives as directed in the Senate report. Should additional funds become available through savings achieved, the Marshals Service may use those funds for additional staff only in accordance with Section 605 of this Act.

The conference agreement adopts by reference the concerns expressed in the Senate

report regarding the Special Operations Group (SOG) and directs the Marshals Service to provide a report to the Committees on Appropriations no later than January 15, 2001, on the utilization of the SOG, as well as the resource requirements necessary to ensure that the SOG can fulfill its intended mission.

The conference agreement includes language providing not to exceed 3,947 positions and 3,895 FTE for the Marshals Service, instead of 4,168 positions and 3,892 FTE as proposed in the House bill. The Senate-reported amendment did not include a similar provision. The conference agreement does not include a provision proposed in the Senate-reported amendment prohibiting the Marshals Service from providing a protective vehicle for the Director of the Office of National Drug Control Policy (ONDCP) unless certain conditions are met. A similar provision was not included in the House bill. However, the Marshals Service is directed to provide a report to the Committees on Appropriations no later than January 15, 2001, on the usage of a protective vehicle by the Director of ONDCP.

CONSTRUCTION

The conference agreement includes $18,128,000 in direct appropriations for the U.S. Marshals Service Construction account, instead of $6,000,000 as proposed in the House bill, and $25,100,000 as proposed in the Senate-reported amendment. The conference agreement includes the following distribution of funds:

USMS Construction

[In thousands of dollars]

Birmingham, AL	$472
Fort Smith, AR	400
Hartford, CT	200
Wilmington, DE	100
Bowling Green, KY	300
Boston, MA	650
Ann Arbor, MI	200
Detroit, MI	650
Wilmington, NC	775
Buffalo, NY	150
Tulsa, OK	300
Philadelphia, PA	400
Hato Rey, PR	793
Spartanburg, SC	1,441
Greenville, MS	1,187
Other Renovation Projects	9,500
Security Specialists/Construction Engineers	610
Total, Construction	18,128

The Marshals Service is directed to use the $9,500,000 provided for Other Renovation Projects for the highest priority security construction needs in locations with a security score of 50 or less, and to submit a spending plan for these funds no later than December 1, 2000.

JUSTICE PRISONER AND ALIEN TRANSPORTATION SYSTEM FUND

The conference agreement includes language, as proposed in the House bill, to continue the operations of JPATS on a revolving fund basis through reimbursements from participating agencies, instead of through a direct appropriation under this account as proposed in the Senate-reported amendment. The conference agreement does include a direct appropriation of $13,500,000 for a one-time capitalization of the Fund to procure two Sabreliner-class aircraft as proposed in the Senate-reported amendment.

FEDERAL PRISONER DETENTION

The conference agreement provides $597,402,000 for Federal Prisoner Detention as proposed in both the House bill and the budget request, instead of $539,022,000 as proposed in the Senate-reported amendment, an increase of $72,402,000 over the fiscal year 2000 direct appropriation. The increase has been provided as follows: (1) $53,180,000 is for increased jail days; (2) $10,000,000 is for the Cooperative Agreement Program; (3) $675,000 is for increased medical costs; and (4) $500,000 is for prisoner medical guard services.

The conference agreement does not include language in this section proposed in both the House bill and Senate-reported amendment regarding contracts with private entities for the confinement of Federal detainees, but instead addresses this matter as a new general provision under Title I of this Act. Language is included, as proposed in the House bill, permanently making available amounts appropriated under this account to be used to reimburse the Federal Bureau of Prisons for certain costs associated with providing medical care to certain pre-trial and pre-sentenced detainees. The Senate-reported amendment addressed this matter elsewhere under Title I of this Act.

FEES AND EXPENSES OF WITNESSES

The conference agreement includes $125,573,000 for Fees and Expenses of Witnesses, instead of $95,000,000 as proposed in the House bill, and $156,145,000 as proposed in the Senate-reported amendment.

Language is included allowing not to exceed $5,000,000 to be made available for secure telecommunications equipment and networks related to protected witnesses, as proposed in the House bill. The conference agreement does not include a provision allowing up to $77,067,000 to be transferred from this account to the Federal Prisoner Detention account as proposed in the Senate-reported amendment.

COMMUNITY RELATIONS SERVICE

The conference agreement includes $8,475,000 for the Community Relations Service as proposed in the Senate-reported amendment, instead of $7,479,000 as proposed in the House bill. The conference agreement adopts the funding increases provided in the Senate report. In addition, the conference agreement includes a provision allowing the Attorney General to transfer up to $1,000,000 of funds available to the Department of Justice to this program, as proposed in the House bill. The Attorney General is expected to report to the Committees on Appropriations of the House and Senate if this transfer authority is exercised. In addition, a provision is included allowing the Attorney General to transfer additional resources, subject to reprogramming procedures, upon a determination that emergent circumstances warrant additional funding, as proposed in both the House bill and the Senate-reported amendment.

ASSETS FORFEITURE FUND

The conference agreement provides $23,000,000 for the Assets Forfeiture Fund as proposed in Senate-reported amendment, instead of no funding as proposed in the House bill.

RADIATION EXPOSURE COMPENSATION

ADMINISTRATIVE EXPENSES

The conference agreement includes $2,000,000 for administrative expenses for fiscal year 2001, the full amount requested and the same amount proposed in both the House bill and the Senate-reported amendment. The conference agreement adopts the bill language in the House bill.

PAYMENT TO RADIATION COMPENSATION EXPOSURE TRUST FUND

The conference agreement provides $10,800,000 for the compensation trust fund, instead of $3,200,000 provided in the House bill and $14,400,000 in the Senate-reported amendment. The conference agreement includes bill language from the Senate-reported amendment allowing claimants who qualify under the original statute to be paid and does not provide funding for the expansion of the program authorized under Public Law 106–245.

INTERAGENCY LAW ENFORCEMENT

INTERAGENCY CRIME AND DRUG ENFORCEMENT

The conference agreement provides a total of $328,898,000 for Interagency Crime and Drug Enforcement as proposed in the House bill, of which $325,898,000 is derived from direct appropriations, and $3,000,000 is from prior year carryover. The House bill included $328,898,000 in direct appropriations, while the Senate-reported amendment proposed $316,792,000. The distribution of the total available funding is as follows:

Reimbursements by Agency

[In thousands of dollars]

Drug Enforcement Administration	$108,190
Federal Bureau of Investigation	112,468
Immigration and Naturalization Service	15,808
Marshals Service	1,984
U.S. Attorneys	86,582
Criminal Division	814
Tax Division	1,380
Administrative Office	1,672
Total	328,898

The conferees note that the report requested in fiscal year 2000 has not yet been delivered to the Committees on Appropriations.

FEDERAL BUREAU OF INVESTIGATION

SALARIES AND EXPENSES

The conference agreement includes a total of $3,235,600,000 for the Federal Bureau of Investigation (FBI) Salaries and Expenses account, instead of $3,229,505,000 as proposed in the House bill, and $3,077,581,000 as recommended in the Senate-reported amendment. Of this amount, the conference agreement provides that not less than $437,650,000 shall be used for counterterrorism investigations, foreign counterintelligence, and other activities related to national security, instead of $400,650,000 as proposed in the Senate-reported amendment, and $159,223,000 as proposed in the House bill. The following narrative reflects how the funds provided in the conference agreement are to be spent.

The conference agreement includes a net increase of $136,080,000 for adjustments to base as follows: increases totaling $137,219,000 for pay and inflationary increases, including $27,711,000 for increased costs associated with the transfer of Civil Service Retirement System (CSRS) employees to the Federal Employee Retirement System (FERS), increased Federal health insurance premium costs, and continued direct funding for the National Instant Check System; offset by decreases totaling $1,139,000 for non-recurring equipment purchases.

The conference agreement adopts the concerns and direction included in the House report regarding the FBI's inability to execute its budget within the funding levels provided. The conference agreement provides the full amount requested for base adjustments to support the FBI's current staffing and operating level as reflected in the budget request. The conference agreement also includes a provision that identifies the funded position and FTE levels provided in the bill, which are consistent with the full base funding requested and program increases provided in the conference agreement. The FBI

is directed to continue to provide quarterly reports to the Committees on Appropriations which delineate by direct and reimbursable the funded and actual agent and non-agent staffing level for each decision unit, with the first report to be provided no later than January 15, 2001.

The following distribution represents the conference agreement:

FBI SALARIES AND EXPENSES, FISCAL YEAR 2001

[In thousands of dollars]

Activity	Pos.	FTE	Amount
Criminal, Security and Other Investigations:			
Organized Criminal Enterprisees	3,984	3,993	450,678
White Collar Crime	4,284	4,184	483,273
Other Field Programs	10,551	10,304	1,307,024
Subtotal	18,819	18,481	2,240,975
Law Enforcement Support:			
Training, Recruitment, and Applicant	1,003	984	120,454
Forensic Services	692	680	156,004
Information, Management, Automation & Telecommunications	569	562	166,121
Technical Field Support & Services	232	229	141,642
Criminal Justice Services	2,171	2,182	216,957
Subtotal	4,667	4,637	801,178
Program Direction: Management and Administration	2,083	2,024	193,447
Total, Direct Appropriations	25,569	25,142	3,235,600

The FBI is reminded that changes in this distribution are subject to the reprogramming requirements in section 605 of this Act.

In addition, the conference agreement includes a total of $59,712,000 in program enhancements for the FBI, of which $58,348,000 is for initiatives to enhance the FBI's ability to investigate threats related to domestic terrorism and cyber crime, as follows:

$25,000,000 is for Digital Storm. The FBI is directed to provide a spending plan to the Committees on Appropriations, no later than December 15, 2000, for Digital Storm.

$2,000,000 is for Joint Terrorism Task Forces. The FBI is directed to provide a report and spending plan to the Committees on Appropriations, no later than December 15, 2000, on this program.

$10,000,000 is for intelligence gathering and analysis, of which $1,305,000 (20 positions and 10 FTE) is for FISA preparation; $5,606,000 is for contract translation services; and $3,089,000 (55 positions and 28 FTE) is for intelligence research specialists. The conference agreement does not adopt the recommendation included in the Senate report to require the conversion of special agents to 55 intelligence research specialists. While the conference agreement does provide an enhancement for this activity, the FBI is directed to use attrition to convert support positions to intelligence research specialist positions to meet additional requirements in this area.

$20,000,000 is for other activities, of which the FBI may spend up to $1,364,000 for National Integrated Ballistics Network (NIBIN) Connectivity; $3,700,000 (26 positions and 13 FTE) for a counterintelligence initiative; $3,936,000 for the Automated Computer Examination System (ACES) and Computer Analysis and Response Team equipment; $5,500,000 for the Special Technologies and Applications Unit; and $5,500,000 for Digital Storm. Should the FBI require additional resources to address personnel requirements, the Committees would be willing to entertain a reprogramming under Section 605 from funding provided for these enhancements.

$612,000 (8 positions and 4 workyears, including 2 agents) is for the Intellectual Property Rights Center, as provided for in the House report, to improve intelligence and analysis related to intellectual property. The reporting requirement included in Senate report regarding copyright enforcement is adopted by reference.

$2,100,000 is for implementation of the Communications Assistance for Law Enforcement Act (CALEA), for a total of not less than $17,300,000 within the FBI to be used for this purpose. The conference agreement adopts the direction in the House report that the Department and the FBI remain focused on the timely implementation of CALEA, and therefore the Department of Justice is directed to submit a reorganization proposal to address coordination of CALEA implementation and other related electronic surveillance issues no later than November 15, 2000. This reorganization is expected to ensure continued coordination between the Department and the FBI on all matters involving CALEA implementation, as well as to ensure prioritization of financial and personnel resources required for a continued and sustained implementation effort.

National Instant Check System (NICS).—The conference agreement includes $67,735,000 in direct appropriations to continue operations of the NICS, as well as to provide system enhancements, including funds for ''hot'' backup for the Interstate Identification Index (III) and other system availability improvements.

The fiscal year 2001 budget request for the FBI included no direct funding for the NICS, and instead proposed to finance the costs of this system through a user fee. The conference agreement includes a provision under Title VI of this Act which prohibits the FBI from charging a fee for NICS checks, and instead provides funding to the FBI for its costs to operate the NICS.

FBI Technology Upgrade Plan.—The conference agreement includes total funding of $100,700,000, 14 positions and 7 FTE, for this initiative (previously referred to as the Information Sharing Initiative/e-FBI). This amount is to be derived from $80,000,000 made available in prior years, and $20,700,000 in fiscal year 2001 base funding. The House bill proposed a total of $139,344,000 for this initiative, to be derived from $80,000,000 in prior year funds, $20,000,000 in fiscal year 2001 base funds, and $39,344,000 in fiscal year 2001 program increases. The Senate-reported amendment proposed a total of $40,000,000 for this initiative, to be derived from prior year funds, and eliminated $20,000,000 in fiscal year 2001 base funding for this activity. The conference agreement does not include the rescission of $40,000,000 in prior year funds for these activities as proposed under Title VII of the Senate-reported amendment.

The conference agreement approves the plan dated September 2000, entitled ''FBI Technology Upgrade Plan, Reprioritized Three Year Implementation Plan.'' Therefore, the conference agreement includes the full amount necessary for year one costs as identified on page 47 of the September 2000 implementation plan. The FBI is directed to provide quarterly status reports to the Committees on implementation of this plan, including funding obligations, with the first such report due no later than February 15, 2001.

National Infrastructure Protection/Computer Analysis Response Teams (CART).—The FBI is directed to convert 14 part-time positions for Computer Analysis Response Teams (CART) examiners to full-time positions from personnel not currently assigned to computer intrusion/infrastructure protection squads, similar to direction included in the Senate report. The conference agreement also adopts the direction included in the Senate report regarding training, promotion and retention of CART members and computer intrusion/infrastructure protection squads. The Senate direction regarding development of a cadre of computer experts from other agencies and the private sector is adopted by reference.

Victim/Witness Specialists.—The conference agreement includes a new general provision under Title I of this Act authorizing funds to be provided to the FBI to improve services for crime victims from the Crime Victims Fund. These services are to be limited to victim assistance as described in the Victims of Crime Act and shall not cover non-victim witness activities such as witness protection or non-victim witness management services, paralegal duties or community outreach. The FBI is further directed to work with the Office of Victims of Crime (OVC) in developing position descriptions, grade level and hiring requirements, training and annual reporting requests for these specialists. The conference agreement assumes $7,400,000 will be needed to support 112 victim/witness specialists to be distributed as directed in the Senate report. The Committees on Appropriations expect to be notified of the final distribution of these specialists.

Other.—The Senate report language regarding copyright enforcement, continued collaboration with the Southwest Surety Institute, the Northern New Mexico anti-drug initiative, mitochondrial DNA, crimes against children, and background checks for school bus drivers is adopted by reference. The conference agreement also adopts by reference the House report language regarding the Housing Fraud Initiative, the Jewelry and Gem program, and submission of a comprehensive information technology report.

In addition, the FBI is directed to fully reimburse the private ambulance providers for their costs in support of Hostage Rescue Team operations in St. Martin Parish, Louisiana, in December, 1999.

In addition to identical provisions that were included in both the House bill and the Senate-reported amendment, the conference agreement includes a provision, modified from language proposed in the House bill, providing not to exceed 25,569 positions and 25,142 FTE for the FBI from funds appropriated in this Act. The Senate-reported amendment did not include a similar provision.

CONSTRUCTION

The conference agreement includes $16,687,000 in direct appropriations for construction for the Federal Bureau of Investigation (FBI), instead of $1,287,000 as proposed in the House bill, and $42,687,000 as proposed in the Senate-reported amendment. The agreement provides an increase of $15,400,000 over the fiscal year 2000 level for the FBI Academy firearms range modernization project, as follows: $1,900,000 for relocation and consolidation of an ammunition storage facility and for lead abatement at existing outdoor ranges; and $13,500,000 for completion of Phase I and Phase II of this project.

DRUG ENFORCEMENT ADMINISTRATION

SALARIES AND EXPENSES

The conference agreement includes $1,363,309,000 for the Drug Enforcement Administration (DEA) Salaries and Expenses account, instead of $1,362,309,000 as proposed in the House bill, and $1,345,655,000 as proposed in the Senate-reported amendment. In

addition, $83,543,000 is derived from the Diversion Control Fund for diversion control activities. The following narrative reflects how the funds provided in the conference agreement are to be spent.

Budget and Financial Management.—The conference agreement adopts by reference the concerns and direction included in both the House and Senate reports regarding budget and financial management. The conference agreement also includes a provision that identifies the funded position and FTE levels provided in the bill, which are consistent with the full base funding requested and program increases provided in the conference agreement.

The following table represents funding provided under this account:

DEA SALARIES AND EXPENSES

[In thousands of dollars]

Activity	Pos.	FTE	Amount
Enforcement:			
Domestic Enforcement	2,252	2,183	$407,261
Foreign Cooperative Investigation	732	699	206,644
Drug and Chemical Diversion	142	143	16,156
State and Local Task Forces	1,678	1,675	242,257
Subtotal	4,804	4,700	872,318
Investigative Support:			
Intelligence	883	900	112,904
Laboratory Services	381	378	44,463
Training	99	98	20,309
RETO	355	353	85,190
ADP	133	130	140,479
Subtotal	1,851	1,859	403,345
Management and Administration	865	853	87,646
Total, DEA	7,520	7,412	1,363,309

DEA is reminded that any deviation from the above distribution is subject to the reprogramming requirements of section 605 of this Act.

The conference agreement provides a net increase of $43,616,000 for base adjustments, as follows: increases totaling $48,293,000 for pay and other inflationary costs to maintain current operations, offset by decreases totaling $4,677,000 for costs associated with one-time and non-recurring equipment purchases, GSA rent decreases, and the transfer of funding for a demand reduction project to the Office of Justice Programs.

In addition, the conference agreement includes program increases totaling $64,200,000, as follows:

Investigative and Intelligence Requirements.—$48,100,000 is provided for the following investigative and intelligence enhancements:

$3,100,000, 19 positions (11 agents) and 9 FTE within Domestic Enforcement for the Special Operations Division (SOD) to expand support for the Southwest Border Initiative and to address money laundering and financial investigations.

$43,000,000, 2 positions and 1 FTE within Automated Data Processing to continue deployment of Phase II of FIREBIRD. When combined with $44,870,000 in existing base resources, a total of $87,870,000 is available for this program in fiscal year 2001 to enable FIREBIRD to be fully deployed to all domestic offices and Western Hemisphere offices. Of this amount, $28,000,000 is for deployment, $10,477,000 is for technology renewal, and $49,393,000 is for operations and maintenance and telecommunications costs. DEA is directed to continue to provide quarterly FIREBIRD status and obligation reports to the Committees on Appropriations.

$2,000,000 within Intelligence, of which $1,800,000 is for enhancements to the El Paso Intelligence Center (EPIC), and $200,000 is to meet expanded participation in the National Drug Pointer Index (NDPIX) information system. The House direction regarding a comprehensive report on participation and utilization of EPIC is adopted by reference.

Domestic Enhancements.— $14,600,000 is provided for the following domestic counter-drug enhancements:

$4,600,000, 25 positions (15 agents) and 13 FTE within Domestic Enforcement to establish an additional Regional Enforcement Team (RET). This amount, when combined with existing base resources, provides a total of $24,195,000 for RETS in fiscal year 2001.

$1,500,000, 14 positions (9 agents) and 7 FTE within Domestic Enforcement to enhance heroin enforcement, providing a total of $30,291,000 in fiscal year 2001 for this effort, as recommended in the Senate report. The Senate direction regarding black tar heroin is adopted by reference.

$1,500,000 within Domestic Enforcement to enhance methamphetamine enforcement, providing a total of $27,459,000 in fiscal year 2001 for this effort, as recommended in the Senate report.

$1,000,000 within State and Local Task Forces to enhance State and local methamphetamine training activities, as recommended in the Senate report.

$6,000,000 within Research, Engineering and Technical Operations (RETO) to procure three additional single-engine helicopters for drug enforcement activities along the Southwest border.

In addition, the conference agreement includes a total of $20,000,000 under the Community Oriented Policing Services Methamphetamine/Drug ''Hot Spots'' program to assist State and local law enforcement agencies with the costs associated with methamphetamine clean-up.

Budget and Financial Management.—$1,500,000, 8 positions and 4 FTE within Program Management and Administration to improve DEA's financial and resource management oversight, including funds to support DEA's Federal Financial System and for additional staffing for Finance and Resource Management.

Other.—The conference agreement includes a total of $20,000,000 for the special investigative unit (SIU) program. Within the amount available, DEA may establish a joint Haitian/Dominican Republic SIU on the island of Hispaniola. DEA is reminded that the Committees on Appropriations are to be notified in accordance with section 605 of this Act prior to the expansion of this program to any additional countries. There are continued concerns about endemic corruption within the Mexico SIU program which has severely limited its effectiveness. DEA is directed to report to the Committees on Appropriations no later than February 1, 2001, on progress made in resolving these problems and recommendations to make the Mexico program effective.

The conference agreement adopts by reference the direction included in the House report regarding continued participation in the HIDTA program, quarterly reports on source and transit countries, quarterly reports on implementation of the Caribbean initiative, and a report on requirements in the region. The conference agreement does not include funding under DEA for continuation of the demand reduction initiative recommended in the House report, but has instead transferred base funding for this program from DEA Domestic Enforcement to the Office of Justice Programs. DEA is also directed to better coordinate its operations with other Federal agencies, including INS and the FBI, along the Southwest Border, and to pursue co-location of offices whenever practical. The direction included in the Senate report regarding DEA's presence in Chile is adopted by reference. Within the amounts provided under this account, DEA may use up to $500,000 for a study on methods to eliminate the effectiveness of anhydrous ammonia in methamphetamine production, as authorized.

Drug Diversion Control Fee Account.—The conference agreement provides $83,543,000 for DEA's Drug Diversion Control Program for fiscal year 2001, as provided in the House bill and the Senate-reported amendment. This amount includes an increase of $3,213,000 for adjustments to base, including the annualization of 25 positions provided in fiscal year 2000 for customer service improvements and drug data analysis. The conference agreement assumes that the level of balances in the Fee Account are sufficient to fully support diversion control programs in fiscal year 2001. As was the case in fiscal years 1999 and 2000, no funds are provided in the DEA Salaries and Expenses appropriation for this account in fiscal year 2001.

The conference agreement includes bill language, modified from language proposed in the House bill, providing not to exceed 7,520 positions and 7,412 FTE for DEA from funds provided in this Act. The Senate-reported amendment did not include a similar provision.

CONSTRUCTION

The conference agreement includes no new funding for this account as proposed in the Senate-reported amendment, instead of $5,500,000 as proposed in the House bill. A total of $19,500,000 in prior year carryover balances is available to fund planned fiscal year 2001 expenditures.

IMMIGRATION AND NATURALIZATION SERVICE

SALARIES AND EXPENSES

The conference agreement includes $3,125,876,000 for the salaries and expenses of the Immigration and Naturalization Service (INS), instead of $3,121,213,000 as provided in the House bill, and $2,895,397,000 as provided in the Senate-reported amendment. In addition to the amounts appropriated, the conference agreement assumes that $1,549,480,000 will be available from offsetting fee collections instead of $1,438,812,000 as proposed by the House and $1,524,771,000 as proposed by the Senate. Thus, including resources provided under the Construction account, the conference agreement provides a total operating level of $4,808,658,000 for INS, instead of $4,670,689,000 as proposed by the House and $4,553,470,000 as proposed by the Senate, representing a $548,242,000 (13%) increase over fiscal year 2000. The following narrative reflects how funds provided in the conference agreement are to be spent.

INS Organization and Management.—The conference agreement incorporates concerns expressed in the House report that a lack of resources is no longer an acceptable response to INS's inability to adequately address its mission responsibilities. The conference agreement includes the establishment of clearer chains of command—one for enforcement activities and one for services to noncitizens—as one step towards making the INS a more efficient, accountable, and effective agency. Consistent with the concept of separating immigration enforcement from services, the conference agreement continues to provide for a separation of funds, as in the fiscal year 1999 and 2000 Appropriations Acts. The conference agreement separates funds into two accounts, as requested in the budget and proposed in the House bill: Enforcement and Border Affairs, and Citizenship and

Benefits, Immigration Support and Program Direction. INS enforcement funds are provided in the Enforcement and Border Affairs account. All immigration-related benefits and naturalization, support and program resources are provided in the Citizenship and Benefits, Immigration Support and Program Direction account. Neither account includes revenues generated in various fee accounts to fund program activities for both enforcement and services functions, which are in addition to the appropriated funds and are discussed below. Funds for INS construction projects continue to be provided in the INS Construction account.

The conference agreement includes bill language which provides authority for the Attorney General to transfer funds from one account to another in order to ensure that funds are properly aligned. Such transfers may occur notwithstanding any transfer limitations imposed under this Act but such transfers are still subject to the reprogramming requirements under Section 605 of this Act. It is expected that any request for transfer of funds will remain within the activities under those headings.

The conference agreement includes $2,547,057,000 for Enforcement and Border Affairs, and $578,819,000 for Citizenship and Benefits, Immigration Support and Program Direction.

Base adjustments.—The conference agreement provides a total increase of $101,008,000 and 641 FTE for adjustments to base for INS salaries and expenses, offset by a $89,000,000 and 404 FTE transfer to the INS Exams Fees account for the naturalization and backlog reduction initiatives, as proposed in the budget request. The conference agreement does not include transfers to the Exams Fees account, the Breached/Bond Detention account, and the Justice Prisoner Alien Transportation System (JPATS) Fund, as proposed in the Senate-reported amendment.

For the Enforcement and Border Affairs account, the conference agreement provides an increase of $86,255,000 and 889 FTE for pay and inflationary adjustments for Border Patrol, Investigations, Detention and Deportation, and Intelligence. This represents the full amount requested less $11,770,000 for the annualization of border patrol agents not yet hired, and $3,343,000 for the portion of the fiscal year 2000 annualized pay raise which has already been paid in the current fiscal year. Funds have not been included for the proposed increase in the journeyman level for border patrol agents and immigration inspectors.

For the Citizenship and Benefits, Immigration Support and Program Direction account, the conference agreement includes an increase of $14,752,000 for pay and inflationary adjustments for the existing activities of Citizenship and Benefits, Immigration Support, and Management and Administration; offset by a transfer of $89,000,000 in naturalization and backlog reduction activities to the Exams Fees account, as proposed in the budget. The amount provided for base adjustments represents the full amount requested less $690,000 for the portion of the fiscal year 2000 annualized pay raise which has already been paid in the current fiscal year. In addition, $35,000,000 is continued within the base to support naturalization and other benefits processing backlog reduction activities.

None of these amounts include offsetting fees, which are used to fund both enforcement and services functions.

In addition, program increases totaling $222,768,000 are provided, as follows:

Border Control and Management.—$100,612,000 is provided for additional border patrol staffing, technology, land border inspections, and Joint Terrorism Task Forces, as follows:

$52,000,000, 430 positions and 215 FTE, are for new border patrol agents. It is noted that again in fiscal years 1999 and 2000, the INS has failed to hire the 1,000 new border patrol agents provided in each of those years. Should the INS be unable to recruit the required agents again in fiscal year 2001, the INS is to submit a reprogramming in accordance with section 605 of this Act, prior to expenditure of the funds provided for the hiring of border patrol agents for any other purpose.

While some level of border control is being witnessed on parts of the Southwest border, particularly in San Diego, as a result of increased border patrol agents and technology, in other areas of the country border control remains a growing problem, particularly in the Northwest, Southeast, and other areas of the Southwest border. The House report language regarding consultation and submission of a deployment plan for new border patrol agents and direction in the House report regarding quarterly hiring status reports are adopted by reference. Senate report language prohibiting the transfer of any border patrol agents or technology from the Northwest border to the Southwest border is also adopted by reference.

$33,835,000 is for additional border patrol equipment and technology, for the following activities:

$598,000 is for replacement patrol boats to combat alien smuggling on the Great Lakes, the Detroit River, Lake St. Clair, and the St. Lawrence Seaway.

$17,500,000 is for the deployment of additional Integrated Surveillance Intelligence Systems (ISIS) along the Northern and Southern borders. When combined with existing base funds, a total of $35,500,000 is available for ISIS. INS is directed to consult with the Committees on Appropriations and provide a deployment plan for these systems no later than December 15, 2001, which reflects the highest priority locations on both the Northern and Southern borders.

$15,737,000 is for additional border patrol equipment and technology. The conference agreement includes a total of $30,737,000 for additional border patrol equipment and technology, of which $15,737,000 is provided as a program increase and $15,000,000 is to be derived from within existing base resources. Funding provided is to be used for high priority equipment, including fiber optic scopes, hand-held search lights, vehicle infrared cameras, Global Positioning Systems, infrared scopes, night vision goggles, hand-held range-finder night vision binoculars, and pocket scopes. INS is directed to provide a spending plan for these funds to the Committees on Appropriations no later than December 15, 2000.

$6,277,000, 72 positions and 36 FTE are for additional inspectors at land border Ports of Entry (POE). INS is directed to consult with the Committees on Appropriations and provide a deployment plan no later than December 15, 2000 which reflects the highest priority locations for distribution of these resources.

$7,000,000, 58 positions and 29 FTE are for additional investigators and operational costs associated with INS participation in Joint Terrorism Task Forces to address immigration-related issues in terrorism cases.

Additionally, the conference agreement includes a $1,500,000 increase for the Law Enforcement Support Center (LESC), providing a total of $12,500,000 for the LESC in fiscal year 2001.

The conference agreement adopts by reference the House report language regarding the relocation of Tucson Sector helicopter operations and related housing costs, a joint plan on combating illegal immigration through Federal lands and parks, and establishment of a joint task force to study emergency medical services for illegal aliens.

Interior Enforcement/Removal of Deportable Aliens.—$120,856,000 is provided for interior enforcement, including the tracking, detention, and removal of aliens, as follows:

$87,306,000, 120 positions and 60 FTE are for an additional 1,167 detention beds, including 1,000 beds in State and local facilities, and 120 juvenile detention beds, as proposed in the House report.

$15,550,000 is for additional JPATS movements, as proposed in the House report. The conference agreement does not include the proposed transfer of funds from INS to the JPATS Fund for this activity which was recommended in the Senate report.

$11,000,000, 100 positions and 50 FTE are for 23 additional Quick Response Teams, as proposed in the House report. The House report language regarding consultation and submission of a deployment plan and direction regarding quarterly status reports are adopted by reference.

In addition, the conference agreement includes an additional $3,000,000 under the Community Oriented Policing Services program to expand the program to provide video-teleconferencing equipment and technology to allow State and local law enforcement to confirm the status of an alien suspected of criminal activity.

$3,000,000, 28 positions and 14 FTE are for expansion of the on-going Criminal Alien Apprehension Program (CAAP), pursuant to Public Law 105–141. The Senate report language regarding Salt Lake City is adopted by reference, and INS is directed to report its intention regarding this matter to the Committees on Appropriations no later than December 1, 2000. The House report language regarding consultation and submission of a deployment plan is adopted by reference.

$4,000,000, 26 positions and 13 FTE are for INS to enter INS criminal alien records into the National Criminal Information Center (NCIC) in order to address the current backlog and to ensure that INS does not lose its NCIC privileges. The direction included in the House report regarding development of a comprehensive plan to address this problem is adopted by reference.

Concerns have been expressed regarding the adequacy of the current training course for Detention Enforcement Officers (DEO) in light of the increasingly violent detainee population and other factors. INS is directed to complete a comprehensive assessment of its current DEO training course and provide a report to the Committees on Appropriations no later than July 1, 2001, with recommendations for improvements.

The conference agreement reflects concerns regarding INS' failure to vigorously pursue an effective interior enforcement strategy, and adopts by reference the direction included in the House report regarding quarterly reporting on detention and removal orders. The Senate report language regarding tuberculosis monitoring is also adopted by reference.

Professionalism and Infrastructure.—The conference agreement includes an increase of $1,300,000 for the Debt Management Center, as proposed in the Senate report. INS is expected to follow the direction included in the

Senate report regarding annualization of this increase in fiscal year 2002.

IAFIS/IDENT.—The conference agreement adopts the recommendation included in the House report directing that $5,000,000 from within existing INS base funds available for IDENT be transferred to the Justice Management Division to continue the planned IAFIS/IDENT integration project, including systems design and development work and additional operational testing. INS is directed to comply with the direction in the House report regarding further deployment of IDENT.

Within the total amount available to INS, $2,103,000 is to be used to establish the task force required by Public Law 106–215.

Services/Benefits.—The Congress has provided significant additional resources to the INS over the past three years to address the naturalization backlog, improve the integrity of the naturalization process, and improve services. The conference agreement provides a total of $1,004,851,000 for these activities, $70,134,000 (7%) over the amount requested in the budget, and $135,222,000 (16%) over the fiscal year 2000 level. However, serious concerns remain about the INS' failure to manage its resources, and the Committees continue to receive complaints from Members of Congress and their constituents about the problems of backlogs in application processing and casework, and deficiencies in other services. Again this year, the conference agreement includes significant additional resources, over and above the President's budget request, for benefits and services. Therefore, INS is directed to conduct a complete review of staffing and resource needs to improve benefits and services in all current INS offices, as well as the need for additional offices, particularly in rural areas. INS is directed to complete this review and report its findings to the Committees on Appropriations, including a proposal to reallocate resources as warranted, no later than December 15, 2000. As part of this review, the INS is directed to pay particular attention to the following areas: Fort Smith, Arkansas; Adak, Alaska; San Francisco, California; Ventura, California; Washington, D.C.; Des Moines, Iowa; Louisville, Kentucky; the Bronx, New York; New York, New York; Omaha, Nebraska; Northern New Jersey; Las Vegas, NV; Greer, South Carolina; Nashville, Tennessee; Roanoke, Virginia; and Milwaukee, Wisconsin. In addition, the conferees are concerned with the diversion of resources from smaller rural offices and direct INS to notify the Committees prior to the reallocation of resources, including the temporary reassignment of personnel, from the area identified in the Senate report.

The conference agreement adopts by reference the direction included in the House report regarding monthly reports on the status of processing immigration benefits applications, continuation of the San Jose customer service pilot, and a report on unreviewed Citizenship USA cases, which is to be submitted no later than November 1, 2000.

In addition to identical provisions included in both the House bill and the Senate-reported amendment, the conference agreement includes the following additional provisions, as follows: (1) a limitation of $30,000 per individual employee for overtime payments, as proposed in the House bill, instead of $20,000 as proposed in the Senate-reported amendment; (2) a limitation on funding and staffing available to the Offices of Legislative and Public Affairs, as proposed in the House bill; (3) a prohibition on the use of funds to operate the San Clemente and Temecula traffic checkpoints unless certain conditions are met, as proposed in the House bill; and (4) limitations on the number of positions and FTE provided to INS in this Act, modified from language proposed in the House bill.

OFFSETTING FEE COLLECTIONS

The conference agreement assumes $1,549,480,000 will be available from offsetting fee collections, instead of $1,438,812,000 as proposed in the House bill and $1,524,771,000 as proposed in the Senate-reported amendment, to support activities related to the legal admission of persons into the United States. These activities are funded entirely by fees paid by persons who are either traveling internationally or are applying for immigration benefits. The following levels are recommended:

Immigration Inspections User Fees.—The conference agreement includes $494,384,000 of spending from offsetting collections in this account, the same amount proposed in Senate report, and $15,505,000 above the amount included in the House report. This amount represents a $38,999,000 increase over fiscal year 2000 spending, and does not assume the addition of any new or increased fees on airline or cruise ship passengers. The conference agreement includes $18,489,000 for adjustments to base, the full amount requested. In addition, program increases are provided as follows: $12,186,000, 154 positions and 77 FTE to increase primary inspectors at new airport terminals; and $8,324,000 to address additional staffing and other requirements. Funding is not included for the proposed change in the journeyman level for inspectors. INS is directed to consult with Committees on Appropriations and to submit a spending and deployment plan no later than December 1, 2000, which allocates these additional resources to the highest priority locations. Should additional fees become available, the INS may submit a reprogramming in accordance with section 605 of this Act.

Immigration Examinations Fees.—The conference agreement includes a total of $1,004,851,000 to support the adjudication of applications for immigration benefits, instead of $918,717,000 as proposed in the House bill, $841,017,000 as proposed in the Senate-reported amendment, and $934,617,000 as requested in the budget. These funds are derived from offsetting collections in the Examinations Fees account from persons applying for immigration benefits, including collections from a new voluntary premium processing fee as proposed in the House bill and the budget request, and $35,000,000 in continued direct appropriations under the Citizenship and Benefits, Immigration Support, and Program Direction account. The conference agreement reflects the INS' revised revenue estimates for collections from existing fees which is $107,534,000 higher than the amount assumed in the budget request, and $144,534,000 above the amount available in fiscal year 2000. When combined with additional revenues estimated from the new voluntary premium processing fee, the total amount of collections available in the Examinations Fees account for adjudication of immigration benefits is $224,534,000 over the amount available in fiscal year 2000. When combined with direct appropriations, the total amount included in the conference agreement for benefits processing, adjudication, and backlog reduction is an increase of $70,134,000 (7%) above the budget request and $135,222,000 (16%) above the amount provided in fiscal year 2000. Therefore, the conference agreement does not include the reinstatement of section 245(i) as proposed in the Senate-reported amendment. In addition, the conference agreement does not adopt the transfer of $49,741,000 from Examinations Fees funding to the Executive Office of Immigration Review (EOIR); and the transfer of $50,000,000 in non-adjudication related activities from the Salaries and Expenses account to the Examinations Fees account which were proposed in the Senate-reported amendment.

Within the Examinations Fees account, the conference agreement provides the following: $25,676,000 for adjustments to base; and program enhancements totaling $94,841,000, as proposed in the House report, for the following activities: (1) $16,000,000 for implementing premium business service processing; (2) $7,500,000 for anti-fraud investigations related to business-related visa applications and marriage fraud; (3) $13,000,000 for the telephone customer service center, for a total of $43,000,000, the full amount requested; (4) $4,200,000 for the indexing and conversion of INS microfilm images, for a total of $7,200,000; and (5) $53,641,000 for replacement of the case tracking system and hardware in field offices and continued development and installation of digital photography and signature capabilities in the Application Support Centers. Included within these amounts is $6,000,000 for installation of the CLAIMS 4 system in the Los Angeles, California district office which will complete nationwide deployment of the system. INS is directed to submit a spending plan in accordance with the reprogramming procedures set forth in section 605 of this Act which allocates the remaining $51,134,000 in additional resources made available in the Exams Fees account, and the $35,000,000 in continued direct appropriations provided for backlog reduction initiatives.

The INS is directed to make available to EOIR from the INS Examinations Fees account not less than $1,000,000 to be applied toward expenditures related to EOIR's acquisition of contract court interpreter services for immigration court proceedings.

Land Border Inspections Fees.—The conference agreement includes $1,670,000 in spending from the Land Border Inspection Fund, as proposed in the Senate report, instead of $1,641,000 as proposed in the House report. The current revenues generated in this account are from Dedicated Commuter Lanes in Blaine and Port Roberts, Washington, Detroit Tunnel and Ambassador Bridge, Michigan, and Otay Mesa, California, and from Automated Permit Ports that provide pre-screened local border residents' border crossing privileges by means of automated inspections.

Immigration Breached Bond/Detention Fund.—The conference agreement includes $80,600,000 in spending from the Breached Bond/Detention Fund, as proposed in the House report, instead of $130,634,000 as proposed in the Senate report, and reflects the current estimate of revenues available in the Fund in fiscal year 2001 based upon current law. The conference agreement does not assume the reinstatement of Section 245(i), which was proposed in the Senate-reported amendment and the budget request. Instead, the conference agreement provides a $37,480,000 increase in the INS Salaries and Expenses account to fully fund the detention requirements requested in the Fund, but for which revenues are insufficient in fiscal year 2001. The agreement does not include the base transfer to the Breached Bond/Detention Fund account, as proposed in the Senate report.

Immigration Enforcement Fines.—The conference agreement includes $1,850,000 in spending from Immigration Enforcement fines, the amount requested and proposed in the House report, instead of $5,593,000 as proposed in the Senate report.

H–1B Fees.—The conference agreement includes $1,125,000 in spending from the H–1B Fee account, the amount requested and the amount proposed in the House report, instead of $1,473,000 as proposed in the Senate report.

CONSTRUCTION

The conference agreement includes $133,302,000 for construction for INS, as proposed in the Senate-reported amendment, instead of $110,664,000 as proposed in the House bill. This amount fully funds the Administration's request, funds $5,000,000 in habitability, life safety, and other improvements at the Charleston Border Patrol Academy, and provides increases over the requested amount of $7,353,000 for one-time build out and $9,814,000 for maintenance, repair, and alteration to accelerate these programs.

The conference agreement includes language, as proposed in the House bill and carried in prior Appropriations Acts, prohibiting funds from being used for site acquisition, design, or construction of a checkpoint in the Tucson Sector. The Senate-reported amendment did not include a similar provision.

FEDERAL PRISON SYSTEM

SALARIES AND EXPENSES

The conference agreement includes $3,476,889,000 for the salaries and expenses of the Federal Prison System, instead of $3,430,596,000 as proposed in the House bill and $3,573,729,000 as proposed in the Senate-reported amendment. The agreement assumes that, in addition to the amounts appropriated, $31,000,000 will be available for necessary operations from unobligated carryover balances from the prior year.

The conference agreement includes funding to begin and or complete the activation of the following facilities:

Victorville, CA	$5,882,000
Houston, TX	637,000
Brooklyn, NY	8,131,000
Philadelphia, PA	5,718,000
Butner, NC	11,808,000
Loretto, PA expansion	613,000
Pollock, LA	33,511,000
Atwater, CA	22,316,000
Coleman, FL	10,235,000
Honolulu, HI	14,119,000
Ft. Dix, NJ expansion	4,893,000
Yazoo City, MS expansion	674,000
Lompoc, CA expansion	907,000
El Paso, TX expansion	2,357,000
Seagoville, TX expansion	1,208,000
Jesup, GA expansion	200,000

The conference agreement provides an additional $500,000 for the National Institute of Corrections (NIC) to study whether the location of illegal alien holding facilities along the Southern border of the United States contributes to the illegal immigration problems in this country. The conference agreement includes $4,000,000 for the NIC to address issues related to children of prisoners, as described in the Senate report. Of the amounts provided, up to $1,000,000 shall be for the NIC to address the issue of staff sexual misconduct involving female inmates as described in the Senate report.

The conference agreement provides $100,000 for implementation of a pilot internship program at the Federal Correctional Institution in Yazoo City, MS as described in the Senate report. The conference agreement adopts the Senate report language directing BOP to continue to assess the feasibility of construction of a high security facility in Yazoo City, MS as described in the Senate report.

The conference agreement includes a $3,000,000 enhancement for education programming instead of the $7,433,000 requested. If additional resources become available either through prior year unobligated balances or as a result of savings in fiscal year 2001, BOP is expected to fund these additional costs.

BUILDINGS AND FACILITIES

The conference agreement includes $835,660,000 for construction, modernization, maintenance and repair of prison and detention facilities housing Federal prisoners, the same level as provided in the House bill, instead of $724,389,000 as provided in the Senate-reported amendment. The conference agreement provides $681,271,000 for construction of new facilities as outlined below:

[In thousands of dollars]

Facility	*Amount*
Facilities with prior funding:	
FCI Forrest City, AR	$95,814
FCI Yazoo City, MS	86,884
USP Lompoc, CA	118,111
FCI Butner, NC	83,111
FCI Victorville, CA	116,838
FCI Herlong/Sierra, CA	116,861
Facilities with no prior funding:	
USP Western	11,930
USP Southeastern	11,931
FCI Southeastern	5,430
FCI Mid-Atlantic	5,430
FCI Midwestern	5,431
FCI Western	6,000
FCI South Central	5,000
FCI Northeast	5,000
FCI Mid-Atlantic	5,000
Mid-Atlantic Female	2,000
Alaska Prison Study	500
Total	681,271

After reviewing numerous sites in South Carolina, the Bureau of Prisons (BOP) narrowed its focus on four potential locations that would be suitable for the construction of correctional facilities. Following a comprehensive Environmental Impact Study completed in April, 2000, the BOP identified two preferred sites in Williamsburg and Marlboro Counties. A Record of Decision (ROD) for the Salters site, Williamsburg County was signed by the Director, BOP on July 19, 2000. On the same date, the ROD was signed for the Bennetsville site, Marlboro County. The BOP is in the process of procuring a design/build contract for the Salters site and is proceeding with the second preferred site, consistent with the ROD and the fiscal year 2001 request.

The Senate provided $7,954,000 to plan and design a prison in Alaska while the House included no such funding. The managers note that there is no Federal prison in Alaska and State prisons are severely overcrowded and are operating under a court order requiring some prisoners to be transported to lower 48 State prisons. Likewise, Federal prisoners in Alaska must be transported by commercial air to Federal facilities thousands of miles away at a huge cost to taxpayers.

The Director of the Bureau of Prisons is directed to prepare a feasibility study on the need for a new prison in Alaska including the number of Federal prisoners who would be housed, the types of detention, rehabilitation, vocational and educational facilities that would be required, and the potential to lease surplus beds to the State of Alaska to reduce its prison overcrowding. The report should also analyze the costs of construction, the cost savings that would be realized from reduced prisoner transportation costs, and potential financing options, including State contributions and private financing and operation. The managers have provided $500,000 for the study which should be conducted in consultation with the U.S. Marshal for Alaska, the Chief Judge of the United States District Court, the Alaska Commissioner of Corrections and private parties or non-profit corporations with an interest in prison issues. The report should be submitted to the House and Senate Committees on Appropriations by March 15, 2001.

FEDERAL PRISON INDUSTRIES, INCORPORATED

(LIMITATION ON ADMINISTRATIVE EXPENSES)

The conference agreement includes a limitation on administrative expenses of $3,429,000, as requested and as proposed in both the House bill and the Senate-reported amendment.

OFFICE OF JUSTICE PROGRAMS

JUSTICE ASSISTANCE

The conference agreement includes $418,219,000 for Justice Assistance, instead of $307,611,000 as proposed in the House bill and $426,403,000 as proposed in the Senate-reported amendment. The conference agreement includes the following:

National Institute of Justice	$70,000,000
Defense/Law Enforcement Technology Transfer	*(12,277,000)*
Bureau of Justice Statistics	28,755,000
Missing Children	23,048,000
Regional Information Sharing System	25,000,000
National White Collar Crime Center	9,250,000
Management and Administration	41,186,000
Subtotal	197,239,000
Counterterrorism Programs:	
Equipment	109,400,000
Nunn-Lugar-Domenici Program	20,980,000
Training	45,500,000
Exercises	7,000,000
Technical Assistance	2,000,000
Counterterrorism Research and Development	36,100,000
Subtotal	220,980,000
Total, Bureau of Justice Assistance	418,219,000

National Institute of Justice (NIJ).—The conference agreement provides $70,000,000 for the National Institute of Justice, instead of $41,448,000 as proposed in the House bill and $46,000,000 as proposed in the Senate-reported amendment. Additionally, $5,200,000 for NIJ research and evaluation on the causes and impact of domestic violence is provided under the Violence Against Women Grants program; $17,500,000 is provided from within technology funding in the Community Oriented Policing Services account to be available to NIJ to develop new, more effective safety technologies for safe schools; and $20,000,000 is provided to NIJ, as was provided in previous fiscal years, within the Local Law Enforcement Block Grant for assisting local units to identify, select, develop, modernize and purchase new technologies for use by law enforcement.

The conference agreement adopts by reference the following recommendations in the House report which are within the overall amounts provided to NIJ. The Office of Justice Programs is expected to review proposals, provide grants if warranted, and report to the Committees on its intentions regarding: a grant at the current year level for information technology applications for High Intensity Drug Trafficking Areas; a grant for the Snohomish County Medical Examiner's Office to assist in the development of a new death investigation module for the FBI's ViCAP system; and a $1,800,000 grant for facial recognition.

The conference agreement adopts the following recommendations in the Senate report that provides that within the overall amount provided to NIJ, the Office of Justice Programs is expected to review proposals, provide grants if warranted, and report to the Committees on Appropriations on its intentions regarding: a $400,000 grant for continued research into non-toxic drug detection and identification aerosol technology; a $300,000 grant for Washington State Breaking the Cycle; and a $100,000 grant for perfluorocarbon tracer.

Within the amount provided, the conference agreement directs that increased amounts over fiscal year 2000 be made available for computerized identification systems and the DNA Research Technology and Development Program, as proposed in the Senate report.

The conference agreement provides $15,000,000 for an education and development initiative to promote criminal justice excellence at Eastern Kentucky University in conjunction with the University of Kentucky.

The conference agreement includes $600,000 for NIJ to develop, test, and validate a prototype national Vulnerability Assessment (VA) methodology for assessing the security of chemical facilities against terrorist and criminal attacks, consistent with the requirements of Public Law 106–40. This report is expected to include recommendations for the Attorney General on the appropriate security classification and public release of information likely to be generated by a national VA of chemical facilities, including an analysis of expected risks and benefits. One year after enactment of this Act, the Attorney General shall provide to the Committees on Appropriations a comprehensive report on the findings derived from the development of the VA methodology. The information contained in this report will be used only to describe and validate conditions at chemical facilities in general and will contain no identifications of specific chemical facilities.

Defense/Law Enforcement Technology Transfer.—Within the total amount provided to NIJ, the conference agreement includes $12,277,000 to assist NIJ, in conjunction with the Department of Defense, in converting non-lethal defense technology to law enforcement use. Within the amount provided is funding for the continuation of the law enforcement technology center network, which provides States with information on new equipment and technologies, as well as assisting law enforcement agencies in locating high cost/low use equipment for use on a temporary or emergency basis. The current year level is provided for the technology commercialization initiative at the National Technology Transfer Center and other law enforcement technology centers. The current year level is provided for the Center for Rural Law Enforcement Technology and Training to evaluate and assist in providing technology needs of rural State and local law enforcement officers, as part of the National Law Enforcement and Corrections Technology Center (NLECTC) system. $1,500,000 is also provided to develop plans to establish a National Law Enforcement and Corrections Technology Center in Alaska as described in the Senate report.

The conference agreement includes an $8,000,000 increase for smart gun technology research and development.

Bureau of Justice Statistics (BJS).—The conference agreement provides $28,755,000 for the Bureau of Justice Statistics, instead of $25,505,000 as proposed in the House bill and $27,305,000 as proposed by the Senate-reported amendment. The recommendation includes $500,000 for inflationary cost increases, $725,000 to collect Computer Crime and Cyber-Fraud Statistics as described in the Senate report and $2,000,000 for tribal criminal justice statistics.

Missing Children.—The conference agreement provides $23,048,000 for the Missing Children Program instead of $25,473,000 as proposed in the Senate-reported amendment and $19,952,000 as proposed in the House bill. Within the amounts provided the conference agreement assumes the following:

(1) $9,298,000 for the Missing Children Program within the Office of Justice Programs, Justice Assistance, including the following: $6,500,000 for State and local law enforcement to continue specialized cyberunits and to form new units to investigate and prevent child sexual exploitation which are based on the protocols for conducting investigations involving the Internet and online service providers that have been established by the Department of Justice and the National Center for Missing and Exploited Children.

(2) $11,450,000 for the National Center for Missing and Exploited Children, of which $100,000 is provided for a case manager as described in the Senate report; $2,250,000 is for CyberTipline, Cyperspace training and continuation of a study regarding the victimization of children on the Internet as described in the Senate report. Additional funding is also provided for a legal and technical assistance section. OJP is directed to work with the National Center for Missing and Exploited Children to identify law enforcement agencies which currently utilize computers in their patrol vehicles and create a program to use computers to disseminate information on missing children as described in the Senate report.

(3) $2,300,000 for the Jimmy Ryce Law Enforcement Training Center for training of State and local law enforcement officials investigating missing and exploited children cases.

Regional Information Sharing System (RISS).—The conference agreement includes $25,000,000 for RISS, instead of $20,000,000 and a $5,000,000 transfer from the COPS program as proposed in the House bill and $30,000,000 as proposed in the Senate- reported amendment.

White Collar Crime Information Center.—The conference agreement includes $9,250,000 for the National White Collar Crime Center (NWCCC), as proposed in the House bill, instead of no funding as proposed in the Senate-reported amendment.

Counterterrorism Assistance.—The conference agreement includes a total of $220,980,000 to continue the initiative to prepare, equip, and train State and local entities to respond to incidents of chemical, biological, radiological, and other types of domestic terrorism, instead of $152,000,000 as proposed in the House bill and $257,000,000 as proposed in the Senate-reported amendment. Funding is provided as follows:

Equipment.—$109,400,000 is provided for grants to equip State and local first responders, including, but not limited to, firefighters and emergency services personnel, as follows:

$97,000,000 for Domestic Preparedness Equipment Grants to be used to procure specialized equipment required by State and local first responders to respond to terrorist incidents involving chemical, biological, radiological, and explosive weapons of mass destruction (WMD). The conference agreement continues the direction included in the fiscal year 2000 Appropriations Act, allowing funds to be allocated only in accordance with an approved State plan, and adopts the direction included in the Senate report requiring 80 percent of each State's funding to be provided to local communities with the greatest need. Within the total amount provided for these grants, up to $2,000,000 shall be made available for continued support of the Domestic Preparedness Equipment Technical Assistance program at the Pine Bluff Arsenal;

$5,000,000 is for equipment grants for State and local bomb technicians, instead of $10,000,000 as proposed in the House report; and

$7,400,000 is for pre-positioned equipment, as proposed in the Senate report.

Nunn-Lugar-Domenici Program (NLD).—$20,980,000 is for the NLD Domestic Preparedness Program authorized under the National Defense Authorization Act, 1997, and previously funded by the Department of Defense, to provide training and other assistance to the 120 largest U.S. cities. On April 6, 2000, the President proposed the transfer of responsibility for completion of the NLD program to the Department of Justice. The conference agreement provides the full amount necessary to complete the NLD program, of which $8,100,000 is for training and $6,880,000 is for exercises for the remainder of the 120 cities; $3,000,000 is for Improved Response Plans; and $3,000,000 is for management and administrative costs associated with this program. Within the amounts provided for Domestic Preparedness Equipment grants, the Office of Justice Programs may provide equipment to NLD cities if such equipment is necessary to fulfill the requirements of the program. The conference agreement includes a series of new programs to address training and exercise requirements on a national basis, and expects the Office of Justice Programs to provide any future training and exercises assistance through these programs. The Senate report language regarding administration of this program is adopted by reference.

Training.—$45,500,000 is for training programs for State and local first responders, to be distributed as follows:

$33,500,000 is for the National Domestic Preparedness Consortium, of which $15,500,000 is for the Center for Domestic Preparedness at Ft. McClellan, Alabama, including $500,000 for management and administration of the Center; $5,250,000 is for the Texas Engineering Extension Service at Texas A&M; and $12,750,000 is to be equally divided among the three other Consortium members;

$8,000,000 is for additional training programs to address emerging training needs not provided for by the Consortium or elsewhere. In distributing these funds, OJP is expected to consider the needs of firefighters and emergency services personnel, and State and local law enforcement;

$3,000,000 is for continuation of distance learning training programs at the National

Terrorism Preparedness Institute at the Southeastern Public Safety Institute to provide training through advanced distributive learning technology and other mechanisms; and

$1,000,000 is for continuation of the State and Local Antiterrorism Training Program.

Exercises.—$7,000,000 is for exercise programs, of which $4,000,000 is for grants to assist State and local jurisdictions in planning and conducting exercises to enhance their response capabilities, and $3,000,000 is for planning, execution, and analysis of TOPOFF II. The direction included in the Senate report regarding distribution of exercises grants in accordance with approved State plans is adopted by reference.

Technical Assistance.—$2,000,000 is for technical assistance to States and localities, as proposed in the Senate report.

Counterterrorism Research and Development.—$36,100,000 is for counterterrorism research and development, of which $18,000,000 is for the Dartmouth Institute for Security Technology Studies (ISTS), $18,000,000 is for the Oklahoma City National Memorial Institute for the Prevention of Terrorism (MIPT), and $100,000 is for a pilot project to develop an RDT&E system similar to the Department of Defense System, as proposed in the Senate report. Within the amount provided for MIPT, up to $4,000,000 is to be used to support the development of performance standards in a biological and chemical environment for respirators and personal protective garments. The MIPT and the ISTS are directed to work with the Technical Support Working Group and the National Domestic Preparedness Office to develop and implement a process whereby WMD equipment is standardized.

The conference agreement includes language modified from language included in the House bill and the Senate-reported amendment providing funding for counterterrorism programs.

Management and Administration.—The conference agreement includes $41,186,000 for Management and Administration, instead of $39,456,000 as proposed by the House, and $40,125,000 as proposed by the Senate. The conference agreement adopts the House report language concerning the reorganization of the Office of Justice Programs and the submission of a report on the implementation of the reorganization by December 31, 2000.

STATE AND LOCAL LAW ENFORCEMENT ASSISTANCE

The conference agreement includes $2,848,929,000 for State and Local Law Enforcement Assistance, instead of $2,823,950,000 as proposed in the House bill, and $1,475,254,000 as proposed in the Senate-reported amendment. The conference agreement provides for the following programs:

Local Law Enforcement Block Grant	$523,000,000
Boys and Girls Clubs	(60,000,000)
Law Enforcement Technology	(20,000,000)
State Prison Grants	686,500,000
Cooperative Agreement Program	(35,000,000)
Indian Country Earmark	(34,000,000)
Alien Incarceration	(165,000,000)
State Environmental Impact Statements	(2,000,000)
State Criminal Alien Assistance Program	400,000,000
Indian Tribal Courts Program	8,000,000
Byrne Discretionary Grants	69,050,000
Byrne Formula Grants	500,000,000
Drug Courts	50,000,000
Juvenile Crime Block Grant	250,000,000
Violence Against Women Act Programs	288,679,000
State Prison Drug Treatment	63,000,000
Indian Country Alcohol and Crime Prevention	5,000,000
Missing Alzheimer's Patient Program	900,000
Law Enforcement Family Support Programs	1,500,000
Motor Vehicle Theft Prevention	1,300,000
Senior Citizens Against Marketing Scams	2,000,000
Total	2,848,929,000

Local Law Enforcement Block Grant.—The conference agreement includes $523,000,000 for the Local Law Enforcement Block Grant program, as proposed in the House bill, instead of $400,000,000, as proposed in the Senate-reported amendment, in order to continue the commitment to provide local governments with the resources and flexibility to address specific crime problems in their communities with their own solutions. Within the amount provided, the conference agreement includes language providing $60,000,000 to the Boys and Girls Clubs of America. In addition, the conference agreement extends the set-aside for law enforcement technology, as proposed in both the House bill and the Senate-reported amendment.

State Prison Grants.—The conference agreement includes $686,500,000 for State Prison Grants as proposed in the House bill, instead of $76,000,000 as proposed in the Senate-reported amendment. Of the amount provided, $450,500,000 is available to States to build and expand prisons, $165,000,000 is available to States for the reimbursement of the costs of incarceration of criminal aliens, $35,000,000 is available for the Cooperative Agreement Program, $34,000,000 is available for Indian tribes, and $2,000,000 is available for review of State environmental impact statements to determine compliance with Federal requirements and ensure that State projects are not delayed.

State Criminal Alien Assistance Program.—The conference agreement provides a total of $565,000,000 for the State Criminal Alien Assistance Program for payment to the States for the costs of incarceration of criminal aliens, instead of $50,000,000, as proposed in the Senate-reported amendment and $585,000,000 as proposed in the House bill. Of the total amount, the conference agreement includes $400,000,000 under this account for the State Criminal Alien Assistance Program and $165,000,000 for this purpose under the State Prison Grants program, as proposed by the House bill.

Indian Tribal Courts.—The conference agreement includes $8,000,000, instead of $5,000,000 as proposed in the Senate-reported amendment, and no funding in the House bill, to assist tribal governments in the development, enhancement, and continuing operation of tribal judicial systems by providing resources for the necessary tools to sustain safer and more peaceful communities.

Edward Byrne Grants to States.—The conference agreement provides $569,050,000 for the Edward Byrne Memorial State and Local Law Enforcement Assistance Program, of which $69,050,000 is discretionary grants and $500,000,000 is provided for formula grants under this program.

Byrne Discretionary Grants.—The conference agreement provides $69,050,000 for discretionary grants under the Edward Byrne Memorial State and Local Assistance Program to be administered by Bureau of Justice Assistance (BJA), instead of $52,000,000 as proposed in the House bill and the Senate-reported amendment. Within the amount provided for discretionary grants, OJP is expected to review the following proposals, provide grants if warranted, and report to the Committees on Appropriations of the House and the Senate on its intentions:

$2,000,000 for the Drug Abuse Resistance Education (DARE AMERICA) program;

$1,600,000 for continued support for the expansion of Search Group, Inc. and the national Technical Assistance and Training Program to assist States, such as West Virginia, to accelerate the automation of fingerprint identification processes;

$4,400,000 for the National Crime Prevention Council to continue and expand the National Citizens Crime Prevention Campaign, McGruff;

$800,000 for the Haymarket Center;

$5,000,000 for Project HomeSafe for safety packets which include a gun locking device and information on how to handle and store guns safely as described in the Senate report;

$150,000 for the Ottawa County, MI, Sheriff's Department to support crime fighting technologies;

$1,000,000 for the Tools for Tolerance Program;

$500,000 for the Littleton Area Learning Center;

$4,500,000 for the Executive Office of U.S. Attorneys to support the National District Attorneys Association's participation in legal education training at the National Advocacy Center;

$2,000,000 for the Youth Safe Haven program;

$1,900,000 for the Families and Schools Together (FAST) program;

$1,500,000 for Project Return in New Orleans, LA;

$2,000,000 for the Alaska Native Justice Center;

$400,000 for the Ridge House in Reno, NV;

$3,000,000 for a grant to the National Center for Justice and the Rule of Law at the University of Mississippi School of Law to sponsor research and produce judicial education seminars and training for judges, court personnel, prosecutors, police agencies, and attorneys;

$350,000 for a grant to Turtle Mountain Community College's Department of Justice for ''Project Peacemaker'';

$300,000 for the Chattanooga Endeavors program;

$750,000 for a grant to the University of Kentucky College of Law for teleconferencing equipment for prosecutor training;

$1,000,000 for the Fels Center at the University of Pennsylvania for a demonstration fellowship project;

$1,400,000 for rural alcohol interdiction, investigations, and prosecutions in the State of Alaska;

$150,000 for the MUSC Innovative Alternatives for Women program;

$750,000 for the Nevada National Judicial College;

$3,000,000 for a grant for the National Fatherhood Initiative;

$190,000 to the Hampshire County, MA, TRIAD project;

$450,000 for the Gospel Rescue Mission;

$2,250,000 the Washington Metropolitan Area Drug Enforcement Task Force and for expansion of the regional gang tracking system;

$2,000,000 for the Rural Crime Prevention and Prosecution program;

$1,000,000 for the Night Light program in San Bernardino, CA to assign probation officers to patrol with law enforcement during peak crime hours;

$800,000 for the Illegal Firearms Reduction Program in Illinois;

$850,000 for the DuPage County Children's Sexual Abuse Center;

$1,000,000 for Operation NITRO (Narcotics Interdiction To Reduce Open-Air Drug Markets) in Newark, NJ;

$1,800,000 for the Center for Rural Law Enforcement Technology and Training;

$2,505,000 for Kentucky Child Advocacy Centers;

$1,000,000 for a community court pilot project in Los Angeles, CA;

$1,000,000 for a Neighborhood Policing Initiative for the Homeless in Clearwater, FL;

$1,000,000 for the National Children's Advocacy Center in Huntsville, Alabama for a Child Abuse Investigation and Prosecution Enhancement Initiative;

$1,100,000 for the National Training and Information Center;

$1,000,000 for the Doe Fund's Ready, Willing and Able program;

$30,000 for the Crimestoppers program in Lexington, KY, to expand its efforts to involve citizens in crime prevention;

$1,000,000 for the Ben Clark Public Safety Training program for law enforcement officers;

$3,000,000 for the Regional Mobile Gang Task Force Enforcement Team in Orange County, CA;

$500,000 for the Local Initiative Support Corporation;

$300,000 for the National Association of Town Watch's National Night Out crime prevention program;

$2,000,000 for a Spokane County crime task force for costs associated with State and local investigations;

$750,000 for Operation Child Haven;

$150,000 for the Samantha Reid Foundation;

$500,000 for the Sunflower House in Shawnee, KS; and

$400,000 for the Domestic Violence Services for Women in Substance Abuse Treatment and Substance Abuse Treatment for Women in Domestic Violence Shelters project at the University of Northern Iowa.

The conference agreement adopts the Senate report language supporting the national motor vehicle title information system. Within available resources for Byrne discretionary grants, OJP is urged to review proposals, and provide grants if warranted, to the Alaska Federation of Natives and the Alaska court system for an alcohol law offenders program using Naltrexone and other drug therapies.

Byrne Formula Grants.—The conference agreement provides $500,000,000 for the Byrne Formula Grant program as proposed in the House bill, instead of $400,000,000 as proposed in the Senate-reported amendment.

Drug Courts.—The conference agreement includes $50,000,000 for drug courts, instead of $40,000,000 as proposed in the Senate-reported amendment and the House bill. Localities may also obtain funding for drug courts under the Local Law Enforcement Block Grant program and the Juvenile Accountability Incentive Block Grant program.

The conference agreement recognizes that there are currently over 480 drug courts in the United States. These drug courts play an important role in controlling the behavior and drug addiction of drug-using offenders across the Nation. Among these courts, there are only three comprehensive drug court systems in the country, one of which is in Denver, Colorado. Denver's adult drug court was established in 1994 and recently a juvenile drug court was established. The conference agreement recognizes the Denver concept has demonstrated its efficacy and, with sufficient resources, could serve as a model for other drug courts.

Juvenile Accountability Incentive Block Grant.—The conference agreement provides $250,000,000 for the Juvenile Accountability Incentive Block Grant program to address the problem of juvenile crime as proposed in the House bill instead of $100,000,000 as proposed in the Senate-reported amendment.

Violence Against Women Act Grants.—The conference agreement includes $288,679,000 for grants to support the Violence Against Women Act, instead of $283,750,000 as proposed in the House bill, and $284,854,000 as proposed in the Senate- reported amendment. The conference agreement provides funding under this account as follows:

General Grants	$210,179,000
Civil Legal Assistance	(31,625,000)
National Institute of Justice	(5,200,000)
OJJDP-Safe Start Program	(10,000,000)
Violence on College Campuses	(11,000,000)
Victims of Child Abuse Programs:	
Court-Appointed Special Advocates	11,500,000
Training for Judicial Personnel	2,000,000
Grants for Televised Testimony	1,000,000
Grants to Encourage Arrest Policies	34,000,000
Rural Domestic Violence	25,000,000
Training Programs	5,000,000
Total	288,679,000

State Prison Drug Treatment.—The conference agreement includes $63,000,000 for substance abuse treatment programs within State and local correctional facilities, as proposed in the House bill and the Senate-reported amendment. The conference agreement prohibits funding in this program from being used for aftercare programs.

Indian Country Alcohol and Crime Prevention.—The conference agreement includes $5,000,000 for demonstration grants on alcohol abuse and crime in Indian country. No funding was proposed for this program in either the House bill or the Senate-reported amendment. These funds are only available for law enforcement activities.

Safe Return Program.—The conference agreement includes $900,000 as proposed in the both the House bill and the Senate-reported amendment.

Law Enforcement Family Support.—The conference agreement includes $1,500,000 for law enforcement family support programs, as proposed in both the Senate-reported amendment and the House bill.

Senior Citizens Against Marketing Scams.—The conference agreement includes $2,000,000 for programs to assist law enforcement in preventing and stopping marketing scams against senior citizens, as proposed by both the House bill and the Senate-reported amendment. The conference agreement adopts by reference the Senate report language on the National Advocacy Center and coordinating with the Federal Trade Commission.

Motor Vehicle Theft Prevention.—The conference agreement includes $1,300,000 for grants to combat motor vehicle theft as proposed in the House bill.

The conference agreement adopts the House report language by reference concerning false residential and commercial alarms. The conference agreement also includes language proposed in the House bill providing for Guam to be considered a State under the Local Law Enforcement Block Grant program and the Juvenile Accountability Incentive Block Grant program.

WEED AND SEED PROGRAM

The conference agreement includes a direct appropriation of $34,000,000 for the Weed and Seed program, instead of $33,500,000 proposed by the House bill and $40,000,000 as proposed by the Senate-reported amendment. The conference agreement includes the expectation that an additional $6,500,000 will be made available from the Assets Forfeiture Super Surplus Fund.

COMMUNITY ORIENTED POLICING SERVICES

The conference agreement includes $1,032,325,000 for the Community Oriented Policing Services (COPS) program, instead of $812,025,000 in the Senate-reported amendment and $595,000,000 in the House bill. This conference agreement assumes that $5,000,000 will be available to the program in unobligated balances, providing for a total program level of $1,037,325,000.

Police Hiring Initiatives.—The conference agreement includes $470,000,000 for police hiring initiatives. Of this amount $180,000,000 is provided specifically for school resource officers and $35,000,000 is provided specifically for hiring police officers for Indian Country, with an additional $5,000,000 from unobligated carryover balances from fiscal year 2000 for Indian Country grants. Since fiscal year 1998, the COPS program has recovered over $100,000,000 per year in prior year funds. The conference agreement includes a provision requiring the COPS program office to submit a reprogramming request to the Committees on Appropriations before spending any funds made available through prior year deobligations, with an exception for program management and administration funding.

Safe Schools Initiative (SSI).—To address the issue of violence in our schools, the conference agreement includes $227,500,000 for the Safe Schools Initiative (SSI), including funds for technology development, prevention, community planning and school safety officers. Within this total, $180,000,000 is from the COPS hiring program to provide school resource officers who will work in partnership with schools and other community-based entities to develop programs to improve the safety of elementary and secondary school children and educators in and around schools; $15,000,000 is from the Juvenile Justice At-Risk Children's Program and $15,000,000 is from the COPS program ($30,000,000 total) for programs aimed at preventing violence in schools through partnerships with schools and community-based organizations; and $17,500,000 is provided from the Crime Identification Technology Program to NIJ to develop technologies to improve school safety.

Indian Country.—The conference agreement includes a total of $40,000,000 to improve law enforcement capabilities on Indian lands, both for hiring uniformed officers and for the purchase of equipment and training for new and existing officers, as proposed by the Senate. Of the $40,000,000 for this program, $35,000,000 is from direct appropriations and $5,000,000 is from unobligated balances.

Management and Administration.—The conference agreement includes language that

provides that not to exceed $31,825,000 shall be expended for management and administration of the program.

Non-Hiring Initiatives.—The COPS program reached its original goal of funding 100,000 officers in May of 1999. Accordingly, the conference agreement funds initiatives to ensure there is adequate infrastructure for the new police officers, similar to the focus that has been provided Federal law enforcement. This will enable police officers to work more efficiently, equipped with the protection, tools, and technology they need; to address crime in and around schools; to provide law enforcement technology for local law enforcement; to combat the emergence of methamphetamine in new areas and police ''hot spots'' of drug market activity; and to make more bullet proof vests available for local law enforcement officers and correctional officers. In addition, the conference agreement provides funding for Community and Gun Violence Prosecutors, law enforcement costs associated with Offender Reentry programs and Police Integrity training. The conference agreement includes funding for the following non-hiring grant programs:

1. COPS Technology Program.—The conference agreement includes $140,000,000 to be used for continued development of technologies and automated systems to assist State and local law enforcement agencies in investigating, responding to and preventing crime. In particular, it supports the sharing of criminal information and intelligence between State and local law enforcement to address multi-jurisdictional crimes.

Within the amounts made available under this program, the conference agreement includes the expectation that the COPS office will award grants for the following technology proposals:

$3,000,000 for a grant for the Law Enforcement On-Line Program (LEO). The conference agreement directs the Department of Justice to submit a report to the Committees on Appropriations by February 1, 2001, on the future of the LEO system. The report shall present the Department's vision for LEO, interoperability of LEO with other FBI and Departmental systems, and the relationship of LEO to the Global Justice Information Network. The report should also include funding requirements and a project time line for achieving the Department's vision and address whether management of LEO should remain with the FBI, or be transferred to JMD;

$500,000 for a grant to Delaware County, IN, for mobile data terminals for law enforcement vehicles;

$250,000 for a grant to Clackamas County, OR, for police communications equipment;

$1,000,000 for a grant to Jackson, MS, for law enforcement technologies and equipment;

$5,000,000 for a grant to the National Center for Missing and Exploited Children to continue the program created in fiscal year 2000 that provides targeted technology to police departments for the specific purpose of child victimization prevention and response. The technology available to help law enforcement find missing children is not at the level it needs to be. Most police departments across the United States do not have personal computers, modems, and scanners. The departments that do rarely have them in areas focusing on crimes against children;

Up to $3,000,000 for the acquisition or lease and installation of dashboard mounted cameras for State and local law enforcement on patrol. One camera may be used in each vehicle which is used primarily for patrols. These cameras are only to be used by State and local law enforcement on patrol;

$800,000 for a grant to the National Center for Victims of Crime—INFOLINK;

$3,000,000 for a grant to allow the Utah Olympic Public Safety Command to implement the public safety master plan for the 2002 Winter Olympic Games;

$300,000 for a grant to the Kansas City Community Security Initiative to continue developing community policing models in Kansas City neighborhoods;

$150,000 for a grant to establish a Computer Crime Unit within the Montana Board of Crime Control;

$1,500,000 for a grant to the New Hampshire Department of Safety to support Operation Streetsweeper;

$400,000 for a grant to the Western Missouri Public Safety Training Institute for classroom and training equipment to facilitate the training of public safety officers;

$3,500,000 for a grant to continue the Consolidated Advanced Technologies for Law Enforcement Program at the University of New Hampshire and the New Hampshire Department of Safety, in cooperation with the National Resource Center and the National Institute of Justice;

$400,000 for a grant to Mountain Village, CO, for public safety information management systems related to law enforcement;

$500,000 for a grant to Washington State for an electronic jail booking and reporting system;

$850,000 for a grant to the South Carolina Law Enforcement Division for a high technology crime investigative unit;

$500,000 for a grant to the National Center for Rural Law Enforcement in Little Rock, AR, to continue providing management education, research, forensics, computer, and technical assistance and training to rural law enforcement agencies, tribal police, and railroad police throughout the Nation;

$130,000 for a grant to Jackson County, MS, for public safety and automated system technologies related to law enforcement;

$750,000 for grants to the Bennington, Brattleboro, Newport, Montpelier, and Winooski, VT, for police technology systems and equipment;

$900,000 for a grant to Billings, MT, for patrol car mobile data terminals;

$100,000 for a grant to the Inglewood, CA, police department for technology systems;

$600,000 for a grant for telecommunications upgrades in rural areas of Montana to improve law enforcement response times;

$750,000 for a grant to the Macon, GA, Police Department for technology equipment and software;

$700,000 for a grant for a voice trunking system to assist law enforcement in eastern North Carolina;

$1,000,000 for a grant to the North Star Borough for centralized and computer aided dispatch equipment and a study of needs;

$60,000 for a grant to Monroe County, MI, for a data transmission mechanism for squad cars;

$600,000 for a grant to the State Police of Virginia for computers and related equipment;

$5,000,000 for a grant for the Utah Communications Agency Network (UCAN) for enhancements and upgrades of security and communications infrastructure to assist with the law enforcement needs arising from the 2002 Winter Olympics;

$250,000 for a grant to Lane County, OR, for an area information records system;

$550,000 for a grant to the Clearwater Economic Development Association to provide funding to sheriffs' offices in Clearwater, Idaho, Lemhi, Lewis and Nez Perce counties, ID, to buy radio communications equipment;

$200,000 for a grant to the Pawtucket, RI, Police Department for patrol car mobile data terminals;

$150,000 for a grant to Bolivar County, MS, for public safety equipment and automated system technologies to improve county law enforcement;

$500,000 for a grant to the Maine State Police to upgrade their police radio system;

$350,000 for a grant to Huntingdon County, PA, for rural law enforcement technology needs;

$2,200,000 for a grant to the Alaska Department of Public Safety for technology, policing, and enforcement initiatives;

$2,500,000 for a grant to the Virginia Department of State Police for law enforcement technologies;

$200,000 for a grant to the Easley, SC, Police Department for policing equipment upgrades and computer enhancements;

$110,000 for a grant to the Scotts Bluff County, NE, consolidated communications center to improve law enforcement response times;

$250,000 for a grant to the Vermont State Police for computer and radio system upgrades and integration;

$3,000,000 for a grant for the Southeastern Law Enforcement Technology Center's Coastal Plain Police Communications initiative for regional law enforcement communications equipment;

$1,300,000 for a grant to the Alaska Department of Public Safety for the law enforcement photo network to provide statewide access to the Alaska booking, driver, and ID photographic information throughout the State;

$100,000 for a grant to the Lawrence, MA, Police Department for a police identification management system;

$300,000 for a grant to Grand Rapids, MI, for computer equipment for police officer vehicles;

$3,000,000 for a grant to the Milwaukee, WI, police department for communications infrastructure equipment;

$500,000 for a grant to Nye County, NV, for computer upgrades and other technologies;

$750,000 for a grant to the Vermont Department of Public Safety for mobile communications technology upgrades for law enforcement;

$1,650,000 for a grant to the South Carolina Law Enforcement Division for emergency response technology equipment, including datamasters;

$100,000 for a grant to Deschutes County, OR, for mobile data and radio communications upgrades;

$750,000 for a grant to the City of Paducah and McCracken County, KY, for a Public Safety Mobile Data System to assist law enforcement;

$400,000 for a grant to the Arkansas Crime Information Center to address software and hardware requirements;

$500,000 for a grant to the City of Seattle and King County, WA, for technology upgrades and to assist with inter-jurisdictional investigations;

$1,800,000 for a grant to the State of Alaska for the training of Village Public Safety Officers and the purchase of emergency response equipment;

$500,000 for a grant to Madison, WI, for communications upgrades needed to address police radio transmitting capacity and interagency communications;

$150,000 for a grant to the Yellowstone County, MT, Sheriff's office for training technologies upgrades;

$1,500,000 for a grant to Baltimore, MD, for police training programs and equipment;

$2,000,000 for a grant to Clark County, NV, to upgrade mobile and in-vehicle computers;

$1,400,000 for a grant to the Virginia State Police's Bureau of Criminal Intelligence Division for technical equipment;

$500,000 for a grant to the Johnson County, KS, Sheriff's Department for a countywide public safety radio network;

$400,000 for a grant to the Montgomery, AL, Police Department for an integrated communications system;

$150,000 for a grant to the Bozeman, MT, police department for high risk activity training equipment;

$100,000 for a grant to St. Clair County, MI, to assist with law enforcement data needs;

$600,000 for a grant to the Alabama Department of Public Safety for technology and automated systems to assist law enforcement;

$3,000,000 for a grant for the continuation of the Southwest Border States Anti-Drug Information System, which will provide for the purchase and deployment of the technology network between all State and local law enforcement agencies in the four Southwest Border States;

$200,000 for a grant to Hall County, NE, for mobile data computers for law enforcement;

$100,000 for a grant to Burrillville, RI, for a communications system to assist law enforcement;

$200,000 for a grant to Irvington, NJ, for police technology needs;

$3,000,000 for a grant for videoteleconferencing equipment necessary to assist State and local law enforcement in contacting the Immigration and Naturalization Service to allow them to confirm the identification and status of illegal and criminal aliens in their custody;

$2,000,000 for a grant to Ventura County, CA, for an integrated justice information system;

$3,000,000 for a grant for the Southwest Alabama Justice Integration Project;

$5,000,000 for a grant for the Ohio WEBCHECK system;

$1,750,000 for a grant to the Missouri State Highway Patrol for an integration technology program;

$1,750,000 for a grant to the California Highway Patrol for a communications system;

$3,000,000 for a grant for SmartCOP in Alabama;

$3,000,000 for a grant for Project Hoosier SAFE-T;

$2,920,000 for a grant for the Access to Court Electronic Data for Criminal Justice Agencies project;

$600,000 for a grant to modernize and update law enforcement technologies and equipment in East Baton Rouge Parish, Livingston Parish and Ascension Parish, LA;

$1,000,000 for a grant to the Riverside, CA, police department for mobile data terminals;

$1,000,000 for a grant to Orange County, CA, for a seamless, integrated communications technology system;

$260,000 for a grant to Shively, KY, for police department communications improvements;

$1,500,000 for a grant for the Citrus Heights, CA, police force for computer networking and radios;

$250,000 for a grant for the Suffolk County, NY, Police Department Technology Crimes Initiative;

$750,000 for a grant for Riviera Beach, FL, for a police mobile radio system;

$750,000 for a grant for Clearwater, FL, for laptop computers and printers for police vehicles and network operations;

$750,000 for a grant for the cities of Arcadia, and Sierra Madre, CA, to improve crime technology and communications between the cities;

$600,000 for a grant for a computer-aided dispatch and records management system for the Bells Garden, CA, police department;

$3,000,000 for a grant for the Chattanooga, TN, Police Department to improve information sharing;

$3,000,000 for a grant for the purchase and installation of mobile data computers for the Huntsville, AL, police department;

$83,000 for a grant for the Long County, GA, police department for a communications system;

$3,500,000 for a grant for Pinellas County, FL, law enforcement agencies to demonstrate with the Florida Department of Motor Vehicles how facial recognition technology may be used by police;

$1,300,000 for a grant for vehicle-mounted cameras and equipment for the Jefferson County, KY, police department;

$3,000,000 for a grant for the Lexington, KY, police department for communications equipment to improve officer safety and effectiveness;

$350,000 for a grant for the Daviess County, KY, sheriff's department for a wireless mobile information system;

$250,000 for a grant for the City of Falls Church, VA, police department for a computer-aided dispatch and records management system;

$3,000,000 for a grant for Yuma, AZ, for telecommunications and technology infrastructure for law enforcement officers;

$152,000 for a grant for Mexico Beach, FL, to upgrade its dispatch communications service;

$1,500,000 for a grant for an integrated public safety records management and document imaging system for the Wichita Police Department (KS);

$500,000 for a grant for the East Valley Regional Community Analysis Center for a data warehousing project;

$7,500,000 for a grant for a regional law enforcement technology program in Kentucky;

$1,235,000 for a grant for the Virgin Islands for technology equipment and upgrades;

$1,500,000 for a grant for a justice tracking information system (JUSTIS) for San Francisco, CA;

$230,000 for a grant for Glendale, CA, for police training equipment and technologies;

$1,190,000 for a grant for Pasadena, CA, for a computerized geographic information system;

$152,000 for a grant for the New Jersey State Police's High-tech Crime Unit for technology equipment;

$50,000 for a grant for the Tuckahoe, NY, police department for technology upgrades;

$1,000,000 for a grant for the Greater Atlanta Data Center;

$300,000 for a grant for the Berkshire County Regional Strategic Response Team in Pittsfield, MA;

$500,000 for a grant for mobile data terminals for Louisville, KY, to improve information retrieval on-scene and greatly reduce time used to complete paperwork off-scene;

$750,000 for a grant for the Louisiana State Police for communications and computer system upgrades for the Public Safety Emergency Services Training Center;

$50,000 for a grant for the Bound Brook, NJ, police department for law enforcement technologies;

$500,000 for a grant for the Tampa, FL, police department for in-vehicle video cameras;

$750,000 for a grant for the North Carolina State Highway Patrol for mobile data terminals;

$1,000,000 for the Center for Criminal Justice Technology;

$500,000 for a grant for the San Joaquin County, CA, sheriff's office for technology enhancements; and

$1,000,000 for a grant for Minnesota for a radio system to improve law enforcement communications in rural Minnesota.

2. COPS Methamphetamine/Drug ''Hot Spots'' Program.—The conference Agreement provides $48,500,000 for State and local law enforcement programs to combat methamphetamine production, distribution, and use, and to reimburse the Drug Enforcement Administration for assistance to State and local law enforcement for proper removal and disposal of hazardous materials at clandestine methamphetamine labs. The monies may also be used for policing initiatives in ''hot spots'' of drug market activity. The House bill proposed $45,675,000 and the Senate-reported amendment proposed $41,700,000 for this purpose.

Within the amount provided, the conference agreement includes $20,000,000 to be reimbursed to the Drug Enforcement Administration as described above. The conference agreement expects the COPS office to award grants for the following programs:

$2,000,000 to the Washington State Methamphetamine Initiative for a comprehensive program to address methamphetamine enforcement, treatment, and cleanup efforts;

$2,500,000 to the Midwest (Missouri) Methamphetamine Initiative to train and provide related equipment to State and local law enforcement officers on the proper recognition, collection, removal, and destruction of methamphetamine;

$2,000,000 to the Kansas Bureau of Investigation to combat methamphetamine and to train officers in those types of investigations;

$750,000 to the Indiana State Police for a methamphetamine program to address training, equipment, and removal requirements;

$250,000 to the State Police of Virginia for an intensified methamphetamine enforcement program;

$800,000 to Southern Utah law enforcement agencies to be used to purchase remote methamphetamine detection laboratories to identify infrastructure decay caused by the disposal of hazardous and toxic chemicals;

$1,000,000 for the Mississippi Bureau of Narcotics to combat methamphetamine and to train officers on the proper recognition, collection, removal, and destruction of methamphetamine;

$600,000 for the South Dakota Division of Alcohol and Drug Abuse to expand its Community Mobilization Project to include a methamphetamine prevention project;

$500,000 to the State of Illinois to combat methamphetamine and to train officers in those type of investigations;

$800,000 to the State of Idaho to train State and local law enforcement officers in the proper recognition, collection, removal, and destruction of methamphetamine;

$1,000,000 for the Iowa Methamphetamine Clandestine Lab Task Force;

$1,500,000 for the Arkansas Methamphetamine Law Enforcement Initiative, of which, $150,000 is for the Arkansas State Crime Lab to hire three additional chemists and $1,350,000 is for the Arkansas State Police for training, enforcement, and cleanup efforts;

$350,000 to the Nebraska Clan Lab Team for the Nebraska Methamphetamine Fighting Initiative;

$1,000,000 for the Western Wisconsin Methamphetamine Law Enforcement Initiative;

$1,000,000 for personnel, equipment, and training for Arizona law enforcement to combat methamphetamine;

$250,000 for the Nye County, NV, Methamphetamine Initiative;

$750,000 to the Alabama Department of Public Safety to combat methamphetamine production and distribution;

$250,000 for the Hawaii Department of Public Safety, Narcotics Enforcement Division to address methamphetamine diversion, production, distribution, and enforcement efforts;

$400,000 for the Vermont State Multi-Jurisdictional Drug Task Force;

$2,200,000 for the Tri-State Methamphetamine Training Program (IA/SD/NE) to train officers from rural areas on methamphetamine interdiction, covert operations, intelligence gathering, locating clandestine laboratories, case development, and prosecution;

$1,000,000 to form a Western Kentucky Methamphetamine training program and provide equipment and personnel;

$1,000,000 for the Eastern Appalachian Taskforce on Methamphetamine Eradication in Tennessee, including $100,000 to establish videoconferencing with the Hamilton County District Attorney's Office;

$250,000 for the Polk County, FL, sheriff's office to support additional law enforcement officers, intelligence gathering and forensic capabilities, training and community outreach programs for an expanded methamphetamine program;

$750,000 for Central Kentucky to assist local police and sheriffs' departments with costs associated with combating the production and distribution of methamphetamine;

$1,500,000 for the Oklahoma State Bureau of Investigation for costs associated with combating the production and distribution of methamphetamine; and

$300,000 for the Ascension Parish, LA, sheriff's office to support officer training and outreach programs.

The conference agreement expects the COPS office to review requests from the California Bureau of Narcotics Enforcement's Methamphetamine Strategy and Merced County, CA, and provide grants, if warranted.

3. COPS Safe Schools Initiative (SSI)/School Prevention Initiatives.—The conference agreement includes $15,000,000 to provide resources for programs aimed at preventing violence in public schools, and to support the assignment of officers to work in collaboration with schools and community-based organizations to address crime and disorder problems, gangs, and drug activities, as proposed in the House bill and the Senate-reported amendment. Within the overall amounts recommended for this program, the conference agreement includes the expectation that the COPS office will examine each of the following proposals, provide grants if warranted, and submit a report to the Committees on its intentions for each proposal:

$3,000,000 for training by the National Center for Missing and Exploited Children for law enforcement officers selected to be part of the Safe Schools Initiative;

$541,000 for the Milwaukee schools' Summer Stars program;

$250,000 for the Sioux Falls, SD, school district to expand an alternative educational support program for at-risk youth;

$250,000 for the Safe Schools program at the University of Montana;

$500,000 for the School Security and Technology Center in New Mexico;

$375,000 for the Kenosha County, WI, Sheriff's Department to address school resource officer needs;

$350,000 for Berkeley, CA, for an intercom and surveillance safety system;

$250,000 for the King County, WA, school resource officer program;

$750,000 to the University of Louisville Center for the Study and Prevention of Violence in Urban Schools;

$350,000 for Bennington, VT, for a teen delinquency prevention project;

$1,500,000 for the Youth Advocacy Program;

$350,000 for the Alaska Community in Schools Mentoring program;

$750,000 for Compton, CA, for the Youth Center and After School Initiative;

$2,000,000 for the National Center for Rural Law Enforcement for the school violence research center;

$375,000 for the Waukesha, WI, Police Department to address school resource officer requirements;

$150,000 for the Nevada Foundation for Youth Development;

$495,000 for the Home Run Program;

$500,000 for the Safer School Initiative in Maricopa County, AZ;

$1,300,000 to setup the Aggressors, Victims and Bystanders Demonstration Project for Palm Beach County, FL, middle schools;

$120,000 for the Copiague School District School Safety Program; and

$80,000 for the Lindenhurst School Violence Program.

4. COPS Bullet-Proof Vests Initiative.—The conference agreement includes $25,500,000 to provide State and local law enforcement officers with bullet-proof vests. The House bill provided $25,000,000 for this program and the Senate-reported amendment provided $26,000,000.

5. Police Corps.—The conference agreement includes $29,500,000 for the Police Corps as proposed in the Senate-reported amendment instead of the $15,000,000 as proposed in the House bill.

6. Crime Identification Technology Act Program [CITA].—As included in both the House bill and the Senate-reported amendment, the conference agreement provides $130,000,000 for the CITA program, to be used and distributed pursuant to the Crime Identification Technology Act of 1998, Public Law 105–251. Under that Act, eligible uses of the funds are (1) upgrading criminal history and criminal justice record systems; (2) improvement of criminal justice identification, including fingerprint-based systems; (3) promoting compatibility and integration of national, State, and local systems for criminal justice purposes, firearms eligibility determinations, identification of sexual offenders, identification of domestic violence offenders, and background checks for other authorized purposes; (4) capture of information for statistical and research purposes; (5) developing multi-jurisdictional, multi-agency communications systems; and (6) improvement of capabilities in forensic sciences, including DNA.

Jennifer's Law (P.L. 106–177) authorizes funds for States to apply for competitive grants to cover the costs associated with entering complete files on unidentified victims into the FBI's National Crime Information Center (NCIC). This law provides incentives for States to report to the NCIC information on unidentified, deceased persons and will give law enforcement officials the opportunity to identify missing children who are reported as ''unidentified''. The conference agreement notes that funding provided under CITA is authorized to fund these costs and encourages States to use CITA funds for this purpose.

Within the amounts provided, the Office of Justice Programs is directed to provide grants to the following:

$500,000 for Hamilton County, OH, for a juvenile case management system and integrated automated fingerprint information system;

$150,000 for Kalamazoo County, MI, to integrate its criminal justice system data online;

$100,000 for Ogden, UT, for public safety and automated system technologies;

$2,500,000 for the Missouri State Court Administrator for the Juvenile Justice Information System to enhance communication and collaboration between juvenile courts, law enforcement, schools, and other agencies;

$1,250,000 for the Alaska Department of Public Safety for an information network;

$150,000 for Logan County, OH, to support a regional planning criminal information infrastructure system;

$4,000,000 for the State Police of NH, for a VHF trunked digital radio system;

$4,700,000 for the State of Minnesota for a criminal justice integrated information system, of which $700,000 shall be allocated to Hennepin County;

$2,000,000 to automate the criminal records management system in San Diego, CA;

$1,500,000 to upgrade the Indianapolis Automated Fingerprint Identification System; and

$1,500,000 for an information technology project in Wayne County, MI, to improve communications and information sharing between local, State and Federal law enforcement.

Safe Schools Technology.—Within the amounts available for crime identification technology, the conference agreement includes $17,500,000 for Safe Schools technology to continue funding NIJ's development of new, more effective safety technologies such as less obtrusive weapons detection and surveillance equipment and information systems that provide communities quick access to information they need to identify potentially violent youth. The conference agreement adopts by reference the Senate report language regarding a competitive grant to a university based technology center.

Upgrade Criminal History Records (Brady Act).—Within the amounts available for crime identification technology, the conference agreement provides $35,000,000 for States to upgrade criminal history records so that these records can interface with other databases holding information on other categories of individuals who are prohibited from purchasing firearms under Federal or State statute. Additionally, the national sexual offender registry (NSOR) component of the Criminal History Records Upgrade Program has two principal objectives. The registry assists States in developing complete and accurate in-State registries. It will also assist States in sharing their registry information with the FBI system which identifies those offenders for whom special law enforcement interest has been noted.

DNA Backlog Grants/Crime Laboratory Improvement Program (CLIP).—Within the amounts available for crime identification technology, the conference agreement includes $30,000,000 for grants to reduce DNA backlogs and for the Crime Laboratory Improvement Program (CLIP). The CLIP/DNA Program supports State and local government crime laboratories to develop or improve the capability to analyze DNA in a forensic laboratory, as well as other general forensic science capabilities. Within the amounts provided under CITA, it is expected that the Office of Justice Programs will provide grants to the following programs:

$400,000 to the Southeast Missouri Crime Laboratory; $450,000 to the Rhode Island State Crime Laboratory; $650,000 to the Georgia State Crime Laboratory; $950,000 to the Iowa Forensic Science Improvement Initiative; $2,500,000 to the South Carolina Law Enforcement Division's forensic laboratory; $2,000,000 to the Marshall University Forensic Science program; $4,000,000 to the West Virginia University Forensic Identification Program; $500,000 to the Vermont Forensic Laboratory; $2,500,000 to the National Center for Forensic Science at the University of Central Florida; $500,000 to the National Academy for Forensic Computing and Investigation in Charlotte, NC; $500,000 to Ohio forensic science laboratory improvements; $150,000 to the Kansas Bureau of Investigations for a new latent fingerprint examination instrument; $650,000 to the Bellevue, WA, Police Department's Forensic Services Unit; $700,000 to the Arizona Department of Public Safety Southern Regional Crime Laboratory for forensic equipment; and $2,600,000 to the National Forensic Science Technology Center.

The conference agreement encourages the CLIP/DNA program to support within existing funds the Mississippi Crime Lab in improving its capacity to analyze and process forensic, DNA and toxicology evidence and in upgrading its technology.

The conference agreement adopts the Senate report language directing OJP to conduct a study of the funding requirements for the operation of forensic science laboratories given the caseload growth and backlog.

7. Community Prosecutors.—The conference agreement includes $100,000,000 for the Community Prosecutors program. The House bill and the Senate-reported amendment did not include funding for this program. Of the funds provided, $25,000,000 is for continuation of the current community prosecutors program and $75,000,000 is for community prosecutors in high gun violence areas. The $75,000,000 is to be used exclusively for community prosecutors to prosecute cases involving violent crimes committed with guns, and violations of gun statutes in cases involving drug trafficking and gang-related crime in high gun violence areas. The Department of Justice is directed to submit a report to the Committees on Appropriations by December 15, 2000, outlining how the $75,000,000 for community prosecutors in high gun violence areas will be spent. The report shall include but not be limited to the following information: (1) a definition of a high gun violence area; (2) the amount of funding per prosecutor that will be provided; and (3) an explanation of how local communities will be able to continue to employ the prosecutors that are hired after the grant has expired.

8. Offender Reentry.—In recognition of the public safety issues generated by the increasing number of offenders who have served their sentences and are returning from jails and prisons to our communities, the conference agreement includes $30,000,000 for the law enforcement costs related to establishing offender reentry programs. The House bill did not include funding for this program and the Senate-reported amendment included $7,000,000 for this program within State Prison Grants.

Offender reentry programs establish partnerships among institutional corrections, community corrections, social services programs, community policing and community leaders to prepare for more successful returns of inmates to their home neighborhoods. The $30,000,000 provided is intended to fund law enforcement participation and coordination of offender reentry programs. These funds are not provided to teach job training skills or provide alcohol or drug abuse treatment. The Department of Justice is directed to submit an implementation plan to the Committees on Appropriations by December 15, 2000, outlining how the funds will be spent. The report shall include the following: (1) a description of the law enforcement costs that will be funded; (2) an explanation of how the non-law enforcement costs such as job training, education, and drug treatment will be funded; (3) an explanation of how this program is being coordinated with the Departments of Labor and Health and Human Services; and (4) an explanation of how local communities will be able to fund the operational costs of this program after their grants expire.

9. Police Integrity Program.—The conference agreement provides $17,000,000 for police integrity training to provide training and technical assistance grants to develop and implement new policing methods and strategies. Neither the House bill nor the Senate-reported amendment included funding for this initiative.

JUVENILE JUSTICE PROGRAMS

The conference agreement includes $298,597,000 for Juvenile Justice programs, instead of $287,097,000 as proposed in the House bill and $279,697,000 as proposed in the Senate-reported amendment. The conference agreement includes the understanding that changes to Juvenile Justice and Delinquency Prevention Programs are being considered in the reauthorization of the Juvenile Justice and Delinquency Act of 1974. However, absent completion of this reauthorization process, the conference agreement provides funding consistent with the current Juvenile Justice and Delinquency Prevention Act. The conference agreement includes language that provides that funding for these programs shall be subject to the provisions of any subsequent authorization legislation that is enacted.

Juvenile Justice and Delinquency Prevention.—Of the total amount provided, $279,097,000 is for grants and administrative expenses for Juvenile Justice and Delinquency Prevention programs including:

1. $6,847,000 for the Office of Juvenile Justice and Delinquency Prevention (OJJDP) (Part A).

2. $89,000,000 for Formula Grants for assistance to State and local programs (Part B).

3. $50,250,000 for Discretionary Grants for National Programs and Special Emphasis Programs (Part C). Within the amount provided for Part C discretionary grants, OJJDP is directed to review the following proposals, provide a grant if warranted, and submit a report to the Committees on Appropriations of the House and the Senate on its intentions regarding:

$3,000,000 for Parents Anonymous, Inc., to develop partnerships with local communities to build and support strong, safe families and to help break the cycle of abuse and delinquency. The conference agreement directs Parents Anonymous to open up an active dialog with those organizations no longer associated with the program. With a concerted effort by all parties, problematic issues can be resolved which will ultimately benefit the cause of child abuse prevention;

$1,000,000 to continue the Achievable Dream after-school program for at-risk youth;

$3,000,000 to continue funding for the National Council of Juvenile and Family Courts which provides continuing legal education for family and juvenile law;

$1,900,000 for continued support of law-related education;

$1,500,000 for continuation of the Center for Research on Crimes Against Children which focuses on improving the handling of child crime victims by the justice system;

$1,500,000 for equipment and programming costs at the Brown County, SD, Juvenile Detention Center;

$750,000 for juvenile drug treatment services in Cook County, IL;

$250,000 to the Low Country Children's Center;

$1,500,000 to expand the Milwaukee Safe and Sound Program to other Milwaukee neighborhoods;

$150,000 to the Mel Blount Youth Home;

$300,000 to the New Mexico PAL program;

$250,000 to the juvenile assessment center in Billings, MT, for child and family intervention programs;

$150,000 to Sioux Falls, SD, Turning Point locations, including the Bowden Youth Center;

$300,000 to the New Mexico Cooperative Extension Service 4–H Youth Development Program;

$1,000,000 for Project Escape;

$400,000 to the Institute for Character Development, Civic Responsibility, and Leadership at Neumann College;

$750,000 to Utah State University's Youth and Families with a Promise program;

$120,000 to the South Dakota Unified Judicial System to continue the Intensive Juvenile Probation program;

$250,000 to the Hawaii Navigator Project;

$500,000 to the North Eastern Massachusetts Law Enforcement Council;

$150,000 to the Vermont Coalition of Teen Centers;

$250,000 to the Better Way program in Muncie, IN;

$350,000 to drug prevention programs in Shelby County, KY;

$150,000 to the South Dakota Network Against Family Violence and Sexual Assault;

$100,000 to the Alfred University Coordinating County Services for Families and Youth program;

$500,000 to the Kansas YouthFriends program;

$500,000 to perform a national demonstration of the Learning for Life Program which is then to be replicated by the Gulf Ridge Council and others;

$1,500,000 to the State of Alaska for a child abuse investigation program;

$1,250,000 to Aberdeen, SD, for a youth enrichment program;

$438,000 to the National Association of State Fire Marshals for implementing a national juvenile fire-setter intervention mobilization plan that will facilitate and promote the establishment of juvenile fire-setter intervention programs based on existing model programs at the State and local level;

$3,000,000 for the ''Innovative Partnerships for High Risk Youth'' demonstration;

$7,500,000 for the Youth ChalleNGe Program;

$300,000 to Prevent Child Abuse America for the programs of the National Family Support Roundtable;

$2,000,000 to continue the L.A.'s Best youth program;

$500,000 to the Culver City Juvenile Crime Diversion Initiative;

$275,000 to the Sports Foundation to work with at-risk youth;

$300,000 to the No Workshops * * * No Jump Shots program to provide case management, counseling and mandatory workshops for at-risk youth;

$1,000,000 to the Greater Heights program to provide at-risk youth with mentoring, positive activities, networking and alternatives to incarceration;

$500,000 to Our Next Generation;

$1,000,000 to the Youth Crime Watch of America;

$150,000 to Operation Quality Time;

$1,300,000 to the Suffolk University Center for Juvenile Justice;

$1,000,000 for Drug Free America;

$750,000 to New Mexico State University to establish an After School Services Pilot Program for at-risk youth;

$250,000 for the Culinary Education Training for At-Risk Youth in Miami-Dade, FL;

$1,000,000 to Mount Vernon, NY, to provide after-school services to at-risk youth;

$500,000 to the Lourdes Health Network in Pasco, WA, for extension of the school year program for youth and adolescents at risk of delinquency;

$250,000 to the Ella H. Baker House to support its juvenile delinquency intervention and prevention programs;

$365,000 to Project Bridge to continue to assist at-risk youths in Riverside County, CA;

$500,000 to Wichita State University for a juvenile justice program;

$500,000 to the Wayne County Department of Community Justice for an at-risk youth program including prevention and intervention services;

$1,000,000 for the West Farms program to assist at-risk youth; and

$50,000 for the Maryhurst Youth Center.

The conference agreement recognizes Project CRAFT (Community Restitution and Apprenticeship-Focused Training) as a successful model and proven intervention technique in the rehabilitation and reduced recidivism of accused and adjudicated juvenile offenders. The OJP is encouraged to work in cooperation with the Department of Labor to replicate Project CRAFT in order to offer at-risk and adjudicated youth pre-apprenticeship training and job placement in the residential construction trades.

4. $12,000,000 to expand the Youth Gangs (Part D) program which provides grants to public and private nonprofit organizations to prevent and reduce the participation of at-risk youth in the activities of gangs that commit crimes.

5. $10,000,000 for Discretionary Grants for State Challenge Activities (Part E) to increase the amount of a State's formula grant by up to 10 percent, if that State agrees to undertake some or all of the ten challenge activities designed to improve various aspects of a State's juvenile justice and delinquency prevention program.

6. $16,000,000 for the Juvenile Mentoring Program (Part G) to reduce juvenile delinquency, improve academic performance, and reduce the drop-out rate among at-risk youth by bringing young people in high crime areas together with law enforcement officers and other responsible adults who are willing to serve as long-term mentors. OJJDP is directed to provide a $3,000,000 grant for the Big Brothers/Big Sisters of America program.

7. $95,000,000 for the At Risk Children's Program (Title V). Under Title V juvenile justice programs, the At Risk Children's Program provides funding to support comprehensive delinquency prevention plans formulated at the community level. The program targets truancy and school violence; gangs, guns, and drugs; and other influences that lead juveniles to delinquency and criminality.

Safe School Initiative (SSI).—The conference agreement includes $15,000,000 within Title V grants for the Safe School initiative as proposed in the Senate report. Within the amount provided, OJJDP is directed to review the following proposals, provide grants if warranted, and submit a report to the Committees on Appropriations on its intentions regarding:

$3,600,000 to the Hamilton Fish National Institute on School and Community Violence;

$1,250,000 to the Teens, Crime, and Community Program;

$200,000 to the Decatur Mentoring Project in Decatur, IL;

$250,000 to an Allegheny County, PA, youth development program;

$1,000,000 to establish and enhance after-school programs for at-risk youth in Baltimore, MD;

$750,000 to the University of South Alabama for Youth Violence Prevention Research;

$900,000 to the Stop Truancy Outreach program;

$58,000 to the Southern Kentucky Truancy Diversion program;

$1,000,000 to the ''I Have a Dream'' foundation for at-risk youth program;

$500,000 to the Family, Career, and Community Leaders of America (FCCLA), STOP the Violence—Students Taking On Prevention Project; and

$1,000,000 to the Little Rock School District to create a safe, secure and healthy school environment.

Tribal Youth Program.—The conference agreement includes $12,500,000 within the Title V grants for programs to reduce, control and prevent crime, as proposed in the Senate report.

Enforcing the Underage Drinking Laws Program.—The conference agreement includes $25,000,000 within the Title V grants for programs to assist States in enforcing underage drinking laws, as proposed in the Senate report. Within the amounts provided for underage drinking, OJP shall make awards of $700,000 to expand Oregon Partnership programs and $500,000 to the Sam Houston State University and Mothers Against Drunk Driving for the National Institute of Victims Studies.

Drug Prevention Program.—The conference agreement includes $11,000,000 as proposed in the House bill to develop, demonstrate and test programs to increase the perception among children and youth that drug use is risky, harmful, or unattractive.

Victims of Child Abuse Act.—The conference agreement includes $8,500,000 for the various programs authorized under the Victims of Child Abuse Act (VOCA), as proposed in the House bill. The following programs are included in the agreement:

$1,250,000 to Regional Children's Advocacy Centers, as authorized by section 213 of VOCA;

$5,000,000 to establish local Children's Advocacy Centers, as authorized by section 214 of VOCA;

$1,500,000 for a continuation grant to the National Center for Prosecution of Child Abuse for specialized technical assistance and training programs to improve the prosecution of child abuse cases, as authorized by section 214a of VOCA; and

$750,000 for a continuation grant to the National Network of Child Advocacy Centers for technical assistance and training, as authorized by section 214a of VOCA.

PUBLIC SAFETY OFFICERS BENEFITS

The conference agreement includes $35,624,000, instead of $33,224,000 as proposed in the House bill and the Senate-reported amendment. This includes $33,224,000 for the death benefits program and $2,400,000 for the disability benefits program. In addition to the $2,400,000 appropriated for disability benefits, it is estimated there will be $500,000 in available disability carryover balances for a total of $2,900,000 for disability payments in fiscal year 2001.

In addition, the conferees understand that there is an estimated $2,300,000 unobligated balance available for the Education Assistance to Dependents Program in fiscal year 2001. This amount is estimated to be sufficient to cover the cost of this program, which has recently been expanded to provide benefits to the children and spouses of Federal, State and local public safety officers permanently disabled in the line of duty as long ago as 1978.

GENERAL PROVISIONS—DEPARTMENT OF JUSTICE

The conference agreement includes the following general provisions for the Department of Justice:

Section 101.—The conference agreement includes section 101, identical in the House bill and the Senate-reported amendment, which makes up to $45,000 of the funds appropriated to the Department of Justice available for reception and representation expenses.

Sec. 102.—The conference agreement includes section 102, modified from language proposed in the House bill and the Senate-reported amendment, which continues certain authorities for the Department of Justice contained in the Department of Justice Appropriation Authorization Act, fiscal year 1980, until enactment of subsequent authorization legislation.

Sec. 103.—The conference agreement includes section 103, as proposed in the House bill, which prohibits the use of funds to perform abortions in the Federal Prison System. The Senate-reported amendment did not include a similar provision.

Sec. 104.—The conference agreement includes section 104, as proposed in the House bill, which prohibits the use of funds to require any person to perform, or facilitate the performance of, an abortion. The Senate-reported amendment did not include a similar provision.

Sec. 105.—The conference agreement includes section 105, as proposed in the House bill, which states that nothing in the previous section removes the obligation of the Director of the Bureau of Prisons to provide escort services to female inmates who seek to obtain abortions outside a Federal facility. The Senate-reported amendment did not include a similar provision.

Sec. 106.—The conference agreement includes section 106, identical in both the House bill and the Senate-reported amendment, which allows the Department of Justice to spend up to $10,000,000 for rewards for information regarding acts of terrorism against a United States person or property at levels not to exceed $2,000,000 per reward.

Sec. 107.—The conference agreement includes section 107, as proposed in the House bill, which continues the current 5 percent and 10 percent limitations on transfers among Department of Justice accounts. The Senate-reported amendment included a minor technical difference in the language.

Sec. 108.—The conference agreement includes section 108, as proposed in the House bill, which sets forth the grant authority of the Assistant Attorney General for the Office of Justice Programs and makes these authorities permanent. The Senate-reported amendment included such authorities only for fiscal year 2001.

Sec. 109.—The conference agreement includes section 109, as proposed in the House bill, which continues a provision in the fiscal year 2000 Appropriations Act to allow assistance and services to be provided to the families of the victims of Pan Am 103. The Senate-reported amendment did not include a similar provision.

Sec. 110.—The conference agreement includes a new provision, numbered as section 110, which modifies section 641 of the Illegal Immigration Reform and Immigrant Responsibility Act (IIRIRA) to reduce the fees charged to au pairs, camp counselors, and participants in summer work travel programs for collection of certain information. The Senate-reported amendment included a provision to repeal section 641 and section 110 of the IIRIRA, while the House bill did not address this matter.

Sec. 111.—The conference agreement includes section 111, modified from language proposed in the House bill, which relates to the payment of certain compensation from funds appropriated to the Department of Justice. A similar provision was included as section 113 of the Senate-reported amendment.

Sec. 112.—The conference agreement includes section 112, as proposed in the House bill, which establishes fees for genealogy services and voluntary premium processing for Immigration and Naturalization Service activities. The Senate-reported amendment did not include a similar provision.

Sec. 114.—The conference agreement includes section 114, proposed as section 110 in the Senate-reported amendment, which allows funds to be provided to the FBI from the Crime Victims Fund to improve services to crime victims. Additional direction regarding implementation of this provision is included under the FBI Salaries and Expenses account. In addition, the conference agreement assumes that funding will continue to be provided to the U.S. Attorneys to support the current number of victim witness coordinators in fiscal year 2001, as was provided from the Fund in fiscal year 2000.

Sec. 115.—The conference agreement includes section 115, proposed as section 112 in the Senate-reported amendment, which permanently allows funds appropriated to the Federal Bureau of Prisons (BOP) to be used to place prisoners in privately operated prisons provided that the Director of BOP determines such placement is consistent with Federal classification standards. The House bill did not include a similar provision.

Sec. 116.—The conference agreement includes section 116, proposed as section 114 in the Senate-reported amendment, which makes available up to $1,000,000 for technical assistance from funds appropriated for part G of title II of the Juvenile Justice and Delinquency Prevention Act of 1974, as amended. The House bill did not include a similar provision.

Sec. 117.—The conference agreement includes section 117, proposed as section 115 in the Senate-reported amendment, which makes available funds provided in fiscal year 2000 for certain activities. The House bill did not include a similar provision.

Sec. 118.—The conference agreement includes section 118, proposed as section 116 in the Senate-reported amendment, which permanently prohibits funds from being provided to any local jail that runs a ''pay to stay'' program. The House bill did not include a similar provision.

Sec. 119.—The conference agreement includes a new provision which allows the Attorney General to enter into contracts and other agreements for detention and incarceration space and facilities on any reasonable basis. The House bill and the Senate-reported amendment included similar language elsewhere in Title I of this Act.

TITLE II—DEPARTMENT OF COMMERCE AND RELATED AGENCIES

TRADE AND INFRASTRUCTURE DEVELOPMENT RELATED AGENCIES

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

SALARIES AND EXPENSES

The conference agreement includes $29,517,000 for the salaries and expenses of the Office of the United States Trade Representative (USTR) instead of $29,433,000 as proposed in the House bill and $29,600,000 as proposed in the Senate-reported amendment. The USTR is directed to provide the necessary space within its Geneva offices for use by Department of Commerce Import Administration personnel working with the USTR on issues related to antidumping and countervailing duties.

INTERNATIONAL TRADE COMMISSION

SALARIES AND EXPENSES

The conference agreement includes $48,100,000 for the salaries and expenses of the International Trade Commission (ITC) instead of $46,995,000 as proposed in the House bill and $49,100,000 as proposed in the Senate-reported amendment. The conference agreement incorporates by reference report language in both the Senate and House reports.

DEPARTMENT OF COMMERCE

INTERNATIONAL TRADE ADMINISTRATION

OPERATIONS AND ADMINISTRATION

The conference agreement includes $337,444,000 in new budgetary resources for the operations and administration of the International Trade Administration (ITA) for fiscal year 2001, of which $3,000,000 is derived from fee collections, instead of $321,448,000 as proposed by the House bill, and $318,686,000 as proposed by the Senate-reported amendment. The conference agreement does not include Senate-reported amendment language regarding Executive Direction and Administration funding. ITA is, however, directed to adhere to the reprogramming procedures set forth in section 605 of this Act, and to submit a spending plan.

The following table reflects the distribution of funds by activity included in the conference agreement:

Trade Development	$64,747,000
Market Access and Compliance	25,555,000
Import Administration	40,645,000
U.S. & F.C.S.	194,638,000
Executive Direction and Administration	11,859,000
Fee Collections	(3,000,000)
Total, ITA	334,444,000

Trade Development (TD).—The conference agreement provides $64,747,000 for this activity. Of the amounts provided, $50,992,000 is for the TD base program, $9,750,000 is for the National Textile Consortium, $3,000,000 is for the Textile/Clothing Technology Corporation, and $250,000 is for the requested export database. Existing members of the National Textile Consortium should receive funding at the fiscal year 2000 level and the remaining $750,000 is available for new members on a competitive basis. Further, the conference agreement includes $255,000 for the Access Mexico program and $500,000 for continuation of the international global competitiveness initiative as recommended in the House report.

Market Access and Compliance (MAC).—The conference agreement includes a total of $25,555,000 for this activity. Of the amounts provided, $18,755,000 is for the base program, $500,000 is for the strike force teams initiative as provided in the current year, and $6,300,000 is for the trade enforcement and compliance initiative, the full amount requested in the budget. Senate report language regarding the Mid-American Regional Council is incorporated by reference.

Import Administration.—The conference agreement provides $40,645,000 for the Import Administration. Requested program increases are included as follows: $1,250,000 for overseas compliance; $2,225,000 for China and Japan compliance; and $3,000,000 for import surge monitoring enforcement. Funding for a trade-law technical assistance center and a World Trade Organization initiative is not included. Senate report language on ITA and USTR work is included by reference.

U.S. and Foreign Commercial Service (US & FCS).—The conference agreement includes $194,638,000 for the programs of the US & FCS, the same amount provided in the House bill and $23,923,000 above the Senate-reported amendment. House report language regarding the Rural Export Initiative, the Global Diversity Initiative, and base resources is adopted by reference. Senate report language regarding the US & FCS's work on the Appalachian-Turkish Trade Project is adopted by reference.

Executive Direction and Administration.—The conference agreement includes $11,859,000 in direct appropriations and $847,000 in prior year carryover, providing total availability of $12,706,000 for the administrative and policy functions of the ITA. The conference agreement does not include Senate-reported amendment language regarding Executive Direction and Administration funding.

House report language regarding trade missions, buying power maintenance, and trade show revenues is included by reference.

EXPORT ADMINISTRATION

OPERATIONS AND ADMINISTRATION

The conference agreement includes $64,854,000 for the Bureau of Export Administration (BXA) instead of $53,833,000 as proposed in the House bill and $61,037,000 as proposed in the Senate-reported amendment. The conference agreement assumes $425,000 will be available from prior year carryover. Of the amount provided, $31,328,000 is for Export Administration base, including Chemical Weapons Convention (CWC) implementation and $7,250,000 is for CWC inspections; $25,033,000 is for Export Enforcement, including $500,000 for computer export verification as in the current year and $1,000,000 for the Chemical Weapons Convention Treaty; $4,051,000 is for Management and Policy Coordination; and $4,867,000 is for the Critical Infrastructure Assurance Office (CIAO). The House report language regarding the final year of operation for the CIAO is incorporated by reference.

The conference agreement does not include under this heading, a provision proposed in the House bill regarding the processing of licenses for the export of satellites to the People's Republic of China. The conference agreement includes an identical provision under ''Department of State, Diplomatic and Consular Programs'', as proposed in the Senate-reported amendment.

ECONOMIC DEVELOPMENT ADMINISTRATION

ECONOMIC DEVELOPMENT ASSISTANCE PROGRAMS

The conference agreement includes $411,879,000 for Economic Development Administration (EDA) grant programs instead of $361,879,000 as proposed in the House bill and $218,000,000 as proposed in the Senate-reported amendment.

Of the amounts provided, $286,700,000 is for Public Works and Economic Development, $49,629,000 is for Economic Adjustment Assistance, $31,450,000 is for Defense Conversion, $24,000,000 is for Planning, $9,100,000 is for Technical Assistance, including University Centers, $10,500,000 is for Trade Adjustment Assistance, and $500,000 is for Research. EDA is expected to allocate the funding as directed in the House report. The conference agreement does not include set-aside funding for specific sectors or populations that was requested in the budget. The authorized, traditional programs provide support for all communities facing economic hardship. Within the funding for Economic Adjustment Assistance, EDA is expected to increase funding for assistance to the timber and coal industries above fiscal year 2000 levels. In addition, EDA is expected to provide resources for communities affected by economic downturns due to United States-Canadian trade-related issues, New England fisheries impacted by regulations, and communities impacted by NAFTA, as directed in the Senate report.

The conference agreement makes funding under this account available until expended, as proposed in both the House bill and the Senate-reported amendment.

SALARIES AND EXPENSES

The conference agreement includes $28,000,000 for salaries and expenses of the EDA instead of $26,499,000 as proposed in the House bill and $31,542,000 as proposed in the Senate-reported amendment. This funding will allow EDA to increase its level of administrative operations to manage increased program funding levels. The EDA is directed to aggressively pursue all opportunities for reimbursement, deobligations, and use of non-appropriated resources to achieve efficient and effective control of EDA programs.

MINORITY BUSINESS DEVELOPMENT AGENCY

MINORITY BUSINESS DEVELOPMENT

The conference agreement includes $27,314,000 for the programs of the Minority Business Development Agency (MBDA), as proposed in the House bill, instead of $27,000,000 as proposed in the Senate-reported amendment. House report language regarding the Entrepreneurial Technology Apprenticeship Program is included by reference.

ECONOMIC AND INFORMATION INFRASTRUCTURE

ECONOMIC AND STATISTICAL ANALYSIS

SALARIES AND EXPENSES

The conference agreement includes $53,745,000 for salaries and expenses of the activities funded under the Economic and Statistical Analysis account, instead of $49,499,000 as proposed in the House bill and $53,992,000 as proposed in the Senate-reported amendment. Funding is included to begin the necessary task of updating and improving statistical measurements of the U.S. economy, international transactions, and the effects of e-business, as referenced in the Senate report. House report language regarding the Integrated Environmental-Economic Accounting initiative is included by reference.

BUREAU OF THE CENSUS

The conference agreement provides total spending of $733,633,000 for the Bureau of the Census for fiscal year 2001, instead of a direct appropriation of $670,867,000 as proposed in the House bill, and a direct appropriation of $693,610,000 as proposed in the Senate-reported amendment.

SALARIES AND EXPENSES

The conference agreement includes $157,227,000 for the Salaries and Expenses of the Bureau of the Census for fiscal year 2001, instead of $140,000,000 as proposed in the House bill, and $158,386,000 as proposed in the Senate-reported amendment. The agreement represents a $17,227,000 increase over the fiscal year 2000 level. The distribution of funding is as follows:

Current Economic Statistics	$103,228,000
Current Demographic Statistics	50,100,000
Survey Development and Data Surveys	3,899,000
Total	157,227,000

For current economic statistics programs, the conference agreement provides a total of $103,228,000, of which $11,295,000 is for adjustments to base, and $3,000,000 is for program enhancements for the following initiatives: $2,000,000 to begin the measurement of electronic businesses, and $1,000,000 to support efforts to improve the timeliness, quality and coverage of export trade statistics. The conference agreement fully funds base requirements for these programs to ensure that key reports on manufacturing, general economic and foreign trade statistics are maintained and issued on a timely basis. The conference agreement does not include additional funding requested to begin funding a specialized Survey of Minority Owned Business Enterprises under this account, because such action is inconsistent with the longstanding practice of requiring specialized surveys to be funded by an affected agency or entity. The conference agreement adopts the Senate report language requiring a report on reimbursements to be submitted with the fiscal year 2002 budget request.

The Bureau of the Census is directed to make the following changes beginning with the data collection on or after October 1, 2000, to the monthly report entitled ''Preliminary: U.S. Imports for Consumption of Steel Products'': (1) to delineate all products listed in such report into the following categories: alloy steel products, stainless steel products, and carbon steel products; (2) to add the following specialty steel categories to the report: alloy steel and silicon electrical steel; and (3) to divide in the report all steel line pipe products into the following categories: line pipe products 16 inches or less in diameter, and line pipe products over 16 inches in diameter.

Concerns have been expressed regarding recent actions taken by the Bureau of the Census to change the manner in which data are collected from the Shipper's Export Declaration, and the burden this may impose on some shippers. The Bureau is requested to provide a report on this matter to the Committees on Appropriations no later than December 15, 2000.

It is the Congress' understanding that the Office of Management and Budget (OMB) will not be designating or defining any changes to metropolitan areas during fiscal year 2001. In order to ensure public acceptance of revised standards for defining metropolitan areas, OMB will continue to work with the Congress to resolve outstanding issues before adopting revised standards. With respect to the titling of Combined Areas that may be defined in 2003, OMB is urged to adopt a standard as follows: (1) the name of the largest principal city of the largest Core Based Statistical Area should appear first in the Combined Area title; and (2) in accordance with local opinion, up to two additional names could be included in the Combined Area title, provided that the additional names are the names of principal cities in the Combined Area or suitable regional names; and the resulting title of the Combined Area would be distinct from the title of any Metropolitan Area, Micropolitan Area, or Metropolitan Division defined in 2003 or beyond. With respect to titling of Metropolitan Areas, OMB is urged to continue to work with the Congress to address local concerns.

PERIODIC CENSUSES AND PROGRAMS

The conference agreement provides a total spending level of $576,406,000 for periodic censuses and programs, of which $276,406,000 is provided as a direct appropriation, and $300,000,000 is from prior year unobligated balances, instead of a direct appropriation of $530,867,000 as proposed in the House bill, and a direct appropriation of $535,224,000 as proposed in the Senate-reported amendment.

Decennial Census Programs.—The conference agreement includes a total of $390,898,000 for completion of the 2000 decennial census, of which $130,898,000 is provided as a direct appropriation, and $260,000,000 is derived from prior year carryover, instead of a direct appropriation of $392,898,000 as proposed in the House bill, and a direct appropriation of $389,716,000 as proposed in the Senate-reported amendment. The following represents the distribution of total funds provided for the 2000 Census in fiscal year 2001:

Program Development and Management	$24,055,000
Data Content and Products	55,096,000
Field Data Collection and Support Systems	122,000,000
Address List Development	1,500,000
Automated Data Process and Telecommunications Support	115,038,000
Testing and Evaluation	55,000,000
Puerto Rico, Virgin Islands and Pacific Areas	5,512,000
Marketing, Communications and Partnerships	9,197,000
Census Monitoring Board	3,500,000
Total, Decennial Census	390,898,000

The Bureau is directed to continue to provide monthly reports on the obligation of funds against each framework. Reallocation of resources among the frameworks listed above is subject to the requirements of section 605 of this Act, as is allocation of any additional unobligated balances not allocated in this conference agreement.

The conference agreement includes language designating the amounts provided for each decennial framework, modified from language proposed in the House bill. Should the operational needs of the decennial census necessitate the transfer of funds between these frameworks, the Bureau may transfer such funds as necessary subject to the standard transfer and reprogramming procedures set forth in section 605 of this Act. In addition, the conference agreement includes language designating funding under this account for the expenses of the Census Monitoring Board as proposed in the House bill. The Senate bill did not include a similar provision.

Other Periodic Programs.—The conference agreement includes a total of $185,508,000 for

other periodic censuses and programs, of which $40,000,000 is derived from prior year unobligated balances available from the decennial census, instead of a direct appropriation of $137,969,000 as proposed in the House bill, and $145,508,000 as proposed in the Senate-reported amendment. The following table represents the distribution of funds provided for non-decennial periodic censuses and related programs:

Economic Statistics Programs	$45,928,000
Economic Censuses	(42,846,000)
Census of Governments	(3,082,000)
Demographic Statistics Programs	(96,380,000)
Intercensal Demographic Estimates	(5,583,000)
Continuous Measurement	(21,615,000)
Demographic Survey Sample Redesign	(4,769,000)
Electronic Information Collection (CASIC)	(6,000,000)
Geographic Support	(35,108,000)
Data Processing Systems	(23,305,000)
Suitland Federal Center	43,200,000
Total	185,508,000

The Secretary of Commerce is directed to submit to the Congress, no later than September 30, 2001, a written report on any methodological, logistical, and other issues associated with the inclusion in future decennial censuses of American citizens and their dependents living abroad, for apportionment, redistricting, and other purposes for which decennial census results are used. This report shall include estimates of the number of Americans living abroad in the following categories: Federal civilian employees, military personnel, employees of business enterprises, employees of non-profit entities, and individuals not otherwise described.

Suitland Federal Center.—The conference agreement includes a total of $43,200,000 for activities related to renovation of Census Bureau facilities at the Suitland Federal Center, of which $40,000,000 is provided from prior year unobligated balances and $3,200,000 is provided from direct appropriations. This amount represents the Census Bureau's costs associated with renovation of this facility, as follows: $3,200,000 for planning and design work, and $40,000,000 for above-standard costs. The construction and tenant build-out costs for this facility are to be funded by the General Services Administration (GSA), not the Census Bureau, and the conference agreement includes new language prohibiting Census Bureau funds from being used for these purposes. Language is also included, as proposed in the Senate-reported amendment, requiring quarterly reports from the Census Bureau and GSA on this project.

NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION

SALARIES AND EXPENSES

The conference agreement includes $11,437,000 for the salaries and expenses of the National Telecommunications and Information Administration (NTIA) as provided in the Senate-reported amendment, instead of $10,975,000 as proposed in the House bill. The conference agreement includes, by reference, Senate report language regarding funding for the critical infrastructure program, and House report language regarding reimbursements.

PUBLIC TELECOMMUNICATIONS FACILITIES, PLANNING AND CONSTRUCTION

The conference agreement includes $43,500,000 for the Public Telecommunications Facilities, Planning and Construction (PTFP) program, instead of $31,000,000 as proposed in the House bill and $50,000,000 as proposed in the Senate-reported amendment. NTIA is expected to use this funding for the existing equipment and facilities replacement program, and to maintain an appropriate balance between traditional grants and those to stations converting to digital broadcasting. NTIA is directed to place emphasis on distance learning initiatives targeting rural areas, as described in Senate report.

INFORMATION INFRASTRUCTURE GRANTS

The conference agreement includes $45,500,000 for NTIA's Information Infrastructure Grants program, instead of $15,500,000 as proposed in both the House bill and the Senate-reported amendment. Senate report language regarding the overlap of funding under this heading with funding for the Department of Justice, Office of Justice Programs, with respect to law enforcement communication and information networks is included by reference. The conference agreement includes language proposed in the Senate-reported amendment regarding uses of spectrum. The House bill did not include a provision on this matter. Senate report language regarding proposals for several grant programs is not included in the conference agreement. House report language regarding telecommunications research is included by reference.

PATENT AND TRADEMARK OFFICE

SALARIES AND EXPENSES

The conference agreement provides a total funding level of $1,038,732,000 for the Patent and Trademark Office (PTO) as proposed in the Senate-reported amendment and requested in the budget, instead of $904,924,000 as proposed in the House bill. Of the amount provided in the conference agreement, $783,843,000 is to be derived from fiscal year 2001 offsetting fee collections, and $254,889,000 is to be derived from carryover of prior year fee collections. This amount represents an increase of $167,732,000, or 19 percent, above the fiscal year 2000 operating level for the PTO. The PTO has experienced significant growth in recent years due to increased application filings for patents and trademarks, and funding is provided to address these increased filings.

The conference agreement includes bill language limiting the amount of carryover that may be obligated in fiscal year 2001, as proposed in the House bill.

The conference agreement includes House report language concerning PTO's partnership with the National Inventor's Hall of Fame and Inventure Place, and Senate report language concerning the official insignias of Native American Tribes, and agency budget forecasts.

SCIENCE AND TECHNOLOGY

TECHNOLOGY ADMINISTRATION

UNDER SECRETARY FOR TECHNOLOGY/OFFICE OF TECHNOLOGY POLICY

SALARIES AND EXPENSES

The conference agreement includes $8,080,000 for the Technology Administration, instead of $7,945,000 as proposed in the House bill, and $8,216,000 as proposed in the Senate-reported amendment. The conference agreement continues direction as in fiscal years 1998, 1999, and 2000 regarding the use of Technology Administration and Department of Commerce resources to support foreign policy initiatives and programs.

NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY

SCIENTIFIC AND TECHNICAL RESEARCH AND SERVICES

The conference agreement includes $312,617,000 for the internal (core) research account of the National Institute of Standards and Technology (NIST), instead of $292,056,000 as proposed in the House bill, and $305,003,000 as proposed in the Senate-reported amendment.

The conference agreement provides funds for the core research programs of NIST as follows:

Electronics and Electrical Engineering	$40,127,000
Manufacturing Engineering	19,821,000
Chemical Science and Technology	33,360,000
Physics	31,556,000
Material Sciences and Engineering	54,658,000
Building and Fire Research	17,124,000
Computer Science and Applied Mathematics	52,551,000
Technology Assistance	17,349,000
Baldrige Quality Awards	5,205,000
Research Support	36,599,000
Infrastructure Protection Research Grants	5,000,000
Subtotal	313,350,000
Deobligations	(733,000)
Total	312,617,000

In addition, the conference agreement includes funding for the Physics program as referenced in the Senate report. Of the funding provided for Computer Science and Applied Mathematics, $3,000,000 is for expert review teams, and $4,000,000 is for internal critical infrastructure protection activities. Funding is included for the Building and Fire Program at $1,192,000 above the budget request, and $2,000,000 is to continue the disaster research program on effects of windstorms on protective structures and other technologies begun in fiscal year 1998. A total of $282,000 is authorized to be transferred to the NIST working capital fund, as referenced in the House bill instead of $6,200,000 as referenced in the Senate-reported amendment. Language regarding the placement of NIST personnel overseas is included as in the House report.

Funding of $5,000,000 is provided for a new program to award research grants for critical infrastructure protection. NIST is required to submit an implementation plan for this new, competitive grant program, prior to obligation of funding.

INDUSTRIAL TECHNOLOGY SERVICES

The conference agreement includes $250,837,000 for the NIST external research account, instead of $104,836,000 as proposed in the House bill, and $262,737,000 as proposed in the Senate-reported amendment.

Manufacturing Extension Partnership Program.—The conference agreement includes $105,137,000 for the Manufacturing Extension Partnership Program (MEP), instead of $104,836,000 as proposed in the House bill, and $109,137,000 as proposed in the Senate-reported amendment. The conference agreement includes no funding for new initiatives. Additional funding is provided for the centers. The conference agreement incorporates direction in the Senate report that the Northern Great Plains Initiative e-commerce project should assist small manufacturers with marketing and business development purposes in rural areas.

Advanced Technology Program.—The conference agreement includes $145,700,000 for the Advanced Technology Program (ATP), instead of $153,600,000 as proposed in the Senate-reported amendment, and no funding as proposed in the House bill. The amount of carryover funding available in fiscal year 2001 is $45,000,000, providing total available funding of $190,700,000 for fiscal year 2001.

The recommendation provides the following: (1) $84,800,000 for continued funding requirements for awards made in fiscal years 1996, 1997, 1998, 1999, and 2000; (2) $60,700,000 for new awards in fiscal year 2001; and (3) $45,200,000 for administration, internal NIST lab support and Small Business Innovation Research requirements.

The conference agreement includes bill language, modified from the Senate language, designating $60,700,000 for new ATP awards.

CONSTRUCTION OF RESEARCH FACILITIES

The conference agreement provides $34,879,000 for construction, renovation and maintenance of NIST facilities, instead of $26,000,000 as proposed in the House bill, and $28,879,000 as proposed in the Senate-reported amendment.

Of the amount provided, $14,000,000 is for grants and cooperative agreements as referenced in Section 209 of this Act; and $20,879,000 is for safety, capacity, maintenance, and repair projects at NIST, including funding to address electrical service issues at NIST's Boulder campus.

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

The conference agreement provides a total funding level of $2,627,500,000 for all programs of the National Oceanic and Atmospheric Administration (NOAA), instead of $2,230,959,000 as proposed in the House bill, and $2,687,070,000 as proposed in the Senate-reported amendment. Of these amounts, the conference agreement includes $1,869,170,000 in the Operations, Research, and Facilities (ORF) account, $682,899,000 in the Procurement, Acquisition and Construction (PAC) account, and $75,431,000 in other NOAA accounts.

OPERATIONS, RESEARCH, AND FACILITIES

(INCLUDING TRANSFERS OF FUNDS)

The conference agreement includes $1,869,170,000 for the Operations, Research, and Facilities account of the National Oceanic and Atmospheric Administration instead of $1,608,125,000 as proposed in the House bill, and $1,958,046,000 as proposed in the Senate-reported amendment.

In addition to the new budget authority provided, the conference agreement allows a transfer of $68,000,000 from balances in the account entitled ''Promote and Develop Fishery Products and Research Related to American Fisheries'', as proposed in the House bill, instead of $72,828,000 as proposed in the Senate-reported amendment. In addition, the conference agreement assumes prior year deobligations totaling $16,650,000, $4,000,000 in offsets from fee collections, and $3,200,000 to be transferred from the Coastal Zone Management Fund to the ORF account.

The conference agreement does not include language proposed in the House bill designating the amounts provided under this account for the six NOAA lines offices. The Senate-reported amendment contained no similar provision.

The conference agreement includes language, similar to language proposed in the House bill and carried since the 1999 Appropriations Act, designating the amount available for Executive Direction and Administration and prohibiting augmentation of specified offices through formal or informal personnel details, transfers, or reimbursements above 42 personnel. The Senate-reported amendment contained no such provision.

The conference agreement includes language proposed in the House bill making the use of deobligated balances subject to standard reprogramming procedures. NOAA is directed that any use of deobligations above $16,650,000 is subject to the procedures set forth in section 605 of this Act. In addition, the conference agreement includes House bill language limiting administrative charges assessed on assigned activities, as in the current year. The Senate-reported amendment included no similar provisions.

The conference agreement does not include language in the Senate-reported amendment regarding lawsuits. The House bill did not address this matter.

The conference agreement does not include $34,000,000 in controversial new fisheries and navigation safety fees that were proposed in the budget request. House and Senate report language regarding these fees is incorporated by reference.

The conference agreement does not include a provision, as proposed in the Senate-reported amendment, permitting the Secretary to have NOAA occupy and operate research facilities at Lafayette, Louisiana.

The following table reflects the distribution of the funds provided in this conference agreement.

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION OPERATIONS, RESEARCH AND FACILITIES, FISCAL YEAR 2001

	Fiscal year—				
	2000 Enacted	2001 Request	2001 House	2001 Senate	2001 Conf.
NATIONAL OCEAN SERVICE					
Navigation Services:					
Mapping and Charting	35,298	38,456	32,718	40,256	37,437
Address Survey Backlog	18,900	18,000	18,900	22,000	20,450
Subtotal	54,198	56,456	51,618	62,256	57,887
Geodesy	20,159	20,206	21,159	21,134	22,384
Tide and Current Data	12,390	15,089	15,089	12,293	15,089
Acquisition of Data	15,546	17,246	14,546	18,246	18,246
NOAA Corps strength increase	.....	.....	.....	1,000	1,000
Total, Navigation Services	102,293	108,997	102,412	114,929	114,606
Ocean Resources Conservation and Assessment:					
Ocean Assessment Program	44,846	41,465	34,348	49,515	49,956
GLERL	.....	6,085	.....	7,000	.....
Response and Restoration	15,329	20,149	10,991	19,884	11,600
Oceanic and Coastal Research	8,470	8,500	5,410	10,500	9,500
Subtotal—Estuarine & Coastal Assessment	68,645	76,199	50,749	86,899	71,056
Coastal Ocean Program	17,200	18,232	17,087	19,432	18,287
Total, Ocean Resources Conservation & Assessment	85,845	94,431	67,836	106,331	89,343
Ocean and Coastal Management:					
CZM Grants	54,700	147,400	54,700	60,000	52,000
Program Administration	4,500	6,608	4,500	4,500	4,500
Estuarine Research Reserve System	6,000	12,000	6,000	12,000	9,750
Nonpoint Pollution Control	2,500	4,500	2,500	.....	.....
Subtotal, Coastal Management	67,700	170,508	67,700	76,500	66,250
Marine Sanctuary Program	23,000	32,000	22,500	23,500	20,500
Total, Ocean & Coastal Management	90,700	202,508	90,200	100,000	86,750
Total, NOS	278,838	405,936	260,448	321,260	290,699
NATIONAL MARINE FISHERIES SERVICE					
Information Collection and Analysis:					
Resource Information	107,848	101,988	100,100	117,795	119,945
Antarctic Research	1,234	1,200	1,200	2,000	1,500
Chesapeake Bay Office	2,390	1,500	2,390	3,000	2,500
Right Whale Research	.....	200	.....	.....	.....
MARFIN	2,750	2,750	2,500	3,500	3,500
SEAMAP	1,200	1,200	1,200	1,200	1,400
Alaskan Groundfish Surveys	900	661	661	900	900
Bering Sea Pollock Research	945	945	945	945	945
West Coast groundfish	820	780	820	780	820
New England Stock Depletion	1,000	1,000	1,000	1,000	1,000

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION OPERATIONS, RESEARCH AND FACILITIES, FISCAL YEAR 2001—Continued

	Fiscal year—				
	2000 Enacted	2001 Request	2001 House	2001 Senate	2001 Conf.
Hawaii Stock Management Plan	500	.....	500	500	500
Yukon River Chinook Salmon	1,200	700	.....	1,500	1,500
Atlantic Salmon Research	710	710	710	710	710
Gulf of Maine Groundfish Survey	567	567	567	567	567
Dolphin/Yellowfin Tuna Research	250	250	250	250	250
Pacific Salmon Treaty Program	17,431	10,587	5,587	10,587	7,456
Red Snapper Monitoring and Research	.....	.....	.....	7,500	4,500
SE Cooperative Research	.....	.....	.....	.....	2,500
Hawaiian Monk Seals	750	500	500	800	800
Steller Sea Lion Recovery Plan	4,000	1,440	1,440	12,300	12,300
Hawaiian Sea Turtles	285	248	248	300	300
Bluefish/Striped Bass	1,000	.....	1,000	.....	1,500
Halibut/Sablefish	1,200	1,200	1,200	1,200	1,200
Subtotal	146,980	128,426	122,818	167,334	166,593
Fishery Industry Information:					
Fish Statistics	13,000	18,871	13,000	21,871	17,680
Alaska Groundfish Monitoring	5,500	5,200	5,200	7,100	6,750
PACFIN/Catch Effort Data	3,000	3,000	4,700	3,700	3,000
AKFIN (Alaska Fishery Information Network	2,500	.....	.....	3,400	3,000
RECFIN	3,700	3,100	3,100	3,700	3,700
GULF FIN Data Collection Effort	3,500	.....	3,000	.....	3,500
Subtotal	31,200	30,171	29,000	39,771	37,630
Information Analyses and Dissemination	20,900	21,403	20,400	21,403	21,150
Computer Hardware and Software	3,500	3,500	750	3,500	3,500
Subtotal	24,400	24,903	21,150	24,903	24,650
Acquisition of Data	25,943	25,944	25,943	26,944	26,900
Total, Information, Collection, and Analyses	228,523	209,444	198,911	258,952	255,773
Conservation and Management Operations:					
Fisheries Management Programs	38,830	37,825	34,680	79,295	62,888
Columbia River Hatcheries	12,055	15,212	12,055	15,742	14,055
Columbia River Endangered Species	288	288	288	288	288
Regional Councils	13,150	13,100	13,150	15,100	13,150
International Fisheries Commissions	400	400	400	400	400
Management of George's Bank	478	478	478	478	478
Pacific Tuna Management/Pelagic Fisheries	2,300	1,250	1,250	3,000	2,650
Fisheries Habitat Restoration	2,000	4,000	2,000	2,000	2,000
NE Fisheries Management	6,000	11,900	6,000	3,980	.....
NE Consortium	.....	.....	.....	5,000	5,000
NE Cooperative	.....	15,000	15,000	15,000	15,000
Norton Sound Fisheries	.....	5,000	5,000	5,000	5,000
Coral Reefs	.....	5,000	.....	3,000	.....
Subtotal, Fisheries Mgmt. Programs	75,501	109,533	90,301	143,283	120,900
Protected Species Management	6,200	8,988	6,950	11,288	9,038
Dolphin Encirclement	3,300	3,300	3,300	3,300	3,300
Driftnet Act Implementation	3,439	3,278	3,278	5,250	3,775
Marine Mammal Protection Act	7,583	7,225	7,225	8,225	8,125
Endangered Species Act Recovery Plan	43,500	55,450	42,800	47,765	55,338
Native Marine Mammals	950	700	200	1,200	950
Observers/Training	2,650	4,500	5,700	4,925	6,475
SUBTOTAL	67,622	83,441	69,453	81,953	87,001
Habitat Conservation	9,200	11,079	9,200	11,079	10,140
Enforcement & Surveillance	17,950	22,354	17,950	22,354	22,354
Total, Conservation, Management & Operations	170,273	226,407	186,904	258,669	240,404
State and Industry Assistance Programs:					
Interjurisdictional Fisheries Grants	2,600	2,590	2,590	2,590	2,590
Anadromous Grants	2,100	2,100	2,100	2,100	2,100
Interstate Fish Commissions	7,750	4,000	7,750	8,750	8,000
Subtotal	12,450	8,690	12,440	13,440	12,690
Fisheries Development Program:					
Product Quality and Safety/Seafood Inspection	9,500	8,328	8,328	8,778	8,328
Hawaiian Fisheries Development	750	.....	.....	750	750
Alaska Fisheries Development Foundation	.....	.....	.....	300	.....
Subtotal	10,250	8,328	8,328	9,828	9,078
Total, State and Industry Programs	22,700	17,018	20,768	23,268	21,768
TOTAL, NMFS	421,496	452,870	406,583	540,889	517,945
OCEANIC AND ATMOSPHERIC RESEARCH					
Climate and Air Quality Research:					
Interannual & Seasonal	16,900	14,986	12,900	14,986	14,943
Climate & Global Change Research	67,000	67,095	63,000	68,895	68,500
GLOBE	3,000	5,000	.....	.....	3,000
Climate Observations & Services	.....	24,000	.....	14,000	12,250
Subtotal	86,900	111,081	75,900	97,861	98,693
Long-term Climate & Air Quality Research	30,000	30,525	29,409	33,025	33,019
Information Technology/High Performance Computing	12,750	12,750	12,000	12,750	12,750
Subtotal	42,750	43,275	41,409	45,775	45,769
Total, Climate and Air Quality Research	129,650	154,356	117,309	143,656	144,462
Atmospheric Programs:					
Weather Research	37,350	37,075	35,850	38,075	37,500

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION OPERATIONS, RESEARCH AND FACILITIES, FISCAL YEAR 2001—Continued

	Fiscal year—				
	2000 Enacted	2001 Request	2001 House	2001 Senate	2001 Conf.
STORM	2,000			1,000	350
Wind Profiler	4,350	4,350	4,350	4,350	4,350
Subtotal	43,700	41,425	40,200	43,425	42,200
Solar/Geomagnetic Research	7,000	6,182	6,000	6,182	6,000
Total, Atmospheric Programs	50,700	47,607	46,200	49,607	48,200
Ocean and Great Lakes Programs:					
Marine Prediction Research	27,325	22,595	19,725	30,245	32,525
GLERL	6,825		7,125		7,000
Sea Grant Program	59,250	59,250	61,250	64,750	62,250
National Undersea Research Program	13,800	5,750		17,000	15,800
Total, Ocean and Great Lakes Programs	107,200	87,595	88,100	111,995	117,575
Acquisition of Data	12,952	12,952	12,952	12,952	12,952
Total, OAR	300,502	302,510	264,561	318,210	323,189
NATIONAL WEATHER SERVICE					
Operations and Research:					
Local Warnings and Forecasts	480,758	508,936	506,348	505,503	462,180
Susquehanna River Basin flood system	1,125	619	1,250	1,500	1,313
Aviation forecasts	35,596	35,596	35,596	35,596	35,596
Advanced Hydrological Prediction System	1,000	1,000	1,000	1,000	1,000
WFO Maintenance	3,250	5,250	3,250	5,250	4,250
Weather Radio Transmitters			3,000		4,308
Subtotal	480,758	508,936	503,348	505,403	508,647
Central Forecast Guidance	37,081	38,001	37,081	38,001	37,500
Atmospheric and Hydrological Research	3,000	3,068	3,000	3,068	3,034
Total, Operations and Research	520,839	550,005	543,429	546,472	549,181
Systems Acquisition:					
Public Warnings and Forecast Systems:					
NEXRAD	38,836	38,802	38,802	38,802	38,802
ASOS	7,345	7,423	7,345	7,423	7,423
AWIPS/NOAA Port	32,150	38,642	32,150	38,642	35,396
Total, Systems Acquisition	78,331	84,867	78,297	84,867	81,621
Total, NWS	599,170	634,872	621,726	631,339	630,802
NAT'L ENVIRONMENTAL SATELLITE, DATA AND INFORMATION SERVICE					
Satellite Observing Systems:					
Ocean Remote Sensing	4,000	4,000		4,000	4,000
Environmental Observing Systems	53,300	53,912	50,800	56,412	53,300
Global Disaster Information Network		5,500			3,000
Total, Satellite Observing Systems	57,300	63,412	50,800	60,412	60,300
Data and Information Services	38,700	32,454	40,700	35,754	49,700
Environmental Data Management Systems	12,335	12,335	12,335	12,335	12,335
Regional Climate Centers	2,750		2,750	3,600	2,900
Total, EDMS	53,785	44,789	55,785	51,689	64,935
Total, NESDIS	111,085	108,201	106,585	112,101	125,235
PROGRAM SUPPORTS					
Administration and Services:					
Executive Direction and Administration	19,387	19,902	19,902	19,902	19,902
Systems Acquisition Office	712	712	700	712	712
NMFS Study				750	750
Subtotal	20,099	20,614	19,900	21,364	21,364
Central Administrative Support	31,850	33,132	31,850	33,132	33,132
Minority Serving Institutions		17,000			15,000
Total, Administration and Services	51,949	53,746	51,750	54,496	69,496
Aircraft Services	10,760	11,009	11,000	14,309	11,809
Rent Savings (Transferred to ATB)	(4,656)		(4,656)		
Total, Program Support	58,053	64,755	58,094	68,805	81,305
Fleet Planning and Maintenance	13,243	9,294	7,000	19,004	11,010
Facilities					
NOAA Facilities Maintenance	1,809	1,941	1,800	1,941	1,870
Environmental Compliance	2,000	3,899	2,000	3,899	2,000
Suitland				14,700	
Columbia River Facilities	3,365		3,365	3,465	3,365
NERRS Construction				3,000	
Boulder Facilities (GSA) Operations	3,850	5,350	3,850	4,000	4,000
NARA Records Mgmt		262		262	
Total, Facilities	11,024	11,452	11,015	31,267	11,235
Direct Obligations	1,793,411	1,989,890	1,736,012	2,042,875	1,991,420
Offset for Fee Collections (Adjustment)	(4,000)		4,000	4,000	4,000
Reimbursable Obligations	195,767	204,400	204,400	204,400	204,400
Offsetting Collections (data sales)	3,600	3,600	3,600	3,600	3,600
Offsetting Collections (fish fees/IFQ CDQ)	4,000				
Subtotal, Reimbursables	199,367	208,000	212,000	212,000	212,000
Total, Obligations	1,992,778	2,197,890	1,948,012	2,254,875	2,203,420
Financing					
Deobligations (Prior year recoveries)	(36,000)	(36,000)	(36,000)	(10,000)	(16,650)

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION OPERATIONS, RESEARCH AND FACILITIES, FISCAL YEAR 2001—Continued

	Fiscal year—				
	2000 Enacted	2001 Request	2001 House	2001 Senate	2001 Conf.
Unobligated Balance transferred, net					
Offsetting Collections (data sales)	(3,600)	(3,600)	(3,600)	(3,600)	(3,600)
Offsetting Collections (fish fees/IFQ CDQ)	(4,000)		(4,000)		(4,000)
Federal Funds	(134,927)	(147,700)	(147,700)	147,700)	(147,700)
Non-federal Funds	(60,840)	(56,700)	(56,700)	(56,700)	(56,700)
Subtotal, Financing	(239,367)	(244,000)	(248,000)	(218,000)	(228,650)
Budget Authority	1,753,411	1,953,890	1,700,012	2,036,875	1,974,770
Financing From:					
Promote and Develop American Fisheries	(68,000)	(68,000)	(68,000)	(66,278)	(68,000)
Coastal Zone Management Fund	(4,000)	(3,200)	(4,000)	(3,200)	(3,200)
Anticipated Offsetting Collections (fish fees)		(20,000)			
Anticipated Offsetting Collections (navigation fees)		(14,000)			
Disaster Relief—Norton Sound		(5,000)	(5,000)	(5,000)	(5,000)
Disaster Relief—NE Fisheries		(15,000)	(15,000)	(15,000)	(15,000)
Subtotal, ORF	1,310,677	1,501,890	1,240,012	1,610,875	1,883,570
Additional Adjustments:					
Domestic Travel					(4,000)
Foreign Travel					(2,400)
General Office Supplies					(5,000)
Non-Maritime/Non-capitalized equipment					(3,000)
Subtotal, ORF	1,681,411	1,828,690	1,608,012	1,947,397	1,869,170
Total, ORF	1,681,411	1,828,690	1,608,012	1,947,397	1,869,170
PROCUREMENT, ACQUISITION AND CONSTRUCTION					
Systems Acquisition:					
CAMS		15,823	4,500	17,823	19,823
AWIPS	16,000	17,300	16,000	17,300	16,300
ASOS	3,855	5,125	3,855	5,125	3,855
NEXRAD	8,280	9,580	8,280	9,580	8,280
Computer Facilities Upgrades	11,100	15,085	11,100	15,085	15,085
Polar Spacecraft and Launching	190,979	213,619	206,965	213,639	210,310
Geostationary Spacecraft and Launching	266,615	290,824	290,824	290,824	290,824
Radiosonde Replacement	7,000	7,000	2,000	7,000	5,000
GFDL Supercomputer	5,000	7,000	5,000	7,000	4,000
Evansville Dopple Radar		5,500	5,500		5,500
NOAA Weather Radio Expansion/Enhancement		6,244		6,244	
National Data Archive [NEDAAS]		4,000		4,000	2,000
Subtotal, Systems Acquisition	508,829	597,100	554,024	593,620	580,977
Construction:					
WFO Construction	9,526	9,526	9,136	9,526	9,526
NERRS Construction	6,750	8,000	6,000	8,000	7,500
Botanical Gardens	1,500				3,500
Alaska Facilities	9,750	1,000		19,000	19,000
National Marine Life Center				1,000	800
Great Bay NERRS, NH					5,000
Kasitsna Bay Lab/Kachemak Bay					5,000
NORC Rehabilitation (Suitland)	3,045				
Marine Sanctuaries	3,000	3,000	3,000		
Suitland Facility	3,000				15,000
Norman, OK		3,000		3,000	3,000
LaJolla Bluffs, CA		4,600		4,600	
Western Region Consolidation		200		200	
Coastal Service Center Wing (SC)				4,000	
Aquatic Resources					5,000
Pribilof Island Cleanup (AK)				7,000	6,000
Folly Beach Seabrook Tract (SC)				2,000	2,000
Subtotal, Construction	36,571	29,326	18,136	57,326	81,326
Fleet Replacement					
Fishery Research Vessel Placement	51,567	8,300		8,300	8,300
Adventurous Refurbishment		8,000		8,000	8,000
Fairweather Refurbishment					6,800
Naval Surplus vessels for coastal research (YTT)					5,000
Subtotal, Fleet Replacement	51,567	16,300		16,300	28,100
Deobligations (PAC)	(7,400)	(7,504)	(8,704)	(7,504)	(7,504)
Offset from House floor action.					
Total, PAC	589,567	635,222	563,456	659,742	682,899
Pacific Coast Salmon Recovery	58,000	160,000	58,000	58,000	74,000
Coastal Impact Assistance Fund		100,000			
Fisheries Assistance Fund		10,000			
Fisherman's Contingency	953	951	951	953	952
Foreign Fish Observer Fund	189	191	189	191	191
Fisheries Finance Program	338	6,628	238	338	288
(Individual Fisheries Quota)	(100)	(100)			
Total, NOAA	2,330,458	2,741,682	2,230,846	2,666,621	2,627,500

The following narrative provides additional information related to certain items included in the preceding table.

NATIONAL OCEAN SERVICE

The conferees have provided a total of $290,699,000 under this account for the activities of the National Ocean Service, instead of $260,448,000 as recommended in the House bill and $321,26,000 as proposed in the Senate-reported amendment.

Mapping and Charting.—The conference agreement provides $37,437,000 for NOAA's mapping and charting programs, reflecting continued commitment to the navigation safety programs of the NOS and concerns about the ability of the NOS of continue to meet its mission requirements over the long term. Within the total funding provided under Mapping and Charting, the conference agreement includes $2,580,000 for the joint hydrographic center established in fiscal year 1999, one-time funding of $300,000 for the Seacoast Science Center, and $1,500,000 for shoreline mapping as requested in the budget.

The conference agreement also includes $20,450,000 within the line item Address Survey Backlog/Contracts exclusively for contracting with the private sector for data acquisition needs. This is $2,450,000 above the request and is intended to increase efforts to address the backlog through contract support.

Geodesy.—The conference agreement provides $22,384,000 for geodesy programs, including $19,634,000 for the base program; not less than $500,000 for the South Carolina Geodetic Survey as referenced in the Senate report; not less than $1,000,000 for the implementation of the National Height Modernization (NHM) system in North Carolina; not less than $1,000,000 for the California Spatial Reference Center; and not less than $250,000 for the National Geodetic Survey to implement the NHM study.

Tide and Current Data.—The conference agreement includes $15,089,000 for this activity, including $12,293,000 for the base program and $2,796,000 for the continued implementation of the Physical Oceanographic Real-Time System (PORTS) program, as referenced in the House report.

The conference agreement includes $2,000,000 above the request for data acquisition and for building NOAA corps officer strength and for additional days at sea.

Ocean Assessment Program.—The conference agreement includes $49,956,000 for the activity, including the following: $12,658,000 for the base program; $5,800,000 to continue the Cooperative Institute for Coastal and Estuarine Environmental Technology; $900,000 for the South Florida ecosystem restoration program; $2,000,000 to support coral reef studies in the Pacific and Southeast, of which $1,000,000 is for Hawaiian coral reef monitoring, $500,000 is for reef monitoring in Florida, and $500,000 is for reef monitoring in Puerto Rico through the Department of Natural Resource; $4,425,000 for pfisteria and other harmful algal bloom research and monitoring, of which $500,000 is for a pilot project to preemptively address emerging problems prior to the occurrence of harmful blooms, to be carried out by the South Carolina Department of Marine Resources: $2,500,000 for the JASON project; and $2,923,000 for the NOAA Beaufort/Oxford Laboratory. In addition, the conference agreement includes $18,750,000 for the Coastal Services Center, including funds for initiation of a collaborative program in Hawaii for the U.S. Pacific Basin, consistent with activities identified in the fiscal year 2000 conference report, and funding for planning and design for additional space at the Coastal Services Center.

Office of Response and Restoration.—The conference agreement includes $11,600,000 for the activity, including; $2,674,000 for the Estuarine and Coastal Assessment program, $5,210,000 for the Damage Assessment program, $1,000,000 in accordance with the Oil Pollution Act of 1990, and $2,716,000 for a new base program to provide greater flexibility for program managers to address response and restoration functions. No funding is provided for coral restoration.

Oceanic and Coastal Research.—The conference agreement includes $9,500,000 for this activity, which includes $6,970,000 for base, $1,250,000 for fish forensics and enforcement, and $1,280,000 for the Marine Environmental Health Research Laboratory (MEHRL). The conference agreement includes language as proposed in the Senate report regarding national overhead costs associated with managing the missions and operations of the research facilities funded in the Oceanic and Coastal Research activity and the National Ocean Service is directed to transfer budget and management operations for the MEHRL and the Charleston Lab to the Coastal Services Center.

The conference agreement does not include the proposed transfer of the Great Lakes Environmental Research Laboratory (GLERL) from Oceanic and Atmospheric Research to NOS, as proposed in the Senate report.

Coastal Ocean Program (COP).—The conference agreement provides $18,287,000 for the Coastal Ocean Program, of which $5,287,000 is provided for research related to hypoxia, pfistereia, and other harmful algal blooms, including the ''dead-zone'' in the Gulf of Mexico, as referenced in the House report. The managers of COP are directed to follow the direction included in the Senate report concerning research on small high-salinity estuaries and the land use-coastal ecosystem study. The conference agreement also assumes continued funding at the current level for restoration of the South Florida ecosystem.

Coastal Zone Management.—The conference agreement includes $66,250,000 for this activity, of which $52,000,000 is for grants under sections 306, 306A, and 309 of the Coastal Zone Management Act (CZMA), and $4,500,000 is for program administration. NOAA is directed to prepare an assessment of the National impact of this program and submit such assessment to the Committees on Appropriations no later than March 15, 2001. The conference agreement does not include funding for the Non-Point Pollution program authorized under section 6217 of the CZMA. The conference agreement also includes $9,750,000 for the National Estuarine Research Reserve System (NERRS) operations and maintenance program, an increase of $3,750,000 above the current year level.

Marine Sanctuary Program.—The conference agreement includes $20,500,000 for the National Marine Sanctuary Program. Of this amount, $500,000 is provided to support the activities of the Northwest Straits Citizens Advisory Commission as outlined in the House and Senate reports.

NATIONAL MARINE FISHERIES SERVICE

The conference agreement includes a total of $517,945,000 for the National Marine Fisheries Service (NMFS), instead of $406,583,000, as recommended in the House bill and $540,889,000, as recommended in the Senate report.

In addition, the conference agreement includes $4,000,000 to be collected under the Magnuson-Stevens Act to support the Community and Individual Fishery Quota Program.

Resource Information.—The conference agreement provides $119,945,000 for fisheries resource information. Within the funds provided for resource information, $88,145,000 is provided for the base programs. The conference agreement includes $4,250,000 for west coast ground fish. NMFS is directed to distribute this funding to appropriate labs based on the current year distribution, and no labs should receive less than current year funding. Funding above the amounts for the base program is as follows: $1,700,000 is to expand stock assessments; $850,000 is for MARMAP; $2,500,000 is for the Gulf of Mexico consortium; and $200,000 is for the Atlantic Herring and Mackerel initiative. In addition, NMFS is expected to continue to provide onsite technical assistance to the National Warmwater Aquaculture Research Center and provide $250,000 from base resources for the harvest technology unit under this direction included in the Senate report. In addition, $500,000 is provided for the Hawaiian Community Development Program and fishery demonstration projects for native fisheries, as referenced in the Senate report.

In addition, within the total funds provided for resource information, the conference agreement includes: $6,500,000 for the Gulf of Alaska for continued implementation of the Magnuson-Stevens Act, as referenced in the Senate report; $1,000,000 for research on Alaska near shore fisheries, to be distributed as in the current year; $850,000 for the Chesapeake Bay oyster recovery partnership; $3,000,000 for research on the Charleston bump; $300,000 for research on shrimp pathogens; $150,000 for lobster sampling; $600,000, for bluefin tuna tagging initiative for the New England Aquarium; $300,000 for Chinook Salmon research in the NMFS Auke Bay laboratory; $750,000 for Magnuson-Stevens Act implementation; $200,000 for the Northeast Fisheries Science Center for the Cooperative Marine Education and Research Program, under the direction in the Senate report; $300,000 for research on Southeastern sea turtles; $200,000 for the Kotzebue Sound test fishery for king crab and sea snail; $1,000,000 for the State of Alaska for the Bering Sea crab; $350,000 for the South Carolina Department of Natural Resources Biological Identification Program; and $1,000,000 for the Tri-Coastal Marine Stock Assessment. In addition, within the amounts provided for Resource Information, $8,000,000 is included to continue the aquatic resources environmental initiative. NOAA is directed to continue working with the Xiphophorus Genetic Stock Center to improve the understanding of fish genetics and evolution.

NMFS is directed to continue collaborative research with the Center for Shark Research and other qualified institutions to provide the information necessary for effective management of the highly migratory shark fishery and conservation of shark fishery resources.

Funding for the Chesapeake Bay Multi-Species Management Strategy has been moved to the Chesapeake Bay Office line, for a total of $2,500,000 for the office, of which $500,000 is for multi-species management, including blue crabs.

Under the MARFIN line, $3,250,000 is provided for base activities, including $750,000 for activities relating to red snapper research, and $250,000 is provided for Northeast activities.

Funding for right whale research and recovery activities is provided under the Endangered Species line. Under the Yukon River Chinook Salmon line, $1,000,000 is provided for base activities, and $500,000 is provided for the Yukon River Drainage Fisheries Association. Under the Pacific Salmon Treaty Program, $5,587,000 is provided for base activities, $1,844,000 is provided for the Chinook Salmon Agreement, and funding is provided for the North Pacific Research Board, as referenced in the Senate report. The conference agreement includes $12,300,000 for Steller sea lion recovery, to be allocated according to the direction in the Senate report. Senate language regarding the Administration's reduction of funding for Steller sea lion recovery is included by reference.

Senate language regarding computer hardware and software funding is included by reference.

Funding for bluefish/striped bass has been provided as follows: $450,000 for the NMFS base research program, $800,000 for the Cooperative Marine Education and Research Program in New Jersey, and $250,000 for other existing bluefish/striped bass research.

Funding of $2,500,000 is provided for a cooperative research program to address the lack of sufficient funding for research for the southeast.

Fishery Industry Information.—The conference agreement provides $37,630,000 for this activity. Within the $6,750,000 provided for Alaska groundfish monitoring, the conference agreement includes $3,125,000 for the base program, of which $1,600,000 is to implement requirements of the American Fisheries Act and the crab and scallop fisheries management plans; $1,000,000 for a winter pollock survey in Alaska; and current year levels for NMFS rockfish research, crab management, and external rockfish research. In addition, the conference agreement provides $175,000 for the Gulf of Alaska Coastal Communities Coalition, $300,000 for the NMFS Alaska region infield monitoring program, and $150,000 for the Bering Sea Fisherman's Association CDQ.

Within the funds provided for fish statistics, the conference agreement provides $13,180,000 for the base program, $1,000,000 for the National Standard 8 program, $2,000,000 for research and data collection on fishing communities and economics; and $1,500,000 for the Atlantic States Marine Fishery Commission as referenced by the Senate report. Of the $3,700,000 for recreational fishery harvest monitoring, $500,000 is for the annual collection of data on marine recreational fishing, with the balance to be expended in accordance with the direction included in the Senate report. Funds are also appropriated under the Fish Industry Information activity for the Pacific Fisheries Information Network, including Hawaii, and the Alaska Fisheries Information Network as two separate lines, in accordance with the direction included in the Senate report. In addition, of the funding, $3,500,000 is provided for the Gulf of Mexico Fisheries Information Network.

Under the Acquisition of Data line, within the total of $26,900,000, $957,000 is provided for additional days at sea for data acquisition.

Fisheries Management Programs.—The conference agreement includes $62,888,000 for this activity. Within this amount, $29,288,000 is provided for base activities, and $4,000,000 is for NMFS facilities maintenance. In addition, $21,000,000 is included to provide increases for data collection on fishery management programs, including $8,000,000 to respond to lawsuits under the National Environment Policy Act (NEPA), $3,000,000 for research regarding Hawaiian sea turtles related lawsuits, and $10,000,000 for research regarding the Alaska Steller sea lion and pollock lawsuit. The requested levels for the Atlantic Salmon Recovery Plan, the State of Maine Recovery Plan, and Rancho Nuevo sea turtles are included. Funding is included for continuation of the Bronx River recovery and restoration project as referenced in the House report; $300,000 for the Connecticut River Partnership; and $150,000 for Chinook Salmon management; and $6,700,000 is for American Fisheries Act Implementation, including $500,000 each for the North Pacific Fishery Management Council and the State of Alaska.

The conference agreement appropriates a total of $14,055,000 for NMFS support of the Columbia River hatcheries program. NMFS is expected to support base hatchery operations at a level of $11,400,000, $600,000 is for fall chinook rearing, $1,700,000 is provided for monitoring and evaluation efforts, and $300,000 is for conservation marking as referenced in the Senate report.

Under the Pacific Tuna Management line, $400,000 is for swordfish research as referenced in the Senate report and the balance is for JIMAR.

For New England Fisheries Management, $5,000,000 is provided as proposed in the Senate-reported amendment. The conference agreement also includes a transfer of $15,000,000 from USDA (P.L. 106–78) for NE cooperative fisheries.

Protected Species Management.—Within the funds provided for protected species management, $750,000 is for continuation of a study on the impacts of California sea lions and harbor seals on salmonids and the West Coast ecosystem, $1,500,000 is provided for the State of Maine salmon recovery, and $750,000 is for bottle-nosed dolphins.

Driftnet Act Implementation.—Within the funds provided for Driftnet Act Implementation, $150,000 is for Pacific Rim Fisheries Program, $200,000 is for Washington and Alaska participation, and $250,000 is for Russian EEZ observers.

Marine Mammal Protection Act.—Within funds provided, $900,000 is for harbor seal research in Alaska.

Endangered Species Recovery Plans.—A total of $55,338,000 is provided for this activity. Of these amounts, $1,500,000 is for technical support to the State of Washington, $850,000 is for Alaskan Steller sea lion recovery, $2,700,000 is for other species, $3,338,000 is for sea turtles, $36,450,000 is for the Pacific salmon recovery initiative, $3,500,000 is for marine mammals, $2,000,000 for Atlantic Salmon recovery, and $5,000,000 is for right whales. Within the amount provided for right whales, NMFS is directed to make tagging whales a priority. NMFS is directed to make $2,900,000 available to the Northeast Consortium to administer a competitive grants program, open to all Atlantic coastal States, using an independent review panel of experts and scientists in the field, to fund research on whale-friendly fishing gear and operations, surveys and studies to reduce potential conflicts between right whales and local industries, and other research including tagging, acoustic studies, habitat research and hydrodynamic modeling studies. Of the funding provided, $2,100,000 is to help meet its responsibilities for the implementation of programs, research, and enforcement activities for the recovery of the right whale, including the use of aerial surveys, of which no more than 30 percent can be used for salaries. Due to the Department of Commerce's delay in providing a spending plan and allocating right whale funds in fiscal year 2000, NMFS is directed to provide the Committees on Appropriations no later than January 30, 2001, with a spending plan for fiscal year 2001. In addition, the Committee expects NMFS to develop and submit by July 31, 2001, a five-year research and management plan to facilitate right whale recovery.

Native Marine Mammal Commissions.—The conference agreement recommends that funding be distributed at current year levels.

Observers and Training.—The conference agreement distributes funding as follows: (1) $425,000 for the North Pacific fishery observer training program; (2) $1,875,000 for North Pacific marine resources observers; (3) $350,000 for east coast observers; (4) $2,275,000 for west cost observers; (5) $1,200,000 for Hawaii; and (6) $350,000 for Atlantic observers. NMFS is directed to submit a spending plan prior to allocation of funding. Senate language regarding enforcement and surveillance is adopted by reference.

Interstate Fish Commissions.—The conference agreement includes $8,000,000 for this activity, of which $750,000 is to be equally divided among the three commissions, and $7,250,000 is for implementation of the Atlantic Coastal Fisheries Cooperative Management Act.

Other.—In addition, within the funds available for the Saltonstall-Kennedy grants program, NMFS is directed to provide to the Alaska Fisheries Development Foundation funding to be used in accordance with the direction included in the Senate report, and to provide funds pursuant to the direction included in the House report to support ongoing efforts related to Vibrio vulnificus. Senate report regarding the Hawaiian fisheries development program and the Oceanic Institute is adopted by reference.

OCEANIC AND ATMOSPHERIC RESEARCH

The conference agreement includes a total of $323,189,000 for Oceanic and Atmospheric Research activities, instead of $264,561,000 as recommended in the House bill and $318,210,000 as recommended in the Senate-reported amendment.

Inerannual and Seasonal Climate Research.—The conference agreement includes $14,943,000 for interannual and seasonal climate research, of which $2,000,000 is for the Institute for the Study of Earth, Oceans, and Space.

Climate and Global Change Research.—The conference agreement includes $68,500,000 for the Climate and Global Change research program, of which $750,000 is above base resources for the International Research Institute for Climate Prediction to restore it to the fiscal year 2000 appropriated level of funding. Of the amounts provided, $1,000,000 is for the variability beyond ENSO activity, $1,000,000 is the climate forming agents activity, and $2,000,000 is for refinement of climate models.

Climate Observations & Services.—The conference agreement includes $1,000,000 for climate data and information; $2,000,000 for baseline observations; $5,000,000 for ocean observations; $3,000,000 for the climate reference network; and $1,250,000 for an ice research program at the Thayer School of Engineering.

Long-Term Climate and Air Quality Research.—The conference agreement provides $33,019,000 for this activity. Funding is distributed as follows: $27,850,000 for base; $500,000 for the California study; and $4,669,000 for the Health of the Atmosphere initiative.

Atmosphere Programs.—The conference agreement provides $37,500,000 for this activity. Of this amount, $1,000,000 is provided for research related to wind-profile data in accordance with the direction provided in the Senate report. In addition, $1,500,000 is provided for the U.S. Weather Research Program for hurricane-related research.

STORM.—The conference agreement includes $350,000 for the Science Center for Teaching, Outreach and Research on Meteorology for the collection and analysis of weather data in the Midwest.

Marine Prediction Research.—The conference agreement includes $32,525,000 for marine prediction research. Within this amount, the following is provided: $9,825,000 for the base program; $1,650,000 for Arctic research; $2,400,000 for the Open Ocean Aquaculture program; $3,300,000 for tsunami mitigation, of which $1,000,000 is for TWEAK; $150,000 for a Lake Champlain Study; $2,100,000 for the VENTS program; $4,300,000 for continuation of the initiative on aquatic ecosystems, including $300,000 for a nitrogen study; $1,650,000 for implementation of the National Invasive Species Act, of which $850,000 is for the Chesapeake Bay ballast water demonstration; $100,000 for the Lake

Champlain Canal Barrier Demonstration, as referenced in Senate report; $500,000 for additional resources to support Hypoxia research; $2,600,000 for mariculture research; and $450,000 for the Pacific tropical fish program to be administered by HIEDA. The conference agreement includes $2,000,000 for the ocean exploration initiative, as referenced in Senate report; $500,000 for the International Pacific Research Center at the University of Hawaii, and $1,000,000 for the SE Atlantic Marine monitoring and prediction center at the University of North Carolina, as referenced in the Senate report.

GLERL.—Within the $7,000,000 provided for the Great Lakes Environmental Research Laboratory, the conference agreement assumes continued support for the Great Lakes nearshore and zebra mussel research programs at current levels.

Sea Grant.—The conference agreement includes $62,250,000 for the National Sea Grant program, of which $56,250,000 is for the base program. Sea Grant is directed to fund the oyster disease research program at $2,000,000, an increase of $500,000, and to maintain current levels for the zebra mussel research program and the Gulf of Mexico oyster program. The Sea Grant program is directed to develop a research plan to address the causes of harmful algal blooms and a monitoring and prevention program and submit to the Committees on Appropriations by June 30, 2001.

National Undersea Research Program (NURP).—The conference agreement includes $15,800,000 for the National Undersea Research Program (NURP). The Senate report included $17,800,000 for this program; the House did not include funding for this program. Of the amount provided, $6,900,000 is for research conducted through the east coast NURP centers and $6,900,000 is for the west coast NURP centers, including Hawaiian and Pacific center and the west coast and polar regions center. The conferees expect level funding will be available for Aquarius, ALVIN, and program administration. Of the amount provided, $2,000,000 is for the National Center for Natural Products.

NATIONAL WEATHER SERVICE

The conference agreement includes a total of $630,802,000 for the National Weather Service (NWS), instead of $621,726,000 as proposed in the House bill, and $631,339,000 as proposed in the Senate-reported amendment.

Local Warnings and Forecasts.—The conference agreement includes $462,180,000 for this activity, including $452,280,000 for base, $4,790,000 for mitigation activities, and $400,000 for the Cooperative Observers Network. The NWS is directed to submit a spending plan to the Committees on Appropriations for the Cooperative Observers Network. Within the total amount provided for Local Warnings and Forecasts, $270,000 is for the North Dakota Agricultural Weather Network, $590,000 is for the University of Utah for support to the Winter Olympics; and $500,000 is for the Mount Washington Observatory, as directed in Senate report. The NWS is directed to follow direction in the Senate report relating to ''the 1995 Secretary's Report to Congress on the Adequacy of NEXRAD Coverage and Degradation of Weather Services'', and to make appropriate arrangements for Erie, PA and Williston, ND. Of the funds provided for Local Warnings and Forecasts, $3,350,000 is provided for data buoys, of which $1,700,000 is for Alaska.

Weather Radio Transmitters.—Of the amount provided, $2,323,000 is provided for base; $500,000 is for the sate of Illinois, to complete state-wide implementation; $77,000 is for a transmitter in Mason County, Kentucky; $100,000 is for Melba, Mississippi transmitters; $100,000 is for Barrow, Alaska; $125,000 is for New Hampshire; $855,000 is for Kentucky, including Elizabethtown; $150,000 is for South Dakota; and $78,000 is for a transmitter in Steuben County, Indiana.

NATIONAL ENVIRONMENTAL SATELLITE, DATA AND INFORMATION SERVICE

The conference agreement includes $125,235,000 for NOAA's satellite and data management programs. In addition, the conference agreement includes $580,977,000 under the NOAA PAC account for satellite systems acquisition and related activities.

Satellite Observing Systems.—The conferees have included $60,300,000 for this activity, an increase of $3,000,000 for the Global Disaster Information Network (GDIN). Funding for other services is consistent with current year levels. Funding for the wind demonstration project is to be provided in accordance with the direction in the Senate report.

Environmental Data Management.—The conference agreement includes: $64,935,000 for EDMS activities. For EDMS base activities, the conference agreement includes $25,000,000. No funds are included to continue weather record rescue and preservation activities or the environmental data rescue program. The conference agreement includes $500,000 for the Cooperative Observers Network modernization. In addition, $6,000,000 is included for the Coastal Ocean Data Development Center and $2,500,000 for the Center for Spatial Data Research at Jackson State University. The conference agreement provides $15,700,000 to continue the multi-year program of climate database modernization and utilization, as referenced in the House report. The conference agreement includes $2,900,000 for the Regional Climate Centers.

PROGRAM SUPPORT

The conference agreement provides $81,305,000 for NOAA program support, instead of $58,094,000 as provided in the House report, and $68,805,000, as provided in the Senate-reported amendment. Included in this total is $11,809,000 for Aircraft Services, including an increase to base of $800,000 for increased fuel costs. Included in the amount provided, $15,000,000 is for the new educational program with Minority Serving Institutions. Under Departmental Management, the Commerce Department is directed to submit reports on the Commerce Administrative Management System (CAMS) implementation, as referenced in the Senate report.

The conference agreement includes $750,000 to fund a study to review the ability of NMFS to adequately meet its legal missions and requirements. NOAA is expected to have the review headed by an individual from outside the agency who is familiar with oceans and fishery management issues. The individual selected must seek the assistance of the National Academy of Sciences and the American Society of Public Administration in conducting a top to bottom review of NMFS programs, budgetary requirements, management, and constituent relations. This review must be completed within one year. NOAA is expected to give regular progress reports to the Committees on Appropriations prior to submitting the final written report outlining the findings and recommendations for the future.

FLEET PLANNING AND MAINTENANCE

The conference agreement includes $11,010,000 for this activity, instead of $7,000,000 in the House report, and $19,004,000 in the Senate-reported amendment. The amount provided includes $9,294,000 for base and $1,716,000 for additional days at sea and general maintenance.

FACILITIES

The conference agreement includes $11,235,000 for facilities maintenance, lease costs, and environmental compliance, instead of $11,015,000 as proposed in the House report, and $31,267,000 as recommended in the Senate report. The Department of Commerce is directed to continue working with the General Services Administration (GSA) to address the 39 percent increase in GSA rental charges for the Boulder facility, as referenced in the Senate report language.

PROCUREMENT, ACQUISITION AND CONSTRUCTION

(INCLUDING TRANSFERS OF FUNDS)

The conference agreement includes a total of $682,899,000 in direct appropriations for the Procurement, Acquisition and Construction account, and assumes $7,504,000 in deobligations from this account. The following distribution reflects the fiscal year 2001 funding provided for activities within this account:

Systems Acquisition:	
CAMS	$19,823,000
ASOS	3,855,000
NEXRAD	8,280,000
Computer Facilities Upgrade	15,085,000
Evansville Doppler	5,500,000
Polar Spacecraft and Launching	210,310,000
Geostationary Spacecraft and Launching	290,824,000
Radiosonde Replacement	5,000,000
AWIPS	16,300,000
National Data Archives	2,000,000
GFDL Supercomputer	4,000,000
Subtotal, Systems Acquisition	580,977,000
Construction:	
WFO Construction	9,526,000
NERRS Construction	7,500,000
N.Y. Botanical Garden	3,500,000
Alaska Facilities	19,000,000
National Marine Life Center	800,000
Norman, Oklahoma	3,000,000
Aquatic Resources	5,000,000
Pribilof Cleanup	6,000,000
Folley Beach Tract	2,000,000
Suitland Facility	15,000,000
Kasitsna Bay Lab/ Kachemak Bay	5,000,000
Great Bay	5,000,000
Subtotal, Construction	81,326,000
Fleet Replacement:	
Fishery Research Vessel Replacement	8,300,000
ADVENTUROUS Refurbishment	8,000,000
FAIRWEATHER Refurbishment	6,800,000
Navy Surplus Coastal Research Vessel	5,000,000
Subtotal, Fleet Replacement	28,100,000

Systems Acquisition.—Of the funding provided for Polar Spacecraft and Launching, $73,325,000 is for Polar Convergence. A total of $290,824,000 for the Geostationary Spacecraft and Launching line is provided as requested in the budget.

Construction.—The funds appropriated for National Estuarine Research Reserve construction are to be distributed as follows: $7,000,000 is for overall NERRS requirements,

and $500,000 is for the Jacques Cousteau NERRS. The funds appropriated for Alaska facilities are to be distributed as follows: $15,000,000 is for the Juneau Lab, and $4,000,000 is for the SeaLife Center. The conference agreement includes $3,000,000 for architecture and engineering of a building for the University of Oklahoma. The conference agreement assumes that funding for NOAA's occupancy of the proposed building will be based on an operating lease arrangement once the building has been constructed by the University of Oklahoma and is ready for NOAA occupancy.

In addition, the conference agreement includes $15,000,000 for NOAA's Suitland, Maryland facility. Funding is provided to cover those costs in addition to the basic building costs provided by the GSA. Bill language is included to prohibit the Department of Commerce from paying the traditional GSA building requirements for the Suitland facility.

Fleet Replacement.—The conference agreement includes funding for the refurbishment of the *Fairweather* in Alaska and the Navy Surplus YTT vessel, other than baseline operations, in South Carolina.

COASTAL AND OCEAN ACTIVITIES

In addition to the funds provided to the National Oceanic and Atmospheric Administration in the above table and narrative, the conference agreement includes an additional $420,000,000 for special purposes. Of this amount, $150,000,000 is for coastal impact assistance as authorized by section 31 of the Outer Continental Shelf Act for fiscal year 2001 only and does not alter the underlying authorization; $135,000,000 is for ocean, coastal and conservation programs, and $135,000,000 is for National Oceanic and Atmospheric Administration programs. Of the funds provided for ocean, coastal and conservation programs, $10,000,000 is provided for implementation of Sate nonpoint pollution control plans pursuant to section 6217 of the Coastal Zone Act, as amended, other than non-contiguous States except Hawaii; $30,000,000 is for competitive grants for coastal communities in the Great Lakes region; $14,000,000 is for the University of New Hampshire marine facilities program; $1,000,000 is for the Sea Coast Science Center; $3,000,000 is for the Great Bay Partnership; $1,000,000 is for the New Hampshire Department of Environmental Services Marsh Restoration initiative; $1,000,000 is for the Mississippi Laboratories at Pascagoula, $8,000,000 is for the ACE Basin NERRS Research Center construction, $2,500,000 is for Winyah Bay land acquisition, $2,000,000 is for ACE Basin Land Acquisition, $10,000,000 is for the Sealife Center, $4,000,000 is for Kachameck Bay NERRS research center construction; $1,000,000 is for the Raritan, N.J. NERRS land acquisition; $10,000,000 is for DuPage River restoration; $1,000,000 if for Detroit River restoration, $500,000 is for lower Rouge River restoration; $8,500,000 is for Bronx River restoration and land acquisition; $16,000,000 is for a grant for Eastern Kentucky Pride, Inc., of which $11,000,000 is for design and construction of facilities for water protection and related environmental infrastructure, and $5,000,000 is for the aquatic resources environmental initiative; $3,000,000 is for a grant to the Louisiana Department of Natural Resources for brown marsh research, mitigation and nutria control; $2,000,000 is for land acquisition in southern Orange County, California for conservation of coastal sage scrub and riparian habitats; $3,000,000 is for planning, renovation and construction of facilities for a new national estuarine research reserve in San Francisco, California; $2,000,000 is for a grant to the National Fish and Wildlife Foundation for species management and esturaine habitat conservation; and $1,500,000 is for a grant to the Pinellas County Environmental Foundation for the Tampa Bay watershed. Of the funds provided for the National Oceanic and Atmospheric Administration programs, $5,000,000 is for National Estuarine Research Reserve operations, $12,000,000 is for Marine Sanctuary operations, $8,500,000 for Coastal Zone Management, $1,500,000 for CZMA Program Administration, $4,000,000 is for marine mammal strandings, $14,000,000 is for the National Ocean Service's protection of coral reefs program, $11,000,000 is for the National Marine Fisheries Service's Coral reefs program, $36,000,000 is for additional amounts for the purpose of the Pacific Coastal Salmon Recovery account, $6,000,000 is for fisheries habitat restoration, $15,000,000 is for NOAA's Cooperative Enforcement initiative, $3,000,000 is for Atlantic coast observers, $3,000,000 is for Cooperative Research, $3,000,000 is for Red Snapper research, $3,000,000 is for Aquaculture, $5,000,000 is for Harmful Algal Bloom research, $2,000,000 is for the Ocean Exploration initiative, and $3,000,000 is for Marine Sanctuary construction. The amounts provided under this heading for certain activities for ocean, coastal and waterway conservation programs are in addition to amounts provided elsewhere in this bill.

Of the $135,000,000 provided for NOAA programs, NOAA is directed to develop and submit to the Committees on Appropriations an implementation plan for the additional funding initiatives by February 28, 2001.

Great Lakes Coastal Restoration Grants.—The conference agreement includes a new appropriation of $30,000,000 for matching grants to be awarded competitively to state and local governments to undertake coastal and water quality restoration projects in the Great Lakes region. Proposals funded under this program should be consistent with a Great Lakes State's approved coastal management program under section 306 of the Coastal Zone Management Act. Restoration projects eligible for funding would include contaminated site cleanup, stormwater controls, wetland restoration, acquisition of greenways and buffers, and other projects designed to control polluted runoff and protect and restore coastal resources. NOAA is directed to develop and submit to the Committees on Appropriations an implementation plan for this initiative no later than January 15, 2001.

PACIFIC SALMON COASTAL RECOVERY

In fiscal year 2000, funding for the Southern Fund was provided under the NOAA, ORF account heading. The conference agreement includes funding for the Northern Transboundary Fund and Southern Transboundary Fund under this heading, in addition to funding provided within the Department of State. The conference agreement includes the full amount requested for the funds and for a payment to the State of Washington.

In addition, the conference agreement includes $54,000,000 for salmon habitat restoration, stock enhancement, and research. Of this amount, $18,000,000 is provided to the State of Washington, $10,000,000 is provided to the State of Alaska, $9,000,000 is provided to the State of Oregon, and $9,000,000 is provided to the State of California. In addition, $6,000,000 is provided for coastal tribes, and $2,000,000 for river tribes. Of the funds made available to the State of Washington, $4,000,000 shall be allocated through the Salmon Recovery Funding Board directly to the Washington State Department of Natural Resources and other State and Federal agencies for purposes of implementing the State of Washington's Forest and Fish Report. The monies shall be spent in accordance with the terms and conditions of the Forest and Fish Report and consistent with the requirements of the Endangered Species Act and Clean Water Act. Of the funding made available to the State of Alaska, $350,000 shall be used to continue the operation of the Crystal Lake hatchery in Petersburg, and $1,000,000 for the Metlakatla hatchery. None of the $54,000,000 shall be used for the buy back of commercial fishing licenses or vessels.

The conference agreement includes language proposed in the House bill making funding under this heading subject to express authorization. The Senate-reported amendment did not include this language.

COASTAL ZONE MANAGEMENT FUND

The conference agreement includes an appropriation of $3,200,000 as provided in the Senate-reported amendment, instead of $4,000,000 as provided in the House bill. This amount is reflected under the National Ocean Service within the Operations, Research, and Facilities account.

FISHERMEN'S CONTINGENCY FUND

The conference agreement includes $952,000 for the Fishermen's Contingency Fund. The House bill included $951,000 and the Senate-reported amendment included $953,000 for this program.

FOREIGN FISHING OBSERVER FUND

The conference agreement includes $191,000 for the expenses related to the Foreign Fishing Observer Fund, as provided in the Senate-reported amendment. The House bill included $189,000 for this program

FISHERIES FINANCE PROGRAM ACCOUNT

The conference agreement provides $288,000 in subsidy amounts for the Fisheries Finance Program Account, instead of $238,000 as provided in the House bill and $338,000 as provided in the Senate-reported amendment. Funding is provided in accordance with the Senate-reported amendment.

DEPARTMENTAL MANAGEMENT

SALARIES AND EXPENSES

The conference agreement includes $35,920,000 for the departmental management of the Commerce Department, instead of $28,392,000, as proposed in the House bill, and $32,340,000, as proposed in the Senate-reported amendment; of which $4,000,000 is provided for the Department's re-wiring initiative. No funding is provided for the security initiative. Funding of $19,823,000 is provided within NOAA for the Commerce Administrative Management System (CAMS). The Commerce Department is directed to submit quarterly reports for implementation of CAMS, the initial report should include an overview of planned CAMS implementation, including milestones, and cost estimates for each stage of deployment. All subsequent reports should outline progress in meeting the milestones and spending targets.

OFFICE OF INSPECTOR GENERAL

The conference agreement includes $20,000,000 for the Commerce Department Inspector General, instead of $21,000,000 as recommended in the House bill and $19,000,000 as recommended in the Senate-reported amendment. The Inspector General is reminded that office closings, staff reductions, or reorganizations are subject to the reprogramming procedures outlined in section 605 of this Act.

GENERAL PROVISIONS—DEPARTMENT OF COMMERCE

The conference agreement includes the following general provisions for the Department of Commerce:

Sec. 201.—The conference agreement includes section 201, included in both the House bill and the Senate-reported amendment, regarding certifications of advanced payments.

Sec. 202.—The conference agreement includes section 202, identical in the House bill and the Senate-reported amendment, allowing funds to be used for hire of passenger motor vehicles.

Sec. 203.—The conference agreement includes section 203, identical in the House bill and the Senate-reported amendment, prohibiting reimbursement to the Air Force for hurricane reconnaissance planes.

Sec. 204.—The conference agreement includes section 204, identical in the House bill and the Senate-reported amendment, prohibiting funds from being used to reimburse the Unemployment Trust Fund for temporary census workers. The Senate-reported amendment included a provision prohibiting reimbursements in relation to the 1990 decennial census.

Sec. 205.—The conference agreement includes section 205, as proposed in the House bill, regarding transfer authority among Commerce Department appropriation accounts. The Senate-reported amendment proposed to increase the percentage of funding available for transfer.

The conference agreement does not include section 206 of the House bill providing for the notification of the House and Senate Committees on Appropriations of a plan for transferring funds to appropriate successor organizations within 90 days of enactment of any legislation dismantling or reorganizing the Department of Commerce. The Senate bill did not contain a provision on this matter.

Sec. 206.—The conference agreement includes section 206, included in both the House bill and the Senate-reported amendment, requiring that any costs related to personnel actions incurred by a department or agency funded in title II of the accompanying Act be absorbed within the total budgetary resources available to such department or agency, with a modification to include loan collateral and grants protection.

Sec. 207.—The conference agreement includes section 207, as proposed in both the House bill and the Senate-reported amendment, allowing the Secretary to award contracts for certain mapping and charting activities in accordance with the Federal Property and Administrative Services Act.

Sec. 208.—The conference agreement includes section 208, as proposed in both the House bill and the Senate-reported amendment with minor technical changes, allowing the Department of Commerce Franchise Fund to retain a portion of its earnings from services provided.

Sec. 209.—The conference agreement includes section 209, modified from a provision in the Senate-reported amendment, to provide $14,000,000 within the ''National Institute of Standards and Technology, Construction of Research Facilities'' account, for four construction projects. Of this amount, $4,000,000 is appropriated to the Institute at Saint Anselm College, $4,000,000 is for a cooperative agreement with the Medical University of South Carolina, $3,000,000 is for the Thayer School of Engineering for the biocommodity and biomass research initiative, and $3,000,000 is appropriated to establish the Institute for Information Infrastructure Protection at the Institute for Security Technology Studies. In addition, of the amounts provided within the NOAA PAC account, $5,000,000 is provided for a grant to Pride, Inc.

Sec. 210.—The conference agreement includes a new provision, numbered as section 210, which establishes the Dr. Nancy Foster Memorial Scholarship program for advanced degrees in marine studies, as part of the National Marine Sanctuary Program.

TITLE III—THE JUDICIARY

SUPREME COURT OF THE UNITED STATES

SALARIES AND EXPENSES

The conference agreement includes $37,591,000 for the salaries and expenses of the Supreme Court, as provided in the Senate-reported amendment, instead of $36,782,000 as provided in the House bill.

House report language with respect to law clerk selection is adopted by reference.

CARE OF THE BUILDING AND GROUNDS

The conference agreement includes $7,530,000 for the Supreme Court Care of the Building and Grounds account, as provided in the House bill and the Senate-reported amendment. This is the amount the Architect of the Capitol currently estimates is required for fiscal year 2001.

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

SALARIES AND EXPENSES

The conference agreement includes $17,930,000 for the U.S. Court of Appeals for the Federal Circuit as provided in the Senate-reported amendment, instead of $17,846,000 as provided in the House bill. This provides funding for base adjustments and two additional assistants. No funding is provided for additional staff in the Clerk's office.

UNITED STATES COURT OF INTERNATIONAL TRADE

SALARIES AND EXPENSES

The conference agreement includes $12,456,000 for the U.S. Court of International Trade as provided in the Senate-reported amendment, instead of $12,299,000 as provided in the House bill.

COURTS OF APPEALS, DISTRICT COURTS, AND OTHER JUDICIAL SERVICES

SALARIES AND EXPENSES

The conference agreement provides $3,359,725,000 for the salaries and expenses of the Federal Judiciary as provided in the Senate-reported amendment, instead of $3,328,778,000 as provided in the House bill.

House report language with respect to the Southwest Border is adopted by reference.

An April 2000 review of Federal judges sharing of courtrooms prepared by the Congressional Budget Office (CBO) indicated that courtroom sharing by judges should not cause trial delays for a significant number of trials, and that for the few that might be delayed the waiting time would be less than half a day. The CBO study also found that many courtrooms are in use for a small percentage of the available workdays. A study of the Judiciary's space and facilities program recently completed by Ernst and Young, however, suggested that requiring judges to share courtrooms is not practical. The Ernst and Young report stated that current court records do not adequately track courtroom usage, making it difficult to determine if courtroom sharing by Federal judges is a viable option. The conference agreement directs CBO to review and comment on the Ernst and Young report, and to provide the Committees on Appropriations with its findings no later than February 1, 2001. The Administrative Office of the U.S. Courts shall provide such assistance as may be necessary to CBO to complete its review. This issue is of great importance because any reduction in the number of courtrooms and associated court space could significantly reduce rental payments, which continue to consume an inordinate amount of the Judiciary's available resources.

VACCINE INJURY COMPENSATION TRUST FUND

The conference agreement provides $2,602,000 from the Vaccine Injury Compensation Trust Fund for expenses associated with the National Childhood Vaccine Injury Act of 1986 as provided in the Senate-reported amendment, instead of $2,600,000 as provided in the House bill.

DEFENDER SERVICES

The conference agreement includes $435,000,000 for the Federal Judiciary's Defender Services account, instead of $420,338,000 as provided in the House bill, and $416,368,000 as provided in the Senate-reported amendment. The conference agreement directs that a portion of the funds made available be used for an increase to $75 an hour for in-court time and $55 an hour for out-of-court time for Criminal Justice Act panel attorneys.

Language relating to capital habeas corpus costs in the House report is adopted by reference.

FEES OF JURORS AND COMMISSIONERS

The conference agreement includes $59,567,000 for Fees of Jurors and Commissioners, as proposed in the Senate-reported amendment, instead of $60,821,000 as provided in the House bill.

COURT SECURITY

The conference agreement includes $199,575,000 for the Federal Judiciary's Court Security account as provided in the Senate-reported amendment, instead of $198,265,000 as proposed in the House bill. Of the amount provided, $10,000,000 for security system funding shall remain available until expended.

ADMINISTRATIVE OFFICE OF THE UNITED STATES COURTS

SALARIES AND EXPENSES

The conference agreement includes $58,340,000 for the Administrative Office of the United States Courts as provided in the House bill, instead of $50,000,000 as provided in the Senate-reported amendment.

Language in the introductory section relating to the Federal Judiciary in the House report with respect to the Optimal Utilization of Judicial Resources report is adopted by reference.

FEDERAL JUDICIAL CENTER

SALARIES AND EXPENSES

The conference agreement includes $18,777,000 for fiscal year 2001 salaries and expenses of the Federal Judicial Center as provided in the House bill, instead of $19,215,000 as proposed in the Senate-reported amendment. Of the amount provided, $1,000 shall be available for official reception and representation expenses, as provided in the House bill, instead of $1,500 as proposed in the Senate-reported amendment.

JUDICIAL RETIREMENT FUNDS

PAYMENT TO JUDICIARY TRUST FUNDS

The conference agreement includes $35,700,000 for payment to the various judicial retirement funds, as provided in both

the House bill and the Senate-reported amendment.

UNITED STATES SENTENCING COMMISSION

SALARIES AND EXPENSES

The conference agreement includes $9,931,000 for the U.S. Sentencing Commission, as provided in the Senate-reported amendment, instead of $9,615,000 as provided in the House bill.

GENERAL PROVISIONS—THE JUDICIARY

Section 301.—The conference agreement includes a provision included in both the House bill and the Senate-reported amendment allowing appropriations to be used for services as authorized by 5 U.S.C. 3109.

Sec. 302.—The conference agreement includes a provision as proposed in the House bill related to the transfer of funds, instead of the modification proposed in the Senate-reported amendment. The House report language with respect to section 302 is incorporated by reference.

Sec. 303.—The conference agreement includes a provision included in both the House bill and the Senate-reported amendment allowing up to $11,000 of salaries and expenses provided in this title to be used for official reception and representation expenses of the Judicial Conference of the United States.

Sec. 304.—The conference agreement includes a provision included in the House bill to authorize the Judiciary to appoint statutory certifying officers who will be responsible for verifying the receipt of and payment for goods and services. This authority is currently available to the Executive Branch. The Senate-reported amendment did not contain a similar provision.

Sec. 305.—The conference agreement includes a new provision authorizing ten district judgeships, one for each of the following states: Arizona, Florida, Kentucky, Nevada, New Mexico, South Carolina, Virginia, and Wisconsin; and two additional district judgeships for Texas. In addition, the section directs the chief judge of the eastern district of Wisconsin to designate one judge who shall hold court for such district in Green Bay, Wisconsin.

Sec. 306.—The conference agreement includes a new provision that allows the United States Court of Appeals for the Federal Circuit to appoint a circuit executive or a clerk, but not both, or to appoint a combined circuit executive/clerk.

Sec. 307.—The conference agreement includes a new provision to extend to the Judiciary authority currently available to the Legislative and Executive branches of Government, to use appropriated funds to pay for the employment of personal assistants. The language will allow the judicial branch to hire readers for the blind, interpreters for the deaf, and other personal assistants as may be necessary for judges and other employees with disabilities.

Sec. 308.—The conference agreement includes a new provision to bring the Supreme Court Police into parity with the retirement benefits provided to the United States Capitol Police and other federal law enforcement agencies.

Sec. 309.—The conference agreement includes a provision, modified from a provision proposed as section 304 in the Senate-reported amendment. The modified language authorizes Justices and judges of the United States to receive a salary adjustment only if under each provision of law amended by section 704(a)(2) of the Ethics Reform Act of 1989 (5 U.S.C. 5318 note), adjustments under 5 U.S.C. 5305 shall take effect in fiscal year 2001. If such adjustments are made, then $8,801,000 is appropriated for the cost of adjustments under this Title. The House bill did not include a similar provision on this matter.

The conference agreement does not include the Senate provision related to honoraria or outside earnings limits for Federal judges.

TITLE IV—DEPARTMENT OF STATE AND RELATED AGENCY

DEPARTMENT OF STATE

ADMINISTRATION OF FOREIGN AFFAIRS

DIPLOMATIC AND CONSULAR PROGRAMS

The conference agreement includes a total of $3,168,725,000 for Diplomatic and Consular Programs, instead of $3,089,325,000 as included in the House bill and $3,148,494,000 as included in the Senate-reported amendment. The conference agreement includes $2,718,725,000 for State Department activities under this account, $40,000,000 related to the implementation of the 1999 Pacific Salmon Treaty, and an additional $410,000,000 to remain available until expended for worldwide security upgrades.

The conference agreement includes language in this account, and throughout this Title, that modifies citations of authorization legislation carried in previous years. These changes are intended to simplify and streamline bill language, and are not intended to modify the authorities for the use of funds under any account.

The conference agreement does not include language proposed in the Senate-reported amendment to modify the purposes for which funds transferred from this account to the ''Emergencies in the Diplomatic and Consular Service'' account may be used.

The conference agreement includes language, not included in the House bill or the Senate-reported amendment, transferring $1,400,000 to the Presidential Advisory Commission on Holocaust Assets in the United States.

The conference agreement includes language, as proposed in the House bill, which makes fees collected in fiscal year 2001 related to affidavits of support available until expended. The Senate-reported amendment gave the Department permanent authority to use such fee collections.

The conference agreement includes language designating $246,644,000 for public diplomacy international information programs as proposed in the House bill. The Senate-reported amendment did not contain a similar provision. This amount represents the full requested funding level for these program activities.

The conference agreement includes language under this account allowing the Department to collect and use reimbursements for services provided to the press. This language was proposed in the Senate-reported amendment under ''Representation Allowances''. The House bill did not contain a provision on this matter.

The conference agreement does not include language proposed in the Senate-reported amendment to place limitations on certain details of State Department senior executives to other agencies or organizations. The House bill did not include a similar provision.

The conference agreement does not include an earmark of $5,000,000 under this account, as proposed in the Senate-reported amendment, for a payment to the City of Seattle for costs incurred as host of the WTO Ministerial Conference. The House bill did not include a provision on this matter. The conference agreement addresses this issue under the ''Protection of Foreign Missions and Officials'' account.

The conference agreement does not adopt a Senate provision providing $1,000,000 to establish an Ambassador's Fund for Cultural Preservation. Instead, the Department shall identify up to $1,000,000 from funds provided under this account for an Ambassador's Fund for Cultural Preservation as described in the Senate report. United States Ambassadors in less-developed countries may submit competitive proposals for one-time or recurring projects with awards based on the importance of the site, object, or form of expression, the country's need, the impact of the United States contribution to the preservation of the site, object, or form of expression, and the anticipated benefit to the advancement of United States diplomatic goals. The Department is directed to submit an annual report to the House and Senate Committees on Appropriations on the selection process used, and on the expenditure of funds by project.

The conference agreement includes language making $5,000,000 available for overseas continuing language education, instead of $10,000,000 as proposed in the Senate-reported amendment. The House bill did not include a similar provision. Language in the Senate report requiring a report on the distribution of this funding is adopted by reference.

The conference agreement does not include language earmarking $12,500,000 for the East-West Center, as proposed in the Senate-reported amendment. The House bill did not contain a similar provision. Funding for the East-West Center is addressed under a separate heading in this Title.

The conference agreement does not include language earmarking $1,350,000 for the Protection Project as proposed in the Senate-reported amendment. The House bill did not contain a similar provision. The Department is directed to continue support for this activity.

The conference agreement includes language allowing certain advances for services related to the Panama Canal Commission to be credited to this account and to remain available until expended, as proposed in the House bill. The Senate-reported amendment did not include a similar provision.

The conference agreement includes a provision, modified from language included in the Senate-reported amendment, designating $40,000,000 under this account to implement the 1999 Pacific Salmon Treaty. The Senate-reported amendment provided $60,000,000 for this purpose, and the House bill did not contain a similar provision. Of the amount provided, $10,000,000 is for further capitalizing the Northern Boundary Fund, $10,000,000 is for further capitalizing the Southern Boundary Fund, and $20,000,000 is for the State of Washington Department of Fish and Wildlife as authorized under section 628 of this Act.

The conference agreement does not include a provision proposed in the Senate-reported amendment regarding funding for the Office of Defense Trade Controls. The Office is expected to review applications, regardless of identified end user, with the utmost scrutiny.

The conference agreement includes language requiring the Department to notify Congress fifteen days in advance of processing licenses for the export of satellites to the People's Republic of China, as proposed in the Senate-reported amendment. The House bill included an identical provision under the Department of Commerce, Bureau of Export Administration.

The conference agreement includes a provision, not in the House bill or the Senate-

reported amendment, to allow the Department to collect and deposit Machine Readable Visa fees as offsetting collections to this account in fiscal years 2001 and 2002 to recover costs. The conference agreement does not include provisions to limit the use of Machine Readable Visa fees in fiscal year 2001 and to make excess collections available in the subsequent fiscal year, as carried in both the House bill and the Senate-reported amendment. The House bill included a fiscal year 2001 spending limitation of $342,667,000. The Senate-reported amendment included a limitation of $267,000,000.

The conference agreement does not include language proposed in the Senate-reported amendment earmarking funds for the Office of the Coordinator for Counterterrorism and for the preparation of a study on the U.S. Government response to an international WMD terrorist event. The House bill did not include a similar provision.

The conference agreement includes $410,000,000 for worldwide security upgrades under this account as proposed in the House bill, instead of $272,736,000 as proposed in the Senate-reported amendment. The Department shall submit a detailed spending plan by December 31, 2000, for the entire amount provided for worldwide security upgrades. The House report designated $66,000,000 for a perimeter security initiative, and $16,000,000 to support additional staffing for the Bureau of Diplomatic Security, as requested. Since the time of the budget request, the Department has notified the Committees of increasing requirements to implement perimeter security upgrades. The Department is expected to reflect this development in the spending plan, increasing the amount for perimeter security and decreasing the amount for staffing. Any amount exceeding $8,000,000 for increased staffing will be subject to reprogramming. The conference agreement adopts, by reference, language in the Senate report regarding bomb detection equipment and a report on certain security issues.

The Committees acknowledge the Department's continuing efforts to increase minority recruitment and diversity in the Foreign Service and commend the Department for its ongoing efforts to partner with Howard University and other institutions. For FY 2001 the Department is directed to supplement its minority recruitment activities by initiating a model program to facilitate the entry of non-traditional and minority students into foreign policy careers. This program would provide a continuum of education and support for successful students at two- and four-year colleges to continue their studies at a university that provides undergraduate programs for non-traditional students and graduate studies in international and public affairs. The Department is directed to provide $1,000,000 to the educational partnership between Hostos Community College and Columbia University in New York to establish such a model program. It is expected that this new program would assist members of minority groups in pursuing careers in the Foreign Service and the State Department.

Within the amount provided under this account, and including any savings the Department identifies, the Department will have the ability to propose that funds be used for purposes not specifically funded by the conference agreement through the normal reprogramming process.

Extended tours, particularly at language incentive posts, could improve efficiency and reduce costs. The Department is directed to report to the Committees, not later than February 15, 2001 on: 1) cost savings by subaccount that would result from four-year tours being adopted; 2) proposed changes to promotion criteria necessary to accommodate four-year tours; and 3) proposed four-year assignments by job description and post with full justification.

The conference agreement does not adopt language in the Senate report allocating additional funds to certain geographic regions, but commends the Department's operations in Buenos Aires, Argentina; Montevideo, Uruguay; and Sao Paulo, Brazil. These posts are well run, language skills are uniformly excellent, and personnel are genuinely enthusiastic about, and deeply involved in, the local government, community and culture. These posts serve as model embassies to be emulated. The Department is urged to devote the necessary resources to these posts to maintain the high caliber of operations at each.

Questions have been raised concerning the adequacy of current U.S. representation in Equatorial Guinea. Therefore, the Department is directed to explore the establishment, within resources currently available, of an American Presence Post in Equatorial Guinea and to report to the Committees no later than December 1, 2000, on the costs, staffing, and need for such a post.

Increasing amounts of funding are requested under this title for costs related to the absence or inadequacy of democratic governance in Kosovo, East Timor, Sierra Leone, and the Democratic Republic of the Congo. United Nations peacekeeping missions in Kosovo and East Timor are, in fact, surrogate governments, for which the United States is assessed over thirty percent of the total costs. In order to ensure that adequate and coordinated efforts are underway to develop effective democratic governance, the Department is directed to submit to the Committees a plan describing all such U.S. Government-sponsored activities in these four locations, and the anticipated results from these activities, not later than May 1, 2001. The Department is directed to coordinate closely with other U.S. Government agencies, the United Nations, the National Endowment for Democracy, and relevant non-governmental organizations in compiling the plan.

The conference agreement adopts, by reference, language in the House report regarding: reform and restructuring, including the submission of a reorganization plan corresponding with general provisions included in this title; carrying out the recommendations of the Overseas Presence Advisory Panel including the submission of a report; the submission of a minority recruitment and hiring plan; the Overseas Schools Advisory Council; the negotiation of effective extradition treaties; and unfair treatment of U.S. companies in Peru.

The conference agreement adopts, by reference, language in the Senate report regarding: the Department's budget justification books; amounts to be provided for the Arctic Council and the Bering Straits Commission; the submission of a plan regarding information about biotechnology abroad; and a report on international sea turtle conservation efforts.

The conference agreement does not include language in the Senate report on Sierra Leone and the Department's Bureau of African Affairs.

CAPITAL INVESTMENT FUND

The conference agreement includes $97,000,000 for the Capital Investment Fund, instead of $79,670,000 as proposed in the House bill and $104,000,000 as proposed in the Senate-reported amendment. The conference agreement does not include language as proposed in the Senate-reported amendment allowing the Department to retain control of its overseas telecommunications infrastructure in the event that the current joint management is abolished or dissolved.

Within the amount provided in this account, $17,000,000 shall be for a pilot project to establish a common technology platform at overseas posts pursuant to the recommendations of the Overseas Presence Advisory Panel. The conference agreement includes the direction in the House report requiring the submission of a spending plan for this pilot project.

The conference agreement also includes, by reference, the report on modernization projects and resulting efficiencies requested in the House report.

OFFICE OF INSPECTOR GENERAL

The conference agreement includes $28,490,000 for the Office of Inspector General as proposed in the House bill, instead of $29,395,000 as proposed in the Senate-reported amendment. The conference agreement includes, by reference, the guidance included in both the House and Senate reports.

EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS

The conference agreement includes $231,587,000 for Educational and Cultural Exchange Programs of the Department of State, instead of $213,771,000 as proposed in the House bill and $225,000,000 as proposed in the Senate-reported amendment. The conference agreement makes the funds provided under this account available until expended as in previous years, and as proposed in the House bill.

The following chart displays the conference agreement on the distribution of funds by program or activity under this account:

[In thousands of dollars]

	Amount
Academic Programs:	
Fulbright Program	114,000
Regional Scholars Program	2,000
Foreign Study Grants for U.S. Undergraduates	1,500
College and University Affiliations Program	1,000
Educational Advising and Student Services	3,200
English Language Programs	2,600
Hubert H. Humphrey Fellowships	6,100
Edmund S. Muskie Fellowship Program	500
American Overseas Research Centers	2,280
South Pacific Exchanges	500
Tibet Exchanges	500
East Timor Exchanges	500
Disability Exchange Clearinghouse	500
Subtotal, Academic Programs	135,180
Professional and Cultural Programs:	
International Visitor Program	46,500
Citizen Exchange Program	15,000
Congress Bundestag Youth Exchange	2,857
Mike Mansfield Fellowship Program	2,200
Olympic/Paralympic Exchanges	1,000
Special Olympic Exchanges	500
Youth Science Leadership Institute of the Americas	100
Irish Institute	500

	Amount
Montana International Business Exchange	100
University of Akron Global Business Exchange	100
Interparliamentary Exchanges with Asia	150
Subtotal, Professional and Cultural Exchanges:	69,007
North/South Center	1,400
Exchanges Support	26,000
Total	231,587

Deviations from this distribution of funds will be subject to the normal reprogramming procedures under section 605 of this Act. Significant carryover and recovered balances are often available under this account, and the Department is directed to submit a proposed spending plan for such balances, subject to the regular reprogramming procedures. To the extent such balances are available, the Department is encouraged to give priority to providing additional support for the Muskie Fellowship Program, and supporting the Central European Executive Exchange Program and the Institute for Representative Government.

The conference agreement includes only $500,000 in new appropriations under this account for Muskie Fellowships for graduate student exchanges with the former Soviet Union. In addition to the amounts provided under this account for nations of the former Soviet Union, the Department expects to receive transfers from appropriations for Freedom Support Act exchange programs. In fiscal year 2000, an additional $93,000,000 was transferred to this account for exchanges with the former Soviet Union, including $18,309,000 for graduate student exchanges. A similar amount is expected to be available for such exchanges in fiscal year 2001. In its graduate exchange programs with the former Soviet Union, the Department shall emphasize Masters in Business Administration programs in such areas as marketing, distribution, and finance.

Should balances become available, the Department is expected to consider awarding a grant for the Central European Executive Exchange Program. The Committees expect that the proposal submitted for this project will include participation from Central European countries in addition to Hungary and the Czech Republic, and will contain a plan to continue the project in future years without Federal financial support.

The conference agreement includes, by reference, the program guidance contained in both the House and Senate reports.

REPRESENTATION ALLOWANCES

The conference agreement includes $6,499,000 for Representation Allowances instead of $5,826,000 as proposed in the House bill, and $6,773,000 as proposed in the Senate-reported amendment. The conference agreement does not include language under this account allowing the Department to collect and use reimbursement for services provided to the press as proposed in the Senate-reported amendment. This language is instead included under the ''Diplomatic and Consular Programs'' account.

PROTECTION OF FOREIGN MISSIONS AND OFFICIALS

The conference agreement includes $15,467,000 for Protection of Foreign Missions and Officials, instead of $8,067,000 as provided in the House bill and $10,490,000 as proposed in the Senate-reported amendment. Of the amount provided, $5,000,000 is designated for reimbursement to the City of Seattle. Similar language was included in the Senate-reported amendment under ''Diplomatic and Consular Programs''. The House bill did not address this matter. The direction included in the House and Senate reports regarding the review of reimbursement claims is adopted by reference.

EMBASSY SECURITY, CONSTRUCTION, AND MAINTENANCE

The conference agreement includes $1,079,976,000 for this account, instead of $1,064,976,000 as proposed in the House bill and $782,004,000 as proposed in the Senate-reported amendment.

The conference agreement does not include language proposed in the Senate-reported amendment adding ''Centers for Antiterrorism and Security Training'' to the allowable uses of funding under this account. The House bill had no similar language.

The conference agreement does not include a Senate provision stating that certain proceeds of sales shall be available only for a new embassy facility in the Republic of Korea. Proceeds realized from the sale of the diplomatic facility in Seoul known as ''Compound II'' shall only be available for the site acquisition and preparation, design, or construction of diplomatic facilities, housing, or Marine security guard quarters in the Republic of Korea. These funds shall be available for obligation and expenditure until all proceeds from the sale of ''Compound II'' are exhausted. The Committees expect the Department to provide an update every January 1 on construction projects in the Republic of Korea.

The conference agreement includes $663,000,000 for the costs of worldwide security upgrades, including $515,000,000 for capital security projects. The conferees direct the Department to comply with the direction in the House report regarding the submission of a spending plan within sixty days of the date of enactment of this Act. In proposing such a spending plan, the Department shall include an assessment of need, and such funding as is appropriate, for security upgrades related to existing housing, schools, and Marine quarters, as well as the acquisition of new secure Marine quarters.

The conference agreement does not include new appropriations for non-security capital projects. The Department has indicated that $30,500,000 is available from previous appropriations and proceeds to pay all anticipated site acquisition and related costs of the new Beijing chancery project in fiscal year 2001. The conference agreement includes, by reference, the direction in the Senate report regarding the Beijing chancery project. The ongoing costs of housing projects in Chengdu and Shenyang are included in amounts provided for facilities rehabilitation under this account.

The budget request included planned expenditures of $67,000,000 from proceeds of sale of surplus property for opportunity purchases and capital projects. The conference agreement anticipates that the amount of funds available for such purchases will be much greater, and directs the Department to submit a spending plan for these funds that includes: at least $19,000,000 for opportunity purchases to replace uneconomical leases; at least $25,000,000 for capital security projects; and $20,000,000 for continuing costs of the Taiwan project. Any additional use of these funds is subject to reprogramming.

The conference agreement includes, by reference, language in the House report under ''Worldwide Security Upgrades'' and ''Responding to the Recommendations of the Overseas Presence Advisory Panel'', and language in the Senate report on joint ventures and a General Accounting Office review of a property issue in Paris. Within the amount provided under this account, the Department is expected to support the rehabilitation projects in Moscow and Istanbul described in the Senate report.

The Department is directed to submit, and receive approval for, a financial plan for the funding provided under this account, whether from direct appropriations or proceeds of sales, prior to the obligation or expenditure of funds for capital and rehabilitation projects. The overall spending plan shall include project-level detail, and shall be provided to the Appropriations Committees not later than 60 days after the date of enactment of this Act. Any deviation from the plan after approval shall be treated as a reprogramming in the case of an addition greater than $500,000 or as a notification in the case of a deletion, a project cost overrun exceeding 25 percent, or a project schedule delay exceeding 6 months. Notification requirements also extend to the rebaselining of a given project's cost estimate, schedule, or scope of work.

EMERGENCIES IN THE DIPLOMATIC AND CONSULAR SERVICE

The conference agreement includes $5,477,000 for the Emergencies in the Diplomatic and Consular Service account, as provided in the House bill, instead of $11,000,000, as provided in the Senate-reported amendment.

REPATRIATION LOANS PROGRAM ACCOUNT

The conference agreement includes a total appropriation of $1,195,000 for the Repatriation Loans Program account as provided in the House bill, instead of $1,200,000 as provided in the Senate-reported amendment.

PAYMENT TO THE AMERICAN INSTITUTE IN TAIWAN

The conference agreement includes $16,345,000 for the Payment to the American Institute in Taiwan account, as provided in both the House bill and the Senate-reported amendment. The conference agreement includes, by reference, language in both the House and Senate reports. Funding for the relocation of the Institute is discussed under the ''Embassy Security, Construction, and Maintenance'' account.

PAYMENT TO THE FOREIGN SERVICE RETIREMENT AND DISABILITY FUND

The conference agreement includes $131,224,000 for the Payment to the Foreign Service Retirement and Disability Fund account, as provided in both the House bill and the Senate-reported amendment.

INTERNATIONAL ORGANIZATIONS AND CONFERENCES

CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS

The conference agreement includes $870,833,000 for Contributions to International Organizations to pay the costs assessed to the United States for membership in international organizations, instead of $880,505,000 as proposed in the House bill, and $943,944,000 as proposed in the Senate-reported amendment.

The conference agreement includes language requiring that $100,000,000 may be made available to the United Nations only pursuant to a certification that the U.N. has taken no action during calendar year 2000 prior to the enactment of this Act to cause the U.N. to exceed the adopted budget for the

biennium 2000–2001. Similar language was included in the House bill. The Senate-reported amendment did not include a provision on this matter.

The conference agreement does not include an additional $64,800,000 for the United States share of the new North Atlantic Treaty Organization headquarters as proposed in the Senate-reported amendment. The House bill did not have a similar provision. Within the amount provided under this heading, $8,000,000 is included for the first incremental payment for the U.S. share of the new headquarters building, as requested.

The amount provided by the conference agreement is expected to be sufficient to fully pay assessments to international organizations. The conference agreement anticipates that the Department has prepaid $32,600,000 of the fiscal year 2001 assessment for the United Nations regular budget, using excess fiscal year 2000 funds. In addition, the Department's recalculation of its fiscal year 2001 request for this account has resulted in a lowering of the request by an additional $37,908,000, resulting primarily from exchange rate fluctuations. In recognition of the prepayment and the recalculation of the request, the conference agreement assumes an adjusted request level of $875,552,000. The conference agreement does not include requested funding for the Interparliamentary Union and the Bureau of International Expositions, and anticipates additional savings related to requested programs that are terminating or have not yet begun.

Provisions in the House report relating to reports on reforms in international organizations, and Senate report language relating to reporting on War Crimes Tribunals are adopted by reference. The conference agreement does not include an additional $13,000,000, as proposed in the Senate report, for Pan American Health Organization (PAHO) disease prevention and control programs. The Department is encouraged to pursue appropriate funding for such an initiative in the future. The conference agreement adopts, by reference, language in the House report concerning PAHO, and directs the Department to provide PAHO with its full United States assessment level for fiscal year 2001.

CONTRIBUTIONS FOR INTERNATIONAL PEACEKEEPING ACTIVITIES

The conference agreement provides $846,000,000 for Contributions for International Peacekeeping Activities, instead of $500,000,000 as proposed in the Senate-reported amendment and $498,100,000 as proposed in the House bill.

The conference agreement provides that, of the total funding provided under this heading, not to exceed fifteen percent shall remain available until September 30, 2002. The Senate-reported amendment made all funding available until expended, and the House bill had no provision on the matter. The conferees expect that before any excess funding is carried over into fiscal year 2002 in this account, the Department shall transfer the maximum allowable amount to the Contributions to International Organizations account to prepay the fiscal year 2002 assessment for the United Nations regular budget.

The conference agreement includes, by reference, language in the House report requiring a Department report to the Committees related to the costs of continuing UN activities in Angola and Haiti from the UN regular budget, requiring a report on peacekeeping assessment rate reform, and directing the Department to support the work of the UN Office of Internal Oversight Services. The conference agreement also includes, by reference, language in the Senate report regarding the investigation of charges against those responsible for the planning and execution of the air war over Serbia and Kosovo.

The establishment of several large and complex missions over the past year has overtaken the capacity of the UN to successfully plan and manage such activities. The Department is directed to allocate available funds in this account on a priority basis, and to take no action to extend or expand missions or create new missions for which funding is not available. The conference agreement does not include funding for the MINURSO mission in Western Sahara. In addition to the notification requirements under this account, the Department is directed to submit a proposed distribution of the total resources available under this account no later than December 31, 2000, through the normal reprogramming process.

ARREARAGE PAYMENTS

The conference agreement does not include funding for arrearage payments in this Act. The Senate-reported amendment provided $102,000,000 for additional arrearage payments above the $926,000,000 authorized and appropriated in previous years, subject to certain conditions. The House bill did not include new funding for arrearage payments.

INTERNATIONAL COMMISSIONS

INTERNATIONAL BOUNDARY AND WATER COMMISSION, UNITED STATES AND MEXICO

SALARIES AND EXPENSES

The conference agreement includes $7,142,000 for Salaries and Expenses of the International Boundary and Water Commission (IBWC) as proposed in the Senate-reported amendment, instead of $19,470,000 as proposed in the House bill. The conference agreement includes, by reference, language in the House report regarding the South Bay International Wastewater Treatment Plant.

CONSTRUCTION

The conference agreement includes $22,950,000 for the Construction account of the IBWC instead of $26,747,000 as proposed in the Senate-reported amendment and $6,415,000 as proposed in the House bill. The conference agreement provides funding for the following activities: facilities renovation—$425,000; heavy equipment replacement—$1,000,000; land mobile radio systems replacement—$500,000; hydrologic data collection system rehabilitation—$500,000; Rio Grande construction—$2,685,000; Colorado River construction—$805,000; a feasibility study for the construction of a diversionary structure to control sewage flows in the flood control channel of the Tijuana River—$500,000; and operations and maintenance—$16,535,000. The conference agreement adopts, by reference, language in the House report regarding the reallocation of funds subject to reprogramming. The conferees also expect the Commission to submit to the Committees, not later than November 15, 2001, an end-of-year report on operations and maintenance spending. This report shall include actual obligations, and balances carried forward, by project.

AMERICAN SECTIONS, INTERNATIONAL COMMISSIONS

The conference agreement includes $6,741,000 for the U.S. share of expenses of the International Boundary Commission; the International Joint Commission, United States and Canada; and the Border Environment Cooperation Commission, as proposed in the Senate-reported amendment, instead of $5,710,000 as proposed in the House bill. The conference level will provide funding at the following levels for the three commissions: International Boundary Commission—$970,000; International Joint Commission—$3,771,000; and Border Environment Cooperation Commission—$2,000,000.

INTERNATIONAL FISHERIES COMMISSIONS

The conference agreement includes $19,392,000 for the U.S. share of the expenses of the International Fisheries Commissions and related activities, as proposed in the Senate-reported amendment, instead of $15,485,000 as proposed in the House bill.

The conference agreement includes the funding distribution requested in the President's budget and adopts, by reference, language in the Senate report on treating Lake Champlain with lampricide, and giving priority to States providing matching funds.

OTHER

PAYMENT TO THE ASIA FOUNDATION

The conference agreement includes $9,250,000 for the Payment to the Asia Foundation account, instead of $8,216,000 as provided in the House bill, and instead of no funding as provided in the Senate-reported amendment. The conferees support the work of the Asia Foundation on democracy and the rule of law in the Asia-Pacific region. Since the establishment of multi-party democracy in 1990, Nepal continues to struggle with political instability, weak legal institutions and economic stagnation. Increased funding in this account is expected to allow the Foundation to expand law reform activities in Nepal.

EISENHOWER EXCHANGE FELLOWSHIP PROGRAM TRUST FUND

The conference agreement includes language as provided in both the House bill and the Senate-reported amendment allowing all interest and earnings accruing to the Trust Fund in fiscal year 2001 to be used for necessary expenses of the Eisenhower Exchange Fellowships.

ISRAELI ARAB SCHOLARSHIP PROGRAM

The conference agreement includes language as provided in both the House bill and the Senate-reported amendment allowing all interest and earnings accruing to the Scholarship Fund in fiscal year 2001 to be used for necessary expenses of the Israeli Arab Scholarship Program.

EAST-WEST CENTER

The conference agreement includes $13,500,000 for operations of the East-West Center as proposed in the Senate-reported amendment, instead of no funds as proposed in the House bill. The conference agreement does not include an additional earmark of $12,500,000 from the Department of State, Diplomatic and Consular Programs account, as proposed in the Senate-reported amendment.

NATIONAL ENDOWMENT FOR DEMOCRACY

The conference agreement includes $30,999,000 for the National Endowment for Democracy as proposed in the Senate-reported amendment, instead of $30,872,000 as proposed in the House bill. The Endowment shall submit to the Committees, not later than February 1, 2001, a detailed program plan for NED activities in East Timor, Kosovo, Sierra Leone and the Democratic Republic of the Congo.

RELATED AGENCY

BROADCASTING BOARD OF GOVERNORS

INTERNATIONAL BROADCASTING OPERATIONS

The conference agreement includes $398,971,000 for International Broadcasting

Operations, instead of $419,777,000 as proposed in the House bill and $388,421,000 as proposed in the Senate-reported amendment. Rather than funding broadcasting to Cuba under this account, as proposed by the House, all funding for broadcasting to Cuba is included under a separate account, as proposed in the Senate-reported amendment, and as enacted in previous years.

The conference agreement includes language in this and other broadcasting accounts that modifies citations of authorization legislation as carried in previous years. These changes are intended to simplify and streamline bill language, and are not intended to modify the authorities for the use of funds under any account.

The conference agreement includes, by reference, language in the House report on the review of television-related programs, Radio Free Asia, further consolidation and streamlining within international broadcasting, and reprogramming requirements. The conference agreement also includes, by reference, language in the Senate report on the VOA charter requirements, and on the initiation of RFE/RL broadcasting in Avar, Chechen and Circassian.

The Broadcasting Board of Governors (BBG) is expected to devote a proportionate and reasonable share of total VOA programming to the charter requirements of explaining American foreign policy and explaining American values, institutions, and thought. Should the BBG determine that organizational changes would facilitate the achievement of this goal, such proposed changes shall be submitted to the Committees through the regular reprogramming process.

The conference agreement provides inflationary adjustments to base funding levels for all broadcasting entities. Within the amount provided, $1,000,000 shall be for Uighur language broadcasting by Radio Free Asia. The BBG is directed to provide an allocation plan for all available funding under this account to the Committees within sixty days from the enactment of this Act.

BROADCASTING TO CUBA

The conference agreement includes $22,095,000, to remain available until expended, for Broadcasting to Cuba under a separate account as proposed in the Senate-reported amendment, instead of $22,806,000 within the total for International Broadcasting Operations as proposed in the House bill. The conference agreement does not include language proposed in the Senate-reported amendment, providing that funds may be used for aircraft to house television broadcasting equipment. The House bill did not contain a provision on this matter.

BROADCASTING CAPITAL IMPROVEMENTS

The conference agreement includes $20,358,000 for the Broadcasting Capital Improvements account, instead of $18,358,000 as proposed in the House bill, and $31,075,000 as proposed in the Senate-reported amendment. The conference agreement does not include language proposed in the Senate-reported amendment making a specific amount under this account available for the costs of overseas security upgrades.

The conference agreement includes, by reference, language in the House report on digital development and conversion, security upgrades, relocation of the Poro Point medium wave transmitter, and the submission of a spending plan through the reprogramming process. The conference agreement also includes, by reference, language in the Senate report on the notification of the Committees prior to the release of funds for security upgrades.

The BBG may propose through the reprogramming process to allocate funds under this account for rotatable antennas, or for other infrastructure improvements at the Greenville, NC, transmitting station, as discussed in the Senate report.

GENERAL PROVISIONS—DEPARTMENT OF STATE AND RELATED AGENCY

Section 401.—The conference agreement includes section 401, as proposed in the House bill, permitting use of funds for allowances, differentials, and transportation. The Senate-reported amendment included a similar provision with minor technical differences related to the citation of authorizing provisions.

Sec. 402.—The conference agreement includes section 402, as provided in both the House bill and the Senate-reported amendment, dealing with transfer authority.

Sec. 403.—The conference agreement includes section 403, proposed as section 404 in both the House bill and the Senate-reported amendment, prohibiting the use of funds by the Department of State or the Broadcasting Board of Governors (BBG) to provide certain types of assistance to the Palestinian Broadcasting Corporation (PBC). The conference agreement does not include training that supports accurate and responsible broadcasting among the types of assistance prohibited. The conferees agree that neither the Department of State, nor the BBG, shall provide any assistance to the PBC that could support restrictions of press freedoms or the broadcasting of inaccurate, inflammatory messages. The conferees further expect the Department and the BBG to submit a report to the Committees, before December 15, 2000, detailing any programs or activities involving the PBC in fiscal year 2000, and any plans for such programs in fiscal year 2001.

Sec. 404.—The conference agreement includes section 404, proposed as section 405 in the House bill, creating the position of Deputy Secretary of State for Management and Resources. The Senate-reported amendment did not include a provision on this matter. The conference agreement adopts, by reference, the guidance on this matter provided in the House report under the ''Diplomatic and Consular Programs'' account.

Sec. 405.—The conference agreement includes section 405, as proposed in the Senate bill, prohibiting the use of funds made available in this Act by the United Nations for activities authorizing the United Nations or any of its specialized agencies or affiliated organizations to tax any aspect of the Internet.

Sec. 406.—The conference agreement includes section 406, proposed in the Senate-reported amendment as section 409, prohibiting the use of funds in this or any other Act to allow entry of diamonds into the United States if they were mined in certain countries, unless certain documentation is provided. The House bill did not include a provision on this matter.

Sec. 407.—The conference agreement includes section 407, not included in either the House bill or the Senate-reported amendment, extending authorities to provide protective services to departing and incoming Secretaries of State.

Sec. 408.—The conference agreement includes section 408, not included in either the House bill or the Senate-reported amendment, waiving provisions of existing legislation that require authorizations to be in place for the State Department and the Broadcasting Board of Governors prior to the expenditure of any appropriated funds.

TITLE V—RELATED AGENCIES
DEPARTMENT OF TRANSPORTATION

MARITIME ADMINISTRATION

MARITIME SECURITY PROGRAM

The conference agreement includes $98,700,000 for the Maritime Security Program as proposed in both the House bill and the Senate-reported amendment.

OPERATIONS AND TRAINING

The conference agreement includes $86,910,000 for the Maritime Administration Operations and Training account instead of $84,799,000 as proposed in the House bill and $80,240,000 as proposed in the Senate-reported amendment. Within this amount, $47,236,000 shall be for the operation and maintenance of the U.S. Merchant Marine Academy, including $13,000,000 above base funding levels for further deferred maintenance and renovation requirements as described in the House report. The conferees adopt, by reference, language in the House report regarding the submission of a spending plan for this initiative.

The conference agreement includes $7,473,000 for the State Maritime Academies. Within the amount for State Maritime Academies, $1,200,000 shall be for student incentive payments, the same amount as provided in fiscal year 2000.

The conference agreement also includes, by reference, language in the House report on submission of a report on maritime education and training.

MARITIME GUARANTEED LOAN (TITLE XI) PROGRAM ACCOUNT

The conference agreement provides $30,000,000 in subsidy appropriations for the Maritime Guaranteed Loan Program instead of $10,621,000 as proposed in the House bill and $20,221,000 as proposed in the Senate-reported amendment. The conference agreement adopts the Senate approach of dropping a limitation on the loan program level of not to exceed $1,000,000,000. The House bill included this provision, which has also been carried in previous years. MARAD shall not make commitments exceeding $1,000,000,000 in fiscal year 2001, including commitments made with appropriations from previous fiscal years, without prior notification to the Committees in accordance with section 605 reprogramming procedures.

The conference agreement also includes an additional $3,987,000 for administrative expenses associated with the Maritime Guaranteed Loan Program instead of $3,795,000 as proposed in the House bill, and $4,179,000 as proposed in the Senate-reported amendment. The amount for administrative expenses may be transferred to and merged with amounts under the MARAD Operations and Training account.

MARAD has indicated to the Committees that it expects to carry over approximately $10,000,000 in this account which may be used as additional subsidy budget authority in fiscal year 2001.

ADMINISTRATIVE PROVISIONS—MARITIME ADMINISTRATION

The conference agreement includes provisions, as proposed in both the House bill and the Senate-reported amendment, involving Government property controlled by MARAD, the accounting for certain funds received by MARAD, and a prohibition on obligations from the MARAD construction fund.

COMMISSION FOR THE PRESERVATION OF AMERICA'S HERITAGE ABROAD

SALARIES AND EXPENSES

The conference agreement provides $490,000 for the Commission for the Preservation of

America's Heritage Abroad, as proposed in the Senate-reported amendment, instead of $390,000 as proposed in the House bill.

COMMISSION ON CIVIL RIGHTS

SALARIES AND EXPENSES

The conference agreement includes $8,900,000 for the salaries and expenses of the Commission on Civil Rights as proposed in the Senate-reported amendment, instead of $8,866,000 as proposed in the House bill.

The conference agreement includes language allowing the Chairperson to be reimbursed for 125 billable days, as proposed in the House bill, and as carried in previous years. The Senate-reported amendment included language limiting all commissioners to not more than 75 billable days.

COMMISSION ON OCEAN POLICY

SALARIES AND EXPENSES

The conference agreement includes $1,000,000 for the Commission on Ocean Policy as proposed in the Senate-reported amendment, instead of no funding as proposed in the House bill.

COMMISSION ON SECURITY AND COOPERATION IN EUROPE

SALARIES AND EXPENSES

The conference agreement includes $1,370,000 for the Commission on Security and Cooperation in Europe as proposed in the Senate-reported amendment, instead of $1,182,000 as proposed in the House bill.

CONGRESSIONAL-EXECUTIVE COMMISSION ON THE PEOPLE'S REPUBLIC OF CHINA

SALARIES AND EXPENSES

The conference agreement includes $500,000 for the Congressional-Executive Commission on the People's Republic of China. Neither the House bill nor the Senate-reported amendment included funding for this new Commission.

EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

SALARIES AND EXPENSES

The conference agreement includes $303,864,000 for the salaries and expenses of the Equal Employment Opportunity Commission, instead of $290,928,000 as proposed in the House bill, and $294,800,000 as proposed in the Senate-reported amendment.

Within the total amount, the conference agreement includes $30,000,000 for payments to State and local Fair Employment Practices Agencies (FEPAs) for specific services to the Commission, instead of $29,000,000 as proposed in the House bill, and $31,000,000 as proposed in the Senate-reported amendment. The conference agreement includes, by reference, language in the House report regarding submission of a spending plan, reducing the backlog of private sector charges, and utilizing the experience the FEPAs have in mediation as the Commission implements its alternative dispute resolution programs.

FEDERAL COMMUNICATIONS COMMISSION

SALARIES AND EXPENSES

The conference agreement includes a total of $230,000,000 for the salaries and expenses of the Federal Communications Commission (FCC), instead of $207,909,000 as provided in the House bill, and $237,188,000 as proposed in the Senate-reported amendment. Of the amounts provided, $200,146,000 is to be derived from offsetting fee collections, as provided in both the House bill and the Senate-reported amendment, resulting in a net direct appropriation of $29,854,000, instead of $7,763,000 included in the House bill, and $37,042,000 included in the Senate-reported amendment. Receipts in excess of $200,146,000 shall remain available until expended but shall not be available for obligation until October 1, 2001.

The conference agreement directs the Commission to submit, no later than December 15, 2000, a financial plan proposing a distribution of all the funds in this account, subject to the reprogramming requirements under section 605 of this Act.

From within the funds provided, the FCC is urged to support public safety, emergency preparedness and telecommunications functions of the 2002 Olympic Winter Games.

The Senate report included language on public broadcasting stations' access to spectrum. The House included no similar language. The FCC is examining this issue, which is also pending in the Court of Appeals. The conference agreement reflects the belief that this issue can be resolved through the administrative or judicial process, so no legislative action is required at this time. The Chairman of the FCC should report to the House and Senate Committees on Appropriations on any action the Commission takes on this issue by April 1, 2001.

The FCC shall take all actions necessary to complete the processing of applications for licenses or other authorizations for facilities that would provide services covered by the Satellite Home Viewers Improvement Act (Public Law 106–113, 113 Stat. 1501), specifically to deliver multi-channel video services including all local broadcast television station signals and broadband services in unserved and underserved local television markets by November 29, 2000, as required by Public Law 106–113, 113 Stat. 1501.

The Senate report language with respect to a broadcast industry code of conduct for the content of programming is incorporated by reference.

FEDERAL MARITIME COMMISSION

SALARIES AND EXPENSES

The conference agreement includes $15,500,000 for the salaries and expenses of the Federal Maritime Commission, instead of $14,097,000 as proposed in the House bill and $16,222,000 as proposed in the Senate-reported amendment.

FEDERAL TRADE COMMISSION

SALARIES AND EXPENSES

The conference agreement includes a total operating level of $147,154,000 for the Federal Trade Commission, instead of $134,807,000 as proposed in the House bill and $159,500,000 as proposed in the Senate-reported amendment. The conference agreement assumes that, of the amount provided, $145,254,000 will be derived from fees collected in fiscal year 2001 and $1,900,000 will be derived from estimated unobligated fee collections available from fiscal year 2000. These actions result in a final appropriation of $0. Any use of remaining unobligated fee collections from prior years are subject to the reprogramming requirements outlined in section 605 of this Act.

The conference agreement adopts by reference the Senate report language on slotting allowances, identity theft and Internet fraud.

Appropriations for both the Antitrust Division of the Department of Justice and the Federal Trade Commission are financed with Hart-Scott-Rodino Act pre-merger filing fees. Section 630 of this Act modifies the Hart-Scott-Rodino Act to establish a three-tiered fee structure that increases the filing threshold for a merger transaction from $15,000,000 to $50,000,000. Both the House bill and the Senate-reported amendment included in the Federal Trade Commission's appropriation language similar language to create a three tiered fee structure and raise the filing threshold to $35,000,000. It is anticipated that the increase in the filing threshold will reduce the number of mergers requiring review by approximately 50 percent. This should allow the Commission to focus more resources on the review of complex mergers and non-merger activities such as consumer protection.

LEGAL SERVICES CORPORATION

PAYMENT TO THE LEGAL SERVICES CORPORATION

The conference agreement includes $330,000,000 for the payment to the Legal Services Corporation, instead of $300,000,000 as proposed in the Senate-reported amendment, and $275,000,000 as proposed in the House bill. The conference agreement provides $310,000,000 for grants to basic field programs and independent audits, $10,800,000 for management and administration, $2,200,000 for the Office of Inspector General, and $7,000,000 for client self-help and information technology. The conference agreement also includes $31,625,000 for civil legal assistance under the Violence Against Woman Act programs funded under Title I of this Act. In addition, according to LSC-released statistics, grantees received over $605,000,000 of funding during 1999.

Within the amounts provided for management and administration, the Corporation is expected to hire at least seven investigators for the Compliance and Enforcement Division to investigate field grantees' compliance with the regulations grantees agreed to abide by when accepting Federal funding.

The conference agreement adopts by reference the House report language on class action suits and the Senate report language on travel.

ADMINISTRATIVE PROVISION—LEGAL SERVICES CORPORATION

The conference agreement includes language to continue the terms and conditions included under this section in the fiscal year 2000 Act, as proposed in both the House bill and the Senate-reported amendment.

MARINE MAMMAL COMMISSION

SALARIES AND EXPENSES

The conference agreement includes $1,700,000 for the salaries and expenses of the Marine Mammal Commission, as proposed in both the House bill and the Senate-reported amendment.

SECURITIES AND EXCHANGE COMMISSION

SALARIES AND EXPENSES

The conference agreement includes $422,800,000 for the Securities and Exchange Commission (SEC), instead of $392,624,000 as proposed in the House bill and $489,652,000 as proposed in the Senate-reported amendment. The conference agreement includes bill language appropriating separate amounts from offsetting fee collections from fiscal years 1999 and 2001, as proposed in both the House bill and the Senate-reported amendment. The conference agreement appropriates $295,000,000 from fees collected in fiscal year 1999, and $127,800,000 from fees to be collected in fiscal year 2001.

The conference agreement provides for the Commission's adjustments to base and requested program increases for additional staff, information systems, and a special pay rate. Within the increased funding provided for information systems, the Commission shall identify $2,000,000 for additional information systems support to help investigate and prosecute Internet fraud cases, as described in the Senate report. The conference

agreement does not include language in Title VI of this Act, nor additional funding above the request under this heading, as proposed in the Senate-reported amendment, for the exemption of the SEC from Federal pay regulations.

Any offsetting fee collections in fiscal year 2001 in excess of $127,800,000 will remain available for the Securities and Exchange Commission in future years through the regular appropriations process.

The conference agreement includes, by reference, language in the Senate report on the Office of Economic Analysis, the implementation of a new fee collection system, recommendations for increased civil penalties, and the need to educate investors regarding Internet securities fraud.

SMALL BUSINESS ADMINISTRATION

SALARIES AND EXPENSES

The conference agreement provides an appropriation of $331,635,000 for the Small Business Administration (SBA) Salaries and Expenses account, instead of $304,094,000 as proposed in the House bill and $143,475,000 as proposed in the Senate-reported amendment. The conference agreement does not split funding for non-credit business assistance programs into a separate account, as proposed in the budget request and the Senate-reported amendment, but rather includes funding for such programs under this account.

In addition, the conference agreement includes $37,000,000 for programs related to the New Markets Venture Capital Program subject to the authorization of that program, including $7,000,000 for BusinessLINC and $30,000,000 for technical assistance.

The conference agreement includes language, as proposed in the Senate-reported amendment, allowing SBA to use five percent, or not to exceed $3,000,000, of increased collections of delinquent non-tax debt to reimburse for qualified expenses of such collections. The House bill did not contain language on this matter.

In addition to amounts made available under this heading, the conference agreement includes $129,000,000 for administrative expenses under the Business Loans Program account. This amount is transferred to and merged with amounts available under Salaries and Expenses. The conference agreement also includes an additional $108,354,000 for administrative expenses under the Disaster Loans Program account, which may under certain conditions be transferred to and merged with amounts available under Salaries and Expenses. These conditions are described under the Disaster Loans Program account.

The conference agreement provides a total of $166,541,000 for SBA's regular operating expenses under this account. This amount includes $2,000,000 for expenses of the HUBZone program, and $8,000,000 for systems modernization initiatives to continue the improvement of SBA's management and oversight of its loan portfolio. This amount also includes $2,000,000 to assist the SBA in transforming its workforce to meet changes in the way its programs are carried out. The SBA shall submit a plan, prior to the expenditure of resources provided for systems modernization and workforce transformation, in accordance with section 605 of this Act.

The conference agreement includes the following amounts for non-credit programs:

Small Business Development Centers	$88,000,000
7(j) Technical Assistance	3,600,000
Microloan Technical Assistance	20,000,000
SCORE	3,750,000
Business Information Centers	500,000
Women's Business Centers	12,000,000
Survey of Women-Owned Businesses	694,000
National Women's Business Council	750,000
One Stop Capital Shops	3,100,000
US Export Assistance Centers	3,100,000
Advocacy Research	1,100,000
National Veterans Business Development Corp	4,000,000
SBIR Rural Outreach Program	5,000,000
ProNet	500,000
Drug-free Workplace Grants	3,500,000
PRIME	15,000,000
New Markets Technical Assistance	30,000,000
BusinessLINC	7,000,000
Regulatory Fairness Boards	500,000
Total	202,094,000

Small Business Development Centers (SBDCs).—Of the amounts provided for SBDCs, the conference agreement includes $2,000,000 to continue the SBDC Defense transition program, and $1,000,000 to continue the Environmental Compliance Project, as directed in the House report. In addition, the conference agreement includes language, similar to that proposed in the Senate-reported amendment under ''Non-Credit Business Assistance Programs'' making funds for the SBDC program available for two years.

National Veterans Business Development Corporation.—The conference agreement includes language, as proposed in the House bill, designating $4,000,000 for the National Veterans Business Development Corporation. The Senate-reported amendment did not include a provision on this matter, but Senate report language designated $4,000,000 for the same purpose.

Microloan Technical Assistance.—The conference agreement includes $20,000,000 for the Microloan Technical Assistance program. Should savings occur during fiscal year 2001 in this account, the SBA may propose to allocate an additional amount for the Microloan Technical Assistance program through the regular reprogramming process. The SBA was unable to obligate approximately $3,500,000 allocated to this program in fiscal year 2000, which was transferred to the Business Loans Program account.

The conference agreement adopts language included in the House report directing the SBA to fully fund LowDoc Processing Centers, and to continue activities assisting small businesses to adapt to a paperless procurement environment.

NON-CREDIT BUSINESS ASSISTANCE PROGRAMS

The conference agreement adopts the approach in the House bill of not including funding under a separate heading for the non-credit business assistance programs of the SBA. Instead, funding for these programs is included under ''Salaries and Expenses'', as in previous years. The Senate-reported amendment included $153,690,000 for such programs under this separate account.

OFFICE OF INSPECTOR GENERAL

The conference agreement provides $11,953,000 for the SBA Office of Inspector General, instead of $10,905,000 as proposed in the House bill and $13,000,000 as proposed in the Senate-reported amendment.

An additional $500,000 has been provided under the administrative expenses of the Disaster Loans Program account to be made available to the Office of Inspector General for work associated with oversight of the Disaster Loans Program. The conference agreement does not include direction provided in the Senate report.

BUSINESS LOANS PROGRAM ACCOUNT

The conference agreement includes $294,410,000 under the SBA Business Loans Program Account, instead of $269,300,000 as proposed in the House bill, and $296,200,000 as proposed in the Senate-reported amendment. The conference agreement includes language, as proposed in the House bill, making $45,000,000 of the amount included for guaranteed loans available for two fiscal years. The Senate-reported amendment did not contain a similar provision. Within the amount provided, $22,000,000 shall be available only for the New Markets Venture Capital Program, subject to the enactment of authorizing legislation in fiscal year 2001.

The conference agreement includes $2,250,000 for the costs of direct loans, instead of $2,500,000 as proposed in the House bill and $2,600,000 as proposed in the Senate-reported amendment. The conferees understand that $300,000 in carryover is available for the Microloan Direct Loan Program, and, together with the appropriated amount, will support an estimated fiscal year 2001 program level of over $28,400,000.

Not including the funding provided for the New Markets Venture Capital Program, the conference agreement includes $141,160,000 for the costs of guaranteed loans, including the following programs:

7(a) General Business Loans.—The conference agreement provides $114,960,000 in subsidy appropriations for the 7(a) general business guaranteed loan program, instead of $114,500,000 as proposed in the House bill and $134,000,000 as proposed in the Senate-reported amendment. When combined with an estimated $14,000,000 in available carryover balances and recoveries, this amount will subsidize an estimated fiscal year 2001 program level of up to $10,400,000,000, assuming a subsidy rate of 1.24%. In addition, the conference agreement includes a provision, as proposed in both the House bill and the Senate-reported amendment, requiring the SBA to notify the Committees in accordance with section 605 of this Act prior to providing a total program level greater than $10,000,000,000.

Small Business Investment Companies (SBIC).—The conference agreement provides $26,200,000 for the SBIC participating securities program as proposed in the Senate-reported amendment, instead of $23,300,000 as proposed in the House bill. This amount will result in an estimated total program level of $2,000,000,000 in fiscal year 2001. No appropriation is required for the SBIC debentures program, as the program will operate with a zero subsidy rate in fiscal year 2001.

The conference agreement includes required language, as proposed in the House bill, limiting the 504 CDC and the SBIC debentures program levels, instead of similar language in the Senate-reported amendment.

In addition, the conference agreement includes $129,000,000 for administrative expenses to carry out the direct and guaranteed loan programs as proposed in the House bill, instead of $130,800,000 as proposed in the Senate-reported amendment, and makes such funds available to be transferred to and merged with appropriations for Salaries and Expenses.

DISASTER LOANS PROGRAM ACCOUNT

The conference agreement includes a total of $184,494,000 for this account, of which

$76,140,000 is for the subsidy costs for disaster loans and $108,354,000 is for administrative expenses associated with the disaster loans program. The House bill proposed $140,400,000 for loans and $136,000,000 for administrative expenses. The Senate-reported amendment provided $142,100,000 for loans and $139,000,000 for administrative expenses.

For disaster loans, the conference agreement assumes that the $76,140,000 subsidy appropriation, when combined with $71,000,000 in carryover balances and $10,000,000 in recoveries, will provide a total disaster loan program level of $900,000,000.

The conference agreement includes language, as proposed in the House bill, designating amounts for direct and indirect administrative expenses, and allowing appropriations for indirect administrative costs to be transferred to and merged with appropriations for Salaries and Expenses under certain conditions. The conference agreement includes $98,000,000 for direct administrative expenses instead of $125,646,000 as proposed in the House bill, and $9,854,000 for indirect administrative expenses as proposed in the House bill. The amount provided for direct administrative expenses, when combined with an estimated $26,000,000 in carryover balances, will provide the requested level for this activity. The conference agreement includes a provision that any amount in excess of $9,854,000 to be transferred to Salaries and Expenses from the Disaster Loans Program account for indirect administrative expenses shall be treated as a reprogramming of funds under section 605 of this Act, as proposed in the House bill. In addition, any such reprogramming shall be accompanied by a report from the Administrator on the anticipated effect of the proposed transfer on the ability of the SBA to cover the full annual requirements for direct administrative costs of disaster loan-making and -servicing.

Of the amounts provided for administrative expenses under this heading, $500,000 is to be transferred to and merged with the Office of Inspector General account for oversight and audit activities related to the Disaster Loans program.

ADMINISTRATIVE PROVISION—SMALL BUSINESS ADMINISTRATION

The conference agreement includes a provision providing SBA with the authority to transfer funds between appropriations accounts as proposed in the House bill, instead of a similar provision in the Senate-reported amendment.

STATE JUSTICE INSTITUTE

SALARIES AND EXPENSES

The conference agreement provides $6,850,000 for the State Justice Institute as proposed in the Senate-reported amendment, instead of $4,500,000 as proposed in the House bill. The conference agreement does not include the transfer of an additional $8,000,000 to this account from the Courts of Appeals, District Courts, and Other Judicial Services account in Title III as proposed in the Senate-reported amendment.

TITLE VI—GENERAL PROVISIONS

The conference agreement includes the following general provisions:

Sec. 601.—The conference agreement includes section 601, identical in both the House bill and the Senate-reported amendment, regarding the use of appropriations for publicity or propaganda purposes.

Sec. 602.—The conference agreement includes section 602, identical in both the House bill and the Senate-reported amendment, regarding the availability of appropriations for obligation beyond the current fiscal year.

Sec. 603.—The conference agreement includes section 603, identical in both the House bill and the Senate-reported amendment, regarding the use of funds for consulting services.

Sec. 604.—The conference agreement includes section 604, as proposed in the House bill, providing that should any provision of the Act be held to be invalid, the remainder of the Act would not be affected. The Senate-reported amendment did not include this provision, which has been carried in previous years.

Sec. 605.—The conference agreement includes section 605, as included in the Senate-reported amendment, establishing the policy by which funding available to the agencies funded under this Act may be reprogrammed for other purposes, instead of the version in the House bill which contained minor differences.

Sec. 606.—The conference agreement includes section 606, identical in both the House bill and the Senate-reported amendment, regarding the construction, repair or modification of National Oceanic and Atmospheric Administration vessels in overseas shipyards.

Sec. 607.—The conference agreement includes section 607, as proposed in the House bill, regarding the purchase of American-made products. The Senate-reported amendment did not include this provision, which has been carried in previous years.

Sec. 608.—The conference agreement includes section 608, identical in both the House bill and the Senate-reported amendment, which prohibits funds in the bill from being used to implement, administer, or enforce any guidelines of the Equal Employment Opportunity Commission similar to proposed guidelines covering harassment based on religion published by the EEOC in October, 1993.

Sec. 609.—The conference agreement includes section 609, as proposed in the House bill, prohibiting the use of funds for any United Nations peacekeeping mission that involves U.S. Armed Forces under the command or operational control of a foreign national, unless the President certifies that the involvement is in the national security interest. The Senate-reported amendment did not contain a provision on this matter.

Sec. 610.—The conference agreement includes section 610, identical to the House bill and section 609 in the Senate-reported amendment, that prohibits use of funds to expand the U.S. diplomatic presence in Vietnam beyond the level in effect on July 11, 1995, unless the President makes a certification that several conditions have been met regarding Vietnam's cooperation with the United States on POW/MIA issues.

Sec. 611.—The conference agreement includes section 611, as proposed in the House bill, which prohibits the use of funds to provide certain amenities for Federal prisoners. The Senate-reported amendment included a similar provision as section 612, but proposed to make the prohibition permanent.

Sec. 612.—The conference agreement includes section 612, as proposed in the House bill, restricting the use of funds provided under the National Oceanic and Atmospheric Administration for fleet modernization activities. The Senate-reported amendment did not contain a provision on this matter.

Sec. 613.—The conference agreement includes section 613, identical in both the House bill and the Senate-reported amendment, which requires agencies and departments funded in this Act to absorb any necessary costs related to downsizing or consolidations within the amounts provided to the agency or department.

Sec. 614.—The conference agreement includes section 614, as proposed in the Senate-reported amendment, which permanently prohibits funds made available to the Federal Bureau of Prisons from being used to make available any commercially published information or material that is sexually explicit or features nudity to a prisoner. The House bill included a similar provision as section 614, but did not propose to make the prohibition permanent.

Sec. 615.—The conference agreement includes section 615, as proposed in the House bill, which limits funding under the Local Law Enforcement Block Grant to 90 percent to an entity that does not provide public safety officers injured in the line of duty, and as a result separated or retired from their jobs, with health insurance benefits equal to the insurance they received while on duty. The Senate-reported amendment did not include a similar provision.

Sec. 616.—The conference agreement includes section 616, as proposed in the House bill, which prohibits funds provided in this Act from being used to promote the sale or export of tobacco or tobacco products, or to seek the reduction or removal of foreign restrictions on the marketing of tobacco products, provided such restrictions are applied equally to all tobacco or tobacco products of the same type. This provision is not intended to impact routine international trade services provided to all U.S. citizens, including the processing of applications to establish foreign trade zones. The Senate-reported amendment did not contain a provision on this matter.

Sec. 617.—The conference agreement includes section 617, modified from language proposed as section 615 in the Senate-reported amendment, which extends the prohibition in last year's bill on use of funds to issue a visa to any alien involved in extrajudicial and political killings in Haiti. The provision also adds eight individuals to the list of victims, and extends the exemption and reporting requirements from last year's provision. The House bill did not contain a provision on this matter.

Sec. 618.—The conference agreement includes section 618, identical, but proposed as section 617 in the House bill and section 616 in the Senate-reported amendment, which prohibits a user fee from being charged for background checks conducted pursuant to the Brady Handgun Control Act of 1993, and prohibits implementation of a background check system which does not require or result in destruction of certain information.

Sec. 619.—The conference agreement includes section 619, modified from language proposed as section 618 in the House bill and section 619 in the Senate-reported amendment, which delays obligation of any receipts deposited or available in the Crime Victims Fund in excess of $537,500,000 until the following fiscal year. The conferees have taken this action to protect against wide fluctuations in receipts into the Fund, and to ensure that a stable level of funding will remain available for these programs in future years.

Sec. 620.—The conference agreement includes section 620, proposed as section 619 in the House bill, which prohibits the use of Department of Justice funds for programs which discriminate against, denigrate, or otherwise undermine the religious beliefs of students participating in such programs. The Senate-reported amendment did not contain a provision on this matter.

Sec. 621.—The conference agreement includes section 621, identical in both the House bill and the Senate-reported amendment, but proposed as section 620 in the House bill, which prohibits the use of funds to process visas for citizens of countries that the Attorney General has determined deny or delay accepting the return of deported citizens.

Sec. 622.—The conference agreement includes section 622, proposed as section 621 in the House bill, which prohibits the use of Department of Justice funds to transport a maximum or high security prisoner to any facility other than to a facility certified by the Bureau of Prisons as appropriately secure to house such a prisoner. The Senate-reported amendment did not contain a similar provision.

Sec. 623.—The conference agreement includes section 623, modified from language proposed as section 622 in the House bill, regarding the Kyoto Protocol on Climate Change. The Senate-reported amendment did not include a provision on this matter. The conference agreement does not adopt the report language contained in the House report.

Sec. 624.—The conference agreement includes section 624, modified from language proposed as section 623 in the House bill, which prohibits funds from being used for the participation of United States delegates to the Standing Consultative Commission unless the President submits a certification that the U.S. Government is not implementing a 1997 memorandum of understanding regarding the 1972 Anti-Ballistic Missile Treaty between the U.S. and the U.S.S.R., or the Senate ratifies the memorandum of understanding. The Senate-reported amendment did not include a provision on this matter.

Sec. 625.—The conference agreement includes section 625, proposed as section 624 in the House bill, which prohibits the use of funds for the State Department to approve the purchase of property in Arlington, Virginia, by the Xinhua News Agency. The Senate-reported amendment did not include a provision on this matter.

Sec. 626.—The conference agreement includes section 626, proposed in the Senate-reported amendment as section 623, amending existing law related to certain medical costs to apply to suspects in the custody of the Federal Bureau of Investigation. The House bill did not include a provision on this matter.

Sec. 627.—The conference agreement includes section 627, proposed in the Senate-reported amendment as section 624, amending a fiscal year 1999 supplemental appropriations provision to permanently extend the time period in which certain takings of Cook Inlet Beluga Whales would be considered violations of the Marine Mammal Protection Act. The House bill did not include a provision on this matter.

Sec. 628.—The conference agreement includes section 628, modified from language proposed in the Senate-reported amendment as section 625, amending Public Law 106–113 to extend the authorization for Pacific Salmon Treaty and Recovery efforts. The House bill did not include a provision on these matters.

Sec. 629.—The conference agreement includes a new section 629, to clarify the Interstate Horseracing Act regarding certain parimutuel wagers.

Sec. 630.—The conference agreement includes a new section 630, which modifies existing law to include a three-tiered Hart-Scott-Rodino fee structure that increases the filing threshold for a merger transaction from $15,000,000 to $50,000,000. Similar language was included under the ''Federal Trade Commission, Salaries and Expenses'' heading in Title V of both the House bill and the Senate-reported amendment.

Sec. 631.—The conference agreement includes a new section 631, authorizing the stabilization and renovation of a certain lock and dam.

Sec. 632.—The conference agreement includes a new section 632, requiring the Federal Communications Commission to take certain actions regarding Low-Power FM regulations.

Sec. 633.—The conference agreement includes a new section 633, providing additional amounts for the Small Business Administration, Salaries and Expenses account for a number of small business initiatives.

Sec. 634.—The conference agreement includes a new section 634, prohibiting the use of funds in this, or any previous Act, or hereinafter made available to the Department of Commerce, to allow fishing vessels to use aircraft to assist in the fishing of Atlantic bluefin tuna.

Sec. 635.—The conference agreement includes section 635, amending 42 U.S.C. 1301 to prohibit certain misuses of social security numbers. The House bill did not include a provision on this matter.

Sec. 636.—The conference agreement includes a new section 636, related to designation of the Cuyahoga Valley National Park pursuant to 42 U.S.C. sections 7470–7479.

TITLE VII—RESCISSIONS

DEPARTMENT OF JUSTICE

DRUG ENFORCEMENT ADMINISTRATION

DRUG DIVERSION CONTROL FEE ACCOUNT

(RESCISSION)

The conference agreement includes a rescission of $8,000,000 from the amounts otherwise available for obligation in fiscal year 2001 for the ''Drug Diversion Control Fee Account'', as proposed in the Senate-reported amendment. The House bill did not include a rescission from this account.

RELATED AGENCIES

DEPARTMENT OF TRANSPORTATION

MARITIME ADMINISTRATION

MARITIME GUARANTEED LOAN (TITLE XI) PROGRAM ACCOUNT

(RESCISSION)

The conference agreement includes a rescission of $7,644,000 from unobligated balances under this heading, as proposed in the House bill. The Senate-reported amendment did not include a rescission from this account.

The conference agreement does not include a title providing contingent emergency funds for a ''Southwest Border Initiative'' for certain Department of Justice and Federal Judiciary accounts, as proposed in the Senate-reported amendment.

These needs are instead addressed in the regular accounts for such programs in Title I and Title III of this Act.

TITLE VIII—DEBT REDUCTION

DEPARTMENT OF TREASURY

BUREAU OF THE PUBLIC DEBT

Gifts to the United States for Reduction of the Public Debt

The conference agreement includes a new title depositing an additional amount in fiscal year 2001 into the account established under 31 U.S.C. section 3113(d), to reduce the public debt.

TITLE IX—WILDLIFE, OCEAN AND COASTAL CONSERVATION

Sec. 901–902.—The conference agreement includes $50,000,000 for formula grants to the States for wildlife conservation and restoration programs. Funding is provided through the U.S. Fish and Wildlife Service in the Department of Interior. This amount is in addition to funds provided for new, competitively awarded and cost-shared wildlife programs in the FY 2001 Interior Appropriations Act. This action recognizes wildlife conservation as a critical component of a nationwide strategy and supports state efforts in wildlife conservation and restoration. The conference agreement includes authorization language for this program.

Funding has been provided for the development, revision, and implementation of wildlife conservation and restoration programs and plans to address the unmet needs for a diverse array of wildlife and associated habitats. Funds provided to states or Indian Tribes may be used for planning and implementation of wildlife conservation programs and conservation strategies, including wildlife conservation, wildlife conservation education, and wildlife-associated recreation projects, for new programs and projects as well as to enhance existing programs and projects.

Each state's apportionment is determined by formula which considers the total area of the state (1/3 of the formula) and the population (2/3 of the formula). No state will receive an amount that is less than one percent of the amount available or more than five percent for any fiscal year. Puerto Rico and the District of Columbia each receive a sum equal to not more than one-half of one percent and Guam, the Virgin Islands, American Samoa, and the Northern Mariana Islands each receive a sum equal to not more than one-fourth of one percent. The conference agreement requires States and other jurisdiction to have or agree to develop a wildlife conservation strategy and plan as a condition for receiving a federal grant under this program.

Sec. 903.—The conference agreement includes language authorizing a coastal impact assistance program for fiscal year 2001.

TITLE X

The conference agreement includes a new title X to authorize loan guarantees in order to facilitate access to local television broadcast signals in unserved and underserved areas, and for other purposes.

TITLE XI

The conference agreement includes a new title XI, the Legal Immigration Family Equity Act.

CONFERENCE TOTAL—WITH COMPARISONS

The total new budget (obligational) authority for the fiscal year 2001 recommended by the Committee of Conference, with comparisons to the fiscal year 2000 amount, the 2001 budget estimates, and the House and Senate bills for 2001 follow:

(In thousands of dollars)

New budget (obligational) authority, fiscal year 2000	$39,600,967
Budget estimates of new (obligational) authority, fiscal year 2001	50,932,968
House bill, fiscal year 2001	37,394,617
Senate bill, fiscal year 2001	36,689,955
Conference agreement, fiscal year 2001	39,868,390
Conference agreement compared with:	
New budget (obligational) authority, fiscal year 2000	+267,423
Budget estimates of new (obligational) authority, fiscal year 2001	−11,064,578

House bill, fiscal year 2001	+2,473,773
Senate bill, fiscal year 2001	+3,178,435

ERNEST J. ISTOOK, Jr.
RANDY ''DUKE'' CUNNINGHAM,
TODD TIAHRT,
ROBERT B. ADERHOLT,
JO ANN EMERSON,
JOHN E. SUNUNU,
C.W. BILL YOUNG,
Managers on the Part of the House.

KAY BAILEY HUTCHISON,
JON KYL,
TED STEVENS,
RICHARD J. DURBIN,
DANIEL K. INOUYE,
Managers on the Part of the Senate.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12 of rule I, the Chair declares the House in recess subject to the call of the Chair.

Accordingly (at 7 o'clock and 4 minutes a.m.), the House stood in recess subject to the call of the Chair.

□ 0832

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. HASTINGS of Washington) at 8 o'clock and 32 minutes a.m.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF MOTIONS TO SUSPEND THE RULES

Mr. LINDER, from the Committee on Rules, submitted a privileged report (Rept. No. 106–1006) on the resolution (H. Res. 651) providing for the consideration of motions to suspend the rules, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION WAIVING POINTS OF ORDER AGAINST CONFERENCE REPORT ON H.R. 2614, CERTIFIED DEVELOPMENT COMPANY PROGRAM IMPROVEMENTS ACT OF 2000

Mr. LINDER, from the Committee on Rules, submitted a privileged report (Rept. No. 106–1007) on the resolution (H. Res. 652) waiving points of order against the conference report to accompany 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, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION WAIVING POINTS OF ORDER AGAINST CONFERENCE REPORT ON H.R. 4942, DISTRICT OF COLUMBIA APPROPRIATIONS ACT, 2001

Mr. LINDER, from the Committee on Rules, submitted a privileged report (Rept. No. 106–1008) on the resolution (H. Res. 653) waiving points of order against the conference report to accompany the bill (H.R. 4942) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending September 30, 2001, and for other purposes, which was referred to the House Calendar and ordered to be printed.

CORRECTION TO THE CONGRESSIONAL RECORD OF TUESDAY, OCTOBER 24, 2000 AT PAGE H10718

The following bill was inadvertently printed in the wrong version and appears below in the correct version as passed by the House.

NATIONAL MARINE SANCTUARIES AMENDMENTS ACT OF 2000

Mr. HANSEN. Madam Speaker, I move to suspend the rules and pass the Senate bill (S. 1482) to amend the National Marine Sanctuaries Act, and for other purposes.

The Clerk read as follows:

S. 1482

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 ''National Marine Sanctuaries Amendments Act of 2000''.

SEC. 2. AMENDMENT OF NATIONAL MARINE SANCTUARIES ACT.

Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment or repeal 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 National Marine Sanctuaries Act (16 U.S.C. 1431 et seq.).

SEC. 3. CHANGES IN FINDINGS, PURPOSES, AND POLICIES; ESTABLISHMENT OF SYSTEM.

(a) CLERICAL AMENDMENT.—The heading for section 301 (16 U.S.C. 1431) is amended to read as follows:

''SEC. 301. FINDINGS, PURPOSES, AND POLICIES; ESTABLISHMENT OF SYSTEM.''.

(b) FINDINGS.—Section 301(a) (16 U.S.C. 1431(a)) is amended—

(1) in paragraph (2) by striking ''research, educational, or esthetic'' and inserting ''scientific, educational, cultural, archeological, or esthetic'';

(2) in paragraph (3) by adding ''and'' after the semicolon; and

(3) by striking paragraphs (4), (5), and (6) and inserting the following:

''(4) a Federal program which establishes areas of the marine environment which have special conservation, recreational, ecological, historical, cultural, archeological, scientific, educational, or esthetic qualities as national marine sanctuaries managed as the National Marine Sanctuary System will—

''(A) improve the conservation, understanding, management, and wise and sustainable use of marine resources;

''(B) enhance public awareness, understanding, and appreciation of the marine environment; and

''(C) maintain for future generations the habitat, and ecological services, of the natural assemblage of living resources that inhabit these areas.''.

(c) PURPOSES AND POLICIES.—Section 301(b) (16 U.S.C. 1431(b)) is amended—

(1) by striking ''significance;'' in paragraph (1) and inserting ''significance and to manage these areas as the National Marine Sanctuary System;'';

(2) by striking paragraphs (3), (4), and (9);

(3) by redesignating paragraphs (5) through (8) as paragraphs (6) through (9), respectively;

(4) by inserting after paragraph (2) the following:

''(3) to maintain the natural biological communities in the national marine sanctuaries, and to protect, and, where appropriate, restore and enhance natural habitats, populations, and ecological processes;

''(4) to enhance public awareness, understanding, appreciation, and wise and sustainable use of the marine environment, and the natural, historical, cultural, and archeological resources of the National Marine Sanctuary System;

''(5) to support, promote, and coordinate scientific research on, and long-term monitoring of, the resources of these marine areas;'';

(5) in paragraph (8), as redesignated, by striking ''areas;'' and inserting ''areas, including the application of innovative management techniques; and''; and

(6) in paragraph (9), as redesignated, by striking ''; and'' and inserting a period.

(d) ESTABLISHMENT OF SYSTEM.—Section 301 is amended by adding at the end the following:

''(c) ESTABLISHMENT OF SYSTEM.—There is established the National Marine Sanctuary System, which shall consist of national marine sanctuaries designated by the Secretary in accordance with this title.''.

SEC. 4. CHANGES IN DEFINITIONS.

(a) DAMAGES.—Paragraph (6) of section 302 (16 U.S.C. 1432) is amended—

(1) by striking ''and'' after the semicolon at the end of subparagraph (B); and

(2) by adding after subparagraph (C) the following:

''(D) the cost of curation and conservation of archeological, historical, and cultural sanctuary resources; and

''(E) the cost of enforcement actions undertaken by the Secretary in response to the destruction or loss of, or injury to, a sanctuary resource;''.

(b) RESPONSE COSTS.—Paragraph (7) of such section is amended by inserting '', including costs related to seizure, forfeiture, storage, or disposal arising from liability under section 312'' after ''injury'' the second place it appears.

(c) SANCTUARY RESOURCE.—Paragraph (8) of such section is amended by striking ''research, educational,'' and inserting ''educational, cultural, archeological, scientific,''.

(d) SYSTEM.—Such section is further amended—

(1) by striking ''and'' after the semicolon at the end of paragraph (8);

(2) by striking the period at the end of paragraph (9) and inserting ''; and''; and

(3) by adding at the end the following:

''(10) 'System' means the National Marine Sanctuary System established by section 301.''.

SEC. 5. CHANGES RELATING TO SANCTUARY DESIGNATION STANDARDS.

(a) STANDARDS.—Section 303(a)(1) (16 U.S.C. 1433(a)(1)) is amended to read as follows:

''(1) determines that—

''(A) the designation will fulfill the purposes and policies of this title;

''(B) the area is of special national significance due to—

''(i) its conservation, recreational, ecological, historical, scientific, cultural, archeological, educational, or esthetic qualities;

''(ii) the communities of living marine resources it harbors; or

''(iii) its resource or human-use values;

''(C) existing State and Federal authorities are inadequate or should be supplemented to ensure coordinated and comprehensive conservation and management of the area, including resource protection, scientific research, and public education;

''(D) designation of the area as a national marine sanctuary will facilitate the objectives in subparagraph (C); and

''(E) the area is of a size and nature that will permit comprehensive and coordinated conservation and management; and''.

(b) FACTORS; REPEAL OF REPORT REQUIREMENT.—Section 303(b) (16 U.S.C. 1433(b)) is amended—

(1) in paragraph (1) by striking ''and'' at the end of subparagraph (H), by striking the period at the end of subparagraph (I) and inserting a semicolon, and by adding at the end the following:

''(J) the area's scientific value and value for monitoring the resources and natural processes that occur there;

''(K) the feasibility, where appropriate, of employing innovative management approaches to protect sanctuary resources or to manage compatible uses; and

''(L) the value of the area as an addition to the System.''; and

(2) by striking paragraph (3).

SEC. 6. CHANGES IN PROCEDURES FOR SANCTUARY DESIGNATION AND IMPLEMENTATION.

(a) SUBMISSION OF NOTICE OF PROPOSED DESIGNATION TO CONGRESS.—Section 304(a)(1)(C) (16 U.S.C. 1434(a)(1)(C)) is amended to read as follows:

''(C) no later than the day on which the notice required under subparagraph (A) is submitted to Office of the Federal Register, the Secretary shall submit a copy of that notice and the draft sanctuary designation documents prepared pursuant to section 304(a)(2), including an executive summary, to the Committee on Resources of the House of Representatives, the Committee on Commerce, Science, and Transportation of the Senate, and the Governor of each State in which any part of the proposed sanctuary would be located.''.

(b) SANCTUARY DESIGNATION.—Section 304(a)(2) (16 U.S.C. 1434(a)(2)) is amended to read as follows:

''(2) SANCTUARY DESIGNATION DOCUMENTS.—The Secretary shall prepare and make available to the public sanctuary designation documents on the proposal that include the following:

''(A) A draft environmental impact statement pursuant to the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.).

''(B) A resource assessment that documents—

''(i) present and potential uses of the area, including commercial and recreational fishing, research and education, minerals and energy development, subsistence uses, and other commercial, governmental, or recreational uses;

''(ii) after consultation with the Secretary of the Interior, any commercial, governmental, or recreational resource uses in the areas that are subject to the primary jurisdiction of the Department of the Interior; and

''(iii) information prepared in consultation with the Secretary of Defense, the Secretary of Energy, and the Administrator of the Environmental Protection Agency, on any past, present, or proposed future disposal or discharge of materials in the vicinity of the proposed sanctuary.

Public disclosure by the Secretary of such information shall be consistent with national security regulations.

''(C) A draft management plan for the proposed national marine sanctuary that includes the following:

''(i) The terms of the proposed designation.

''(ii) Proposed mechanisms to coordinate existing regulatory and management authorities within the area.

''(iii) The proposed goals and objectives, management responsibilities, resource studies, and appropriate strategies for managing sanctuary resources of the proposed sanctuary, including interpretation and education, innovative management strategies, research, monitoring and assessment, resource protection, restoration, enforcement, and surveillance activities.

''(iv) An evaluation of the advantages of cooperative State and Federal management if all or part of the proposed sanctuary is within the territorial limits of any State or is superjacent to the subsoil and seabed within the seaward boundary of a State, as that boundary is established under the Submerged Lands Act (43 U.S.C. 1301 et seq.).

''(v) An estimate of the annual cost to the Federal Government of the proposed designation, including costs of personnel, equipment and facilities, enforcement, research, and public education.

''(vi) The proposed regulations referred to in paragraph (1)(A).

''(D) Maps depicting the boundaries of the proposed sanctuary.

''(E) The basis for the findings made under section 303(a) with respect to the area.

''(F) An assessment of the considerations under section 303(b)(1).''.

(c) WITHDRAWAL OF DESIGNATION.—Section 304(b)(2) (16 U.S.C. 1434(b)(2)) is amended by inserting ''or System'' after ''sanctuary'' the second place it appears.

(d) FEDERAL AGENCY ACTIONS AFFECTING SANCTUARY RESOURCES.—Section 304(d) (16 U.S.C.1434(d)) is amended by adding at the end the following:

''(4) FAILURE TO FOLLOW ALTERNATIVE.—If the head of a Federal agency takes an action other than an alternative recommended by the Secretary and such action results in the destruction of, loss of, or injury to a sanctuary resource, the head of the agency shall promptly prevent and mitigate further damage and restore or replace the sanctuary resource in a manner approved by the Secretary.''.

(e) EVALUATION OF PROGRESS IN IMPLEMENTING MANAGEMENT STRATEGIES.—Section 304(e) (16 U.S.C. 1434(e)) is amended—

(1) by striking ''management techniques,'' and inserting ''management techniques and strategies,''; and

(2) by adding at the end the following: ''This review shall include a prioritization of management objectives.''.

(f) LIMITATION ON DESIGNATION OF NEW SANCTUARIES.—Section 304 (16 U.S.C. 1434) is amended by adding at the end the following:

''(f) LIMITATION ON DESIGNATION OF NEW SANCTUARIES.—

''(1) FINDING REQUIRED.—The Secretary may not publish in the Federal Register any sanctuary designation notice or regulations proposing to designate a new sanctuary, unless the Secretary has published a finding that—

''(A) the addition of a new sanctuary will not have a negative impact on the System; and

''(B) sufficient resources were available in the fiscal year in which the finding is made to—

''(i) effectively implement sanctuary management plans for each sanctuary in the System; and

''(ii) complete site characterization studies and inventory known sanctuary resources, including cultural resources, for each sanctuary in the System within 10 years after the date that the finding is made if the resources available for those activities are maintained at the same level for each fiscal year in that 10 year period.

''(2) DEADLINE.—If the Secretary does not submit the findings required by paragraph (1) before February 1, 2004, the Secretary shall submit to the Congress before October 1, 2004, a finding with respect to whether the requirements of paragraph (2) have been met by all existing sanctuaries.

''(3) LIMITATION ON APPLICATION.—Paragraph (1) does not apply to any sanctuary designation documents for—

''(A) a Thunder Bay National Marine Sanctuary; or

''(B) a Northwestern Hawaiian Islands National Marine Sanctuary.''.

(g) NORTHWESTERN HAWAIIAN ISLANDS CORAL REEF RESERVE.—

(1) PRESIDENTIAL DESIGNATION.—The President, after consultation with the Governor of the State of Hawaii, may designate any Northwestern Hawaiian Islands coral reef or coral reef ecosystem as a coral reef reserve to be managed by the Secretary of Commerce.

(2) SECRETARIAL ACTION.—Upon the designation of a reserve under paragraph (1) by the President, the Secretary shall—

(A) take action to initiate the designation of the reserve as a National Marine Sanctuary under sections 303 and 304 of the National Marine Sanctuaries Act (16 U.S.C. 1433);

(B) establish a Northwestern Hawaiian Islands Reserve Advisory Council under section 315 of that Act (16 U.S.C. 1445a), the membership of which shall include at least 1 representative from Native Hawaiian groups; and

(C) until the reserve is designated as a National Marine Sanctuary, manage the reserve in a manner consistent with the purposes and policies of that Act.

(3) PUBLIC COMMENT.—Notwithstanding any other provision of law, no closure areas around the Northwestern Hawaiian Islands shall become permanent without adequate review and comment.

(4) COORDINATION.—The Secretary shall work with other Federal agencies and the Director of the National Science Foundation, to develop a coordinated plan to make vessels and other resources available for conservation or research activities for the reserve.

(5) REVIEW.—If the Secretary has not designated a national marine sanctuary in the Northwestern Hawaiian Islands under sections 303 and 304 of the National Marine

Sanctuaries Act (16 U.S.C. 1433, 1434) before October 1, 2005, the Secretary shall conduct a review of the management of the reserve under section 304(e) of that Act (16 U.S.C. 1434(e)).

(6) REPORT.—No later than 6 months after the date of enactment of this Act, the Secretary shall submit a report to the Senate Committee on Commerce, Science, and Transportation and the House of Representatives Committee on Resources, describing actions taken to implement this subsection, including costs of monitoring, enforcing, and addressing marine debris, and the extent to which the fiscal or other resources necessary to carry out this subsection are reflected in the Budget of the United States Government submitted by the President under section 1104 of title 31, United States Code.

(7) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary of Commerce to carry out the provisions of this subsection such sums, not exceeding $4,000,000 for each of fiscal years 2001, 2002, 2003, 2004, and 2005, as are reported under paragraph (6) to be reflected in the Budget of the United States Government.

SEC. 7. CHANGES IN ACTIVITIES PROHIBITED.

Section 306 (16 U.S.C. 1436) is amended—

(1) in the matter preceding paragraph (1) by inserting ''for any person'' after ''unlawful'';

(2) in paragraph (2) by inserting ''offer for sale, purchase, import, export,'' after ''sell,''; and

(3) by amending paragraph (3) to read as follows:

''(3) interfere with the enforcement of this title by—

''(A) refusing to permit any officer authorized to enforce this title to board a vessel, other than a vessel operated by the Department of Defense or United States Coast Guard, subject to such person's control for the purposes of conducting any search or inspection in connection with the enforcement of this title;

''(B) resisting, opposing, impeding, intimidating, harassing, bribing, interfering with, or forcibly assaulting any person authorized by the Secretary to implement this title or any such authorized officer in the conduct of any search or inspection performed under this title; or

''(C) knowingly and willfully submitting false information to the Secretary or any officer authorized to enforce this title in connection with any search or inspection conducted under this title; or''.

SEC. 8. CHANGES IN ENFORCEMENT PROVISIONS.

(a) POWERS OF AUTHORIZED OFFICERS TO ARREST.—Section 307(b) (16 U.S.C. 1437(b)) is amended by striking ''and'' after the semicolon at the end of paragraph (4), by striking the period at the end of paragraph (5) and inserting ''; and'', and by adding at the end the following:

''(6) arrest any person, if there is reasonable cause to believe that such person has committed an act prohibited by section 306(3).''.

(b) CRIMINAL OFFENSES.—Section 307 (16 U.S.C. 1437) is amended by redesignating subsections (c) through (j) in order as subsections (d) through (k), and by inserting after subsection (b) the following:

''(c) CRIMINAL OFFENSES.—

''(1) OFFENSES.—A person is guilty of an offense under this subsection if the person commits any act prohibited by section 306(3).

''(2) PUNISHMENT.—Any person that is guilty of an offense under this subsection—

''(A) except as provided in subparagraph (B), shall be fined under title 18, United States Code, imprisoned for not more than 6 months, or both; or

''(B) in the case of a person who in the commission of such an offense uses a dangerous weapon, engages in conduct that causes bodily injury to any person authorized to enforce this title or any person authorized to implement the provisions of this title, or places any such person in fear of imminent bodily injury, shall be fined under title 18, United States Code, imprisoned for not more than 10 years, or both.''.

(c) SUBPOENAS OF ELECTRONIC FILES.—Subsection (g) of section 307 (16 U.S.C. 1437), as redesignated by this section, is amended by inserting ''electronic files,'' after ''books,''.

(d) NATIONWIDE SERVICE OF PROCESS.—Section 307 (16 U.S.C. 1437) is amended by adding at the end the following:

''(l) NATIONWIDE SERVICE OF PROCESS.—In any action by the United States under this title, process may be served in any district where the defendant is found, resides, transacts business, or has appointed an agent for the service of process.''.

SEC. 9. ADDITIONAL REGULATIONS AUTHORITY.

Section 308 (16 U.S.C. 1439) is amended to read as follows:

''SEC. 308. REGULATIONS.

''The Secretary may issue such regulations as may be necessary to carry out this title.''.

SEC. 10. CHANGES IN RESEARCH, MONITORING, AND EDUCATION PROVISIONS.

Section 309 (16 U.S.C. 1440) is amended to read as follows:

''SEC. 309. RESEARCH, MONITORING, AND EDUCATION.

''(a) IN GENERAL.—The Secretary shall conduct, support, or coordinate research, monitoring, evaluation, and education programs consistent with subsections (b) and (c) and the purposes and policies of this title.

''(b) RESEARCH AND MONITORING.—

''(1) IN GENERAL.—The Secretary may—

''(A) support, promote, and coordinate research on, and long-term monitoring of, sanctuary resources and natural processes that occur in national marine sanctuaries, including exploration, mapping, and environmental and socioeconomic assessment;

''(B) develop and test methods to enhance degraded habitats or restore damaged, injured, or lost sanctuary resources; and

''(C) support, promote, and coordinate research on, and the conservation, curation, and public display of, the cultural, archeological, and historical resources of national marine sanctuaries.

''(2) AVAILABILITY OF RESULTS.—The results of research and monitoring conducted, supported, or permitted by the Secretary under this subsection shall be made available to the public.

''(c) EDUCATION.—

''(1) IN GENERAL.—The Secretary may support, promote, and coordinate efforts to enhance public awareness, understanding, and appreciation of national marine sanctuaries and the System. Efforts supported, promoted, or coordinated under this subsection must emphasize the conservation goals and sustainable public uses of national marine sanctuaries and the System.

''(2) EDUCATIONAL ACTIVITIES.—Activities under this subsection may include education of the general public, teachers, students, national marine sanctuary users, and ocean and coastal resource managers.

''(d) INTERPRETIVE FACILITIES.—

''(1) IN GENERAL.—The Secretary may develop interpretive facilities near any national marine sanctuary.

''(2) FACILITY REQUIREMENT.—Any facility developed under this subsection must emphasize the conservation goals and sustainable public uses of national marine sanctuaries by providing the public with information about the conservation, recreational, ecological, historical, cultural, archeological, scientific, educational, or esthetic qualities of the national marine sanctuary.

''(e) CONSULTATION AND COORDINATION.—In conducting, supporting, and coordinating research, monitoring, evaluation, and education programs under subsection (a) and developing interpretive facilities under subsection (d), the Secretary may consult or coordinate with Federal, interstate, or regional agencies, States or local governments.''.

SEC. 11. CHANGES IN SPECIAL USE PERMIT PROVISIONS.

Section 310 (16 U.S.C. 1441) is amended—

(1) by redesignating subsections (b) through (f) as subsections (c) through (g), and by inserting after subsection (a) the following:

''(b) PUBLIC NOTICE REQUIRED.—The Secretary shall provide appropriate public notice before identifying any category of activity subject to a special use permit under subsection (a).'';

(2) by striking ''insurance'' in paragraph (4) of subsection (c), as redesignated, and inserting ''insurance, or post an equivalent bond,'';

(3) by striking ''resource and a reasonable return to the United States Government.'' in paragraph (2)(C) of subsection (d), as redesignated, and inserting ''resource.'';

(4) in subsection (d)(3)(B), as redesignated, by striking ''designating and''; and

(5) in subsection (d), as redesignated, by inserting after paragraph (3) the following:

''(4) WAIVER OR REDUCTION OF FEES.—The Secretary may accept in-kind contributions in lieu of a fee under paragraph (2)(C), or waive or reduce any fee assessed under this subsection for any activity that does not derive profit from the access to or use of sanctuary resources.''.

SEC. 12. CHANGES IN COOPERATIVE AGREEMENTS PROVISIONS.

(a) AGREEMENTS AND GRANTS.—Section 311(a) (16 U.S.C. 1442(a)) is amended to read as follows:

''(a) AGREEMENTS AND GRANTS.—The Secretary may enter into cooperative agreements, contracts, or other agreements with, or make grants to, States, local governments, regional agencies, interstate agencies, or other persons to carry out the purposes and policies of this title.''.

(b) USE OF RESOURCES FROM OTHER GOVERNMENT AGENCIES.—Section 311 (16 U.S.C. 1442) is amended by adding at the end the following:

''(e) USE OF RESOURCES OF OTHER GOVERNMENT AGENCIES.—The Secretary may, whenever appropriate, enter into an agreement with a State or other Federal agency to use the personnel, services, or facilities of such agency on a reimbursable or nonreimbursable basis, to assist in carrying out the purposes and policies of this title.

''(f) AUTHORITY TO OBTAIN GRANTS.—Notwithstanding any other provision of law that prohibits a Federal agency from receiving assistance, the Secretary may apply for, accept, and use grants from other Federal agencies, States, local governments, regional agencies, interstate agencies, foundations, or other persons, to carry out the purposes and policies of this title.''.

SEC. 13. CHANGES IN PROVISIONS CONCERNING DESTRUCTION, LOSS, OR INJURY.

(a) VENUE FOR CIVIL ACTIONS.—Section 312(c) (16 U.S.C. 1443(c)) is amended—

(1) by inserting ''(1)'' before the first sentence;

(2) in paragraph (1) (as so designated) in the first sentence by striking ''in the United States district court for the appropriate district''; and

(3) by adding at the end the following:

''(2) An action under this subsection may be brought in the United States district court for any district in which—

''(A) the defendant is located, resides, or is doing business, in the case of an action against a person;

''(B) the vessel is located, in the case of an action against a vessel; or

''(C) the destruction of, loss of, or injury to a sanctuary resource occurred.''.

(b) USE OF RECOVERED AMOUNTS.—Section 312(d) (16 U.S.C. 1443(d)) is amended by striking paragraphs (1) and (2) and inserting the following:

''(1) RESPONSE COSTS.—Amounts recovered by the United States for costs of response actions and damage assessments under this section shall be used, as the Secretary considers appropriate—

''(A) to reimburse the Secretary or any other Federal or State agency that conducted those activities; and

''(B) after reimbursement of such costs, to restore, replace, or acquire the equivalent of any sanctuary resource.

''(2) OTHER AMOUNTS.—All other amounts recovered shall be used, in order of priority—

''(A) to restore, replace, or acquire the equivalent of the sanctuary resources that were the subject of the action, including for costs of monitoring and the costs of curation and conservation of archeological, historical, and cultural sanctuary resources;

''(B) to restore degraded sanctuary resources of the national marine sanctuary that was the subject of the action, giving priority to sanctuary resources and habitats that are comparable to the sanctuary resources that were the subject of the action; and

''(C) to restore degraded sanctuary resources of other national marine sanctuaries.''.

(c) STATUTE OF LIMITATIONS.—Section 312 (16 U.S.C. 1443) is amended by adding at the end the following:

''(e) STATUTE OF LIMITATIONS.—An action for response costs or damages under subsection (c) shall be barred unless the complaint is filed within 3 years after the date on which the Secretary completes a damage assessment and restoration plan for the sanctuary resources to which the action relates.''.

SEC. 14. AUTHORIZATION OF APPROPRIATIONS.

Section 313 (16 U.S.C. 1444) is amended to read as follows:

''SEC. 313. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated to the Secretary—

''(1) to carry out this title—

''(A) $32,000,000 for fiscal year 2001;

''(B) $34,000,000 for fiscal year 2002;

''(C) $36,000,000 for fiscal year 2003;

''(D) $38,000,000 for fiscal year 2004;

''(E) $40,000,000 for fiscal year 2005; and

''(2) for construction projects at national marine sanctuaries, $6,000,000 for each of fiscal years 2001, 2002, 2003, 2004, and 2005.''.

SEC. 15. CHANGES IN U.S.S. MONITOR PROVISIONS.

Section 314 (16 U.S.C. 1445) is amended by striking subsection (b) and redesignating subsection (c) as subsection (b).

SEC. 16. CHANGES IN ADVISORY COUNCIL PROVISIONS.

Section 315 (16 U.S.C. 1445a) is amended by striking ''provide assistance'' in subsection (a) and inserting ''advise and make recommendations''.

SEC. 17. CHANGES IN THE SUPPORT ENHANCEMENT PROVISIONS.

Section 316 (16 U.S.C. 1445b) is amended—

(1) in subsection (a)(1), by inserting ''or the System'' after ''sanctuaries'';

(2) in subsection (a)(4) by striking ''use of any symbol published under paragraph (1)'' and inserting ''manufacture, reproduction, or other use of any symbol published under paragraph (1), including the sale of items bearing such a symbol,'';

(3) by amending subsection (e)(3) to read as follows:

''(3) to manufacture, reproduce, or otherwise use any symbol adopted by the Secretary under subsection (a)(1), including to sell any item bearing such a symbol, unless authorized by the Secretary under subsection (a)(4) or subsection (f); or''; and

(4) by adding at the end the following:

''(f) COLLABORATIONS.—The Secretary may authorize the use of a symbol adopted by the Secretary under subsection (a)(1) by any person engaged in a collaborative effort with the Secretary to carry out the purposes and policies of this title and to benefit a national marine sanctuary or the System.

''(g) AUTHORIZATION FOR NON-PROFIT PARTNER ORGANIZATION TO SOLICIT SPONSORS.—

''(1) IN GENERAL.—The Secretary may enter into an agreement with a non-profit partner organization authorizing it to assist in the administration of the sponsorship program established under this section. Under an agreement entered into under this paragraph, the Secretary may authorize the non-profit partner organization to solicit persons to be official sponsors of the national marine sanctuary system or of individual national marine sanctuaries, upon such terms as the Secretary deems reasonable and will contribute to the successful administration of the sanctuary system. The Secretary may also authorize the non-profit partner organization to collect the statutory contribution from the sponsor, and, subject to paragraph (2), transfer the contribution to the Secretary.

''(2) REIMBURSEMENT FOR ADMINISTRATIVE COSTS.—Under the agreement entered into under paragraph (1), the Secretary may authorize the non-profit partner organization to retain not more than 5 percent of the amount of monetary contributions it receives from official sponsors under the agreement to offset the administrative costs of the organization in soliciting sponsors.

''(3) PARTNER ORGANIZATION DEFINED.—In this subsection, the term 'partner organization' means an organization that—

''(A) draws its membership from individuals, private organizations, corporation, academic institutions, or State and local governments; and

''(B) is established to promote the understanding of, education relating to, and the conservation of the resources of a particular sanctuary or 2 or more related sanctuaries.''.

SEC. 18. ESTABLISHMENT OF DR. NANCY FOSTER SCHOLARSHIP PROGRAM.

The National Marine Sanctuaries Act (16 U.S.C. 1431 et seq.) is amended by inserting after section 317 the following:

''SEC. 318. DR. NANCY FOSTER SCHOLARSHIP PROGRAM.

''(a) ESTABLISHMENT.—The Secretary shall establish and administer through the National Ocean Service the Dr. Nancy Foster Scholarship Program. Under the program, the Secretary shall award graduate education scholarships in oceanography, marine biology or maritime archeology, to be known as Dr. Nancy Foster Scholarships.

''(b) PURPOSES.—The purposes of the Dr. Nancy Foster Scholarship Program are—

''(1) to recognize outstanding scholarship in oceanography, marine biology, or maritime archeology, particularly by women and members of minority groups ; and

''(2) to encourage independent graduate level research in oceanography, marine biology, or maritime archeology.

''(c) AWARD.—Each Dr. Nancy Foster Scholarship—

''(1) shall be used to support graduate studies in oceanography, marine biology, or maritime archeology at a graduate level institution of higher education; and

''(2) shall be awarded in accordance with guidelines issued by the Secretary.

''(d) DISTRIBUTION OF FUNDS.—The amount of each Dr. Nancy Foster Scholarship shall be provided directly to a recipient selected by the Secretary upon receipt of certification that the recipient will adhere to a specific and detailed plan of study and research approved by a graduate level institution of higher education.

''(e) FUNDING.—Of the amount available each fiscal year to carry out this title, the Secretary shall award 1 percent as Dr. Nancy Foster Scholarships.

''(f) SCHOLARSHIP REPAYMENT REQUIREMENT.—The Secretary shall require an individual receiving a scholarship under this section to repay the full amount of the scholarship to the Secretary if the Secretary determines that the individual, in obtaining or using the scholarship, engaged in fraudulent conduct or failed to comply with any term or condition of the scholarship.

''(g) MARITIME ARCHEOLOGY DEFINED.—In this section the term 'maritime archeology' includes the curation, preservation, and display of maritime artifacts.''.

SEC. 19. CLERICAL AMENDMENTS.

(a) CORRECTION OF REFERENCES TO FORMER COMMITTEE.—The following provisions are amended by striking ''Merchant Marine and Fisheries'' and inserting ''Resources'':

(1) Section 303(b)(2)(A) (16 U.S.C. 1433(b)(2)(A)).

(2) Section 304(a)(6) (16 U.S.C. 1434(a)(6)).

(b) CORRECTION OF REFERENCE TO RENAMED ACT.—(1) Section 302(2) is amended to read as follows:

''(2) 'Magnuson-Stevens Act' means the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1801 et seq.);''.

(2) Section 302(9) is amended by striking ''Magnuson Fishery Conservation and Management Act'' and inserting ''Magnuson-Stevens Act''.

(3) Section 303(b)(2)(D) is amended by striking ''Magnuson Act'' and inserting ''Magnuson-Stevens Act''.

(4) Section 304(a)(5) is amended by striking ''Magnuson Act'' and inserting ''Magnuson-Stevens Act''.

(5) Section 315(b)(2) (16 U.S.C. 1445a(b)(2)) is amended by striking ''Magnuson Fishery Conservation and Management Act'' and inserting ''Magnuson-Stevens Act''.

(c) MISCELLANEOUS.—Section 312(a)(1) (16 U.S.C. 1443(a)(1)) is amended by striking ''UNITED STATES'' and inserting ''UNITED STATES''.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. MEEKS of New York (at the request of Mr. GEPHARDT) for today on account of official business.

Ms. SLAUGHTER (at the request of Mr. GEPHARDT) for today after 2:30 p.m. on account of personal business.

Mr. STUPAK (at the request of Mr. GEPHARDT) for today on account of district-related business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. ETHERIDGE) to revise and extend their remarks and include extraneous material:)

Mr. ETHERIDGE, for 5 minutes, today.

Mr. DAVIS of Illinois, for 5 minutes, today.

Ms. EDDIE BERNICE JOHNSON of Texas, for 5 minutes, today.

Mr. STENHOLM, for 5 minutes, today.

Mr. HINOJOSA, for 5 minutes, today.

Mr. SAWYER, for 5 minutes, today.

Mrs. CLAYTON, for 5 minutes, today.

Mr. KIND, for 5 minutes, today.

Mr. MOORE, for 5 minutes, today.

Mr. HINCHEY, for 5 minutes, today.

Mrs. CAPPS, for 5 minutes, today.

Mr. PAYNE, for 5 minutes, today.

Ms. STABENOW, for 5 minutes, today.

Mr. SHERMAN, for 5 minutes, today.

(The following Members (at the request of Mr. CANADY of Florida) to revise and extend their remarks and include extraneous material:)

Mr. PAUL, for 5 minutes, today.

Mr. SMITH of Michigan, for 5 minutes, today.

Mr. FOLEY, for 5 minutes, today.

Mrs. FOWLER, for 5 minutes, today.

Mr. BLILEY, for 5 minutes, today.

Mr. YOUNG of Alaska, for 5 minutes, October 26.

(The following Members (at their own request) to revise and extend their remarks and include extraneous material:)

Mr. BACA, for 5 minutes, today.

Mr. PACKARD, for 5 minutes, today.

Mr. DOOLITTLE, for 5 minutes, today.

Ms. MILLENDER-MCDONALD, for 5 minutes, today.

SENATE BILLS, A JOINT RESOLUTION AND A CONCURRENT RESOLUTION REFERRED

Bills, a joint resolution, and a concurrent resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 2811. An act to amend the Consolidated Farm and Rural Development Act to make communities with high levels of out-migration or population loss eligible for community facilities grants; to the Committee on Agriculture.

S. 3164. An act to protect seniors from fraud, to the Committee on the Judiciary, in addition to the Committee on Commerce for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

S. 3194. An act to designate the facility of the United States Postal Service located at 431 North George Street in Millersville, Pennsylvania, as the ''Robert S. Walker Post Office''; to the Committee on Government Reform.

S.J. Res. 36. Joint resolution recognizing the late Bernt Balchen for his many contributions to the United States and a lifetime of remarkable achievements on the centenary of his birth, October 23, 1999; to the Committee on Government Reform.

S. Con. Res. 155. Concurrent resolution expressing the sense of Congress that the Government of the United States should actively support the aspirations of the democratic political forces in Peru toward an immediate and full restoration of democracy in that country; to the Committee on International Relations.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

Mr. THOMAS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 468. An act to establish the Saint Helens Island National Scenic Area.

H.R. 1725. An act to provide for the conveyance by the Bureau of Land Management to Douglas County, Oregon, of a county park and certain adjacent land.

H.R. 2442. An act to provide for the preparation of a Government report detailing injustices suffered by Italian Americans during World War II, and a formal acknowledgment of such injustices by the President.

H.R. 3646. An act for the relief of certain Persian Gulf evacuees.

H.R. 3657. An act to provide for the conveyance of a small parcel of public domain land in the San Bernardino National Forest in the State of California, and for other purposes.

H.R. 3679. An act to provide for the mining of commemorative coins to support the 2002 Salt Lake Olympic Winter Games and the programs of the United States Olympic Committee.

H.R. 4315. An act to designate the facility of the United States Postal Service located at 3695 Green Road in Beachwood, Ohio, as the ''Larry Small Post Office Building''.

H.R. 4450. An act to designate the facility of the United States Postal Service located at 900 East Fayette Street in Baltimore, Maryland, as the ''Judge Harry Augustus Cole Post Office Building''.

H.R. 4451. An act to designate the facility of the United States Postal Service located at 1001 Frederick Road in Baltimore, Maryland, as the ''Frederick L. Dewberry, Jr. Post Office Building''.

H.R. 4625. An act to designate the facility of the United States Postal Service located at 2108 East 38th Street in Erie, Pennsylvania, as the ''Gertrude A. Barber Post Office Building''.

H.R. 4786. An act to designate the facility of the United States Postal Service located at 110 Postal Way in Carrollton, Georgia, as the ''Samuel P. Roberts Post Office Building''.

H.R. 4811. An act making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2001, and for other purposes.

H.R. 4831. An act to redesignate the facility of the United States Postal Service located at 2339 North California Avenue in Chicago, Illinois, as the ''Roberto Clemente Post Office''.

H.R. 4853. An act to redesignate the facility of the United States Postal Service located at 1568 South Green Road in South Euclid, Ohio, as the ''Arnold C. D'Amico Station''.

H.R. 5229. An act to designate the facility of the United States Postal Service located at 219 South Church Street in Odum, Georgia, as the ''Ruth Harris Coleman Post Office Building''.

H.R. 5273. An act to clarify the intention of the Congress with regard to the authority of the United States Mint to produce numismatic coins, and for other purposes.

H.J. Res. 115. Joint resolution making further continuing appropriations for the fiscal year 2001, and for other purposes.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 2812. An act to amend the Immigration and Nationality Act to provide a waiver of the oath of renunciation and allegiance for naturalization of aliens having certain disabilities.

S. 3062. An act to modify the date on which the Mayor of the District of Columbia submits a performance accountability plan to Congress, and for other purposes.

BILLS PRESENTED TO THE PRESIDENT

Mr. THOMAS, from the Committee on House Administration, reported that that committee did on the following dates present to the President, for his approval, bills and a joint resolution of the House of the following titles:

On October 19, 2000:

H.R. 2296. To amend the Revised Organic Act of the Virgin Islands to provide that the number of members on the legislature of the Virgin Islands and the number of such members constituting a quorum shall be determined by the laws of the Virgin Islands, and for other purposes.

H.R. 2348. To authorize the Bureau of Reclamation to provide cost sharing for the endangered fish recovery implementation programs for the Upper Colorado and San Juan River Basins.

H.R. 5212. To direct the American Folklife Center at the Library of Congress to establish a program to collect video and audio recordings of personal histories and testimonials of American war veterans, and for other purposes.

H.R. 3244. To combat trafficking in persons, especially into the sex trade, slavery, and involuntary servitude, to reauthorize certain Federal programs to prevent violence against women, and for other purposes.

H.R. 4635. Making appropriations for the Departments of Veterans Affairs and Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 2001, and for other purposes.

H.J. Res. 114. Making further continuing appropriations for the fiscal year 2001, and for other purposes.

On October 20, 2000:

H.R. 4132. To authorize grants for water resources research and technology institutes established under the Water Resources Research Act of 1984.

H.R. 3069. To authorize the Administrator of General Services to provide for redevelopment of the Southeast Federal Center in the District of Columbia.

H.R. 1695. To provide for the conveyance of certain Federal public lands in the Ivanpah Valley, Nevada, to Clark County, Nevada, for the development of an airport facility, and for other purposes.

H.R. 2607. To promote the development of the commercial space transportation industry, to authorize appropriations for the Office of the Associate Administrator for Commercial Space Transportation, to authorize appropriations for the Office of Space Commercialization, and for other purposes.

H.R. 4461. Making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies program for the fiscal year ending September 30, 2001, and for other purposes.

H.R. 4850. To increase, effective as of December 1, 2000, the rates of compensation for veterans with service-connected disabilities and the rates of dependency and indemnity compensation for the survivors of certain disabled veterans.

H.R. 5164. To amend title 49, United States Code, to require reports concerning defects in motor vehicles or tires or other motor vehicle equipment in foreign countries, and for other purposes.

On October 24, 2000:

H.R. 209. To improve the ability of Federal agencies to license federally owned inventions.

H.R. 2961. To amend the Immigration and Nationality Act to authorize a 3-year pilot program under which the Attorney General may extend the period for voluntary departure in the case of certain nonimmigrant aliens who require medical treatment in the United States and were admitted under the visa waiver pilot program, and for other purposes.

H.R. 3671. To amend the Pittman-Robertson Wildlife Restoration Act and the Dingell-Johnson Sport Fish Restoration Act to enhance the funds available for grants to States for fish and wildlife conservation projects, to reauthorize and amend the National Fish and Wildlife Foundation Establishment Act, to commemorate the centennial of the establishment of the first national wildlife refuge in the United States on March 14, 1903, and for other purposes.

H.R. 4068. To amend the Immigration and Nationality Act to extend for an additional 3 years the special immigrant religious worker program.

H.R. 4110. To amend title 44, United States Code, to authorize appropriations for the National Historical Publications and Records Commission for fiscal years 2002 through 2005.

H.R. 4392. To authorize appropriations for fiscal year 2001 for intelligence and intelligence-related activities of the United States Government, the Community Management Account, and the Central Intelligence Agency Retirement and Disability System, and for other purposes.

H.R. 4320. To assist in the conservation of great apes by supporting and providing financial resources for the conservation programs of countries within the range of great apes and projects of persons with demonstrated expertise in the conservation of great apes.

H.R. 4835. To authorize the exchange of land between the Secretary of the Interior and the Director of Central Intelligence at the George Washington Memorial Parkway in McLean, Virginia, and for other purposes.

H.R. 5234. To amend the Hmong Veterans' Naturalization Act of 2000 to extend the applicability of that Act to certain former spouses of deceased Hmong veterans.

ADJOURNMENT

Mr. LINDER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 8 o'clock and 33 minutes a.m.), the House adjourned until today, Thursday, October 26, 2000, at 10 a.m.

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:

[October 26, (legislative day of October 25), 2000]

Mr. ARMEY: Committee of Conference. Conference report on 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. 106–1004). Ordered to be printed.

Mr. ISTOOK: Committee of Conference. Conference report on H.R. 4942. A bill making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending September 30, 2001, and for other purposes (Rept. 106–1005). Ordered to be printed.

Mr. REYNOLDS: Committee on Rules. House Resolution 651. Resolution providing for consideration of motions to suspend the rules (Rept. 106–1006). Referred to the House Calendar.

Mr. LINDER: Committee on Rules. House Resolution 652. Resolution waiving points of order against the conference report to accompany 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 (Rept. 106–1007). Referred to the House Calendar.

Mr. LINDER: Committee on Rules: House Resolution 653. Resolution waiving points of order against the conference report to accompany the bill (H.R. 4942), making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending September 30, 2001, and for other purposes (Rept. 106–1008). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XII, public bills and resolutions of the following titles were introduced and severally referred, as follows:

By Mr. DAVIS of Virginia:

H.R. 5537. A bill to waive the period of Congressional review of the Child in Need of Protection Amendment Act of 2000; to the Committee on Government Reform.

By Mr. TRAFICANT:

H.R. 5538. A bill to amend the Fair Labor Standards Act of 1938 to increase the minimum wage by $1 over 2 years; to the Committee on Education and the Workforce.

By Mr. SMITH of Michigan (for himself and Ms. BALDWIN):

H.R. 5539. A bill to extend for 9 additional months the period for which chapter 12 of title 11 of the United States Code is reenacted; to the Committee on the Judiciary.

H.R. 5540. A bill to extend for 11 additional months the period for which chapter 12 of title 11 of the United States Code is reenacted; to the Committee on the Judiciary.

By Mr. ANDREWS:

H.R. 5541. A bill to amend the Internal Revenue Code of 1986 to make the Hope and Lifetime Learning Credits refundable, and to allow taxpayers to obtain short-term student loans by using the future refund of such credits as collateral for the loans; to the Committee on Ways and Means.

By Mr. ARMEY:

H.R. 5542. A bill to amend the Internal Revenue Code of 1986 to provide tax relief; to the Committee on Ways and Means, and in addition to the Committees on Education and the Workforce, Banking and Financial Services, and the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. THOMAS (for himself, Mr. BLILEY, and Mr. BILIRAKIS):

H.R. 5543. A bill to amend titles XVIII, XIX, and XXI of the Social Security Act to provide benefits improvements and beneficiary protection in the Medicare and Medicaid Programs and the State child health insurance program (SCHIP), as revised by the Balanced Budget Act of 1997 and the Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 1999, and for other purposes; to the Committee on Ways and Means, and in addition to the Committee on Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. HYDE:

H.R. 5544. 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; to the Committee on Commerce, and in addition to the Committee on the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. TALENT (for himself and Ms. VELAZQUEZ):

H.R. 5545. A bill to provide for reauthorization of small business loan and other programs, and for other purposes; to the Committee on Small Business.

By Mr. ANDREWS (for himself, Mr. CLAY, Mr. KILDEE, Mr. OWENS, Mr. PAYNE, Mrs. MINK of Hawaii, Ms. WOOLSEY, Mr. ROMERO-BARCELO, Mr. FATTAH, Mr. TIERNEY, Mr. KIND, Ms. SANCHEZ, Mr. FORD, Mr. KUCINICH, and Mr. HOLT):

H.R. 5546. A bill to amend the Internal Revenue Code of 1986 to improve the retirement security of American families; to the Committee on Ways and Means.

By Mr. ISTOOK:

H.R. 5547. A bill making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending September 30, 2001, and for other purposes; to the Committee on Appropriations.

By Mr. ROGERS:

H.R. 5548. A bill making appropriations for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies for

the fiscal year ending September 30, 2001, and for other purposes; to the Committee on Appropriations.

By Mr. ANDREWS (for himself, Mr. CLAY, Mr. KILDEE, Mr. OWENS, Mr. PAYNE, Mrs. MINK of Hawaii, Ms. WOOLSEY, Mr. ROMERO-BARCELO, Mr. FATTAH, Mr. TIERNEY, Mr. KIND, Ms. SANCHEZ, Mr. FORD, Mr. KUCINICH, and Mr. HOLT):

H.R. 5549. A bill to amend the Employee Retirement Income Security Act of 1974 to improve the retirement security of American families; to the Committee on Education and the Workforce, and in addition to the Committees on Armed Services, and Government Reform, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. COLLINS:

H.R. 5550. A bill to suspend temporarily the duty on certain steam or other vapor generating boilers used in nuclear facilities; to the Committee on Ways and Means.

By Mr. DINGELL (for himself, Mr. WAXMAN, Mr. GREEN of Texas, Mr. PALLONE, Mr. BROWN of Ohio, Mr. STARK, and Mr. CONYERS):

H.R. 5551. A bill to provide access to affordable health care for all Americans; to the Committee on Commerce.

By Mr. DOYLE (for himself, Mr. EVANS, Mr. FILNER, Mr. MURTHA, Mr. BALDACCI, Mr. HOLDEN, Mr. BORSKI, Mr. LARSON, Mr. KANJORSKI, Mr. MASCARA, Mr. BRADY of Pennsylvania, Mr. FATTAH, Mr. FORBES, Mr. COYNE, Mr. KLINK, Mr. PASCRELL, Mr. BARCIA, Ms. BROWN of Florida, and Ms. DEGETTE):

H.R. 5552. A bill to amend title 38, United States Code, to enhance outreach programs carried out by the Department of Veterans Affairs to provide for more fully informing surviving spouses and dependents of benefits available to them under laws administered by the Secretary of Veterans Affairs, and to improve local assistance levels by providing dedicated staff to assist surviving spouses and dependents in obtaining benefits under those laws; to the Committee on Veterans' Affairs.

By Mr. ENGLISH:

H.R. 5553. A bill to amend title II of the Social Security Act to establish, for purposes of disability determinations under such title, a uniform minimum level of earnings, for demonstrating ability to engage in substantial gainful activity, at the level currently applicable solely to blind individuals; to the Committee on Ways and Means.

By Mr. MCKEON:

H.R. 5554. A bill to amend the Congressional Award Act to establish a Congressional Recognition for Excellence in Arts Education Board; to the Committee on Education and the Workforce.

By Mr. GEORGE MILLER of California:

H.R. 5555. A bill to amend the Reclamation Wastewater and Groundwater Study and Facilities Act to authorize certain projects in California for the use or reuse of reclaimed water and for the design and construction of demonstration and permanent facilities for that purpose, and for other purposes; to the Committee on Resources.

By Mr. SANDLIN:

H.R. 5556. A bill to amend the Social Security Act to reduce the waiting period for benefits under the Medicare Program from two years to 18 months for individuals with disabilities; to the Committee on Ways and Means, and in addition to the Committee on Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. SANFORD:

H.R. 5557. A bill to amend the Fair Housing Act to modify certain requirements for the design and construction of certain multifamily housing; to the Committee on the Judiciary.

By Mr. STARK:

H.R. 5558. A bill to change the name of Medicare's Medicare+Choice Program to Medicare-No-Choice so as to explain more accurately to beneficiaries what the program means; to the Committee on Ways and Means, and in addition to the Committee on Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. WEINER:

H.R. 5559. A bill to require the Federal Energy Regulatory Commission to establish a temporary bid cap on electric power sold at wholesale in New York State; to the Committee on Commerce.

H.R. 5560. A bill to amend the Low-Income Home Energy Assistance Act of 1981 to extend energy assistance to households headed by certain senior citizens; to the Committee on Commerce, and in addition to the Committee on Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. WOLF:

H.R. 5561. A bill to require foreign countries to meet certain requirements relating to political freedom, transparency, accountability, and good governance in order to be eligible to receive cancellation or reduction of debt owed to the United States; to the Committee on International Relations, and in addition to the Committee on Banking and Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. OBEY:

H. Con. Res. 436. Concurrent resolution directing the Clerk of the House of Representatives to make certain corrections in the enrollment of H.R. 4811; to the Committee on the Budget, and in addition to the Committee on House Administration, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. UNDERWOOD:

H. Con. Res. 437. Concurrent resolution to reaffirm the commitment of the United States to help Guam achieve full self-governance, and for other purposes; to the Committee on Resources.

By Mr. BILBRAY (for himself, Mr. PACKARD, and Mr. HUNTER):

H. Res. 650. Resolution expressing the sense of the House with respect to the release of findings and recommendations by the Federal Energy Regulatory Commission regarding the electricity crisis in California; to the Committee on Commerce.

By Mr. REYNOLDS:

H. Res. 651. Resolution providing for consideration of motions to suspend the rules; House Calendar No. 320. House Report No. 106–1006.

By Mr. LINDER:

H. Res. 652. Resolution waiving points of order against the conference report to accompany 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; House Calendar No. 321. House Report No. 106–1007.

H. Res. 653. Resolution waiving points of order against the conference report to accompany the bill (H.R. 4942), making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending September 30, 2001, and for other purposes; House Calendar No. 322. House Report No. 106–1008.

By Mr. BACA (for himself, Mr. BECERRA, Mr. BISHOP, Ms. BERKLEY, Mr. BLAGOJEVICH, Mr. BOYD, Ms. CARSON, Mrs. CLAYTON, Mr. CONDIT, Mr. CONYERS, Mr. CLYBURN, Mr. CUMMINGS, Mr. DAVIS of Illinois, Mr. DOYLE, Ms. ESHOO, Mr. FALEOMAVAEGA, Mr. FILNER, Mr. FOLEY, Mr. GEPHARDT, Mr. GOODLING, Mr. FORD, Mr. FROST, Mr. GUTIERREZ, Mr. HILL of Indiana, Mr. JACKSON of Illinois, Ms. KILPATRICK, Ms. LEE, Mr. LIPINSKI, Mr. MALONEY of Connecticut, Mr. MATSUI, Mr. MCGOVERN, Mr. MEEKS of New York, Mr. RUSH, Mrs. JONES of Ohio, Ms. MILLENDER-MCDONALD, Mr. GEORGE MILLER of California, Mr. ORTIZ, Mr. RAHALL, Mr. REYES, Mr. THOMPSON of Mississippi, Mr. TOWNS, and Mr. WYNN):

H. Res. 654. Resolution expressing the sense of the House of Representatives regarding the contributions of Tiger Woods and Tiger Woods Foundation; to the Committee on Government Reform.

ADDITIONAL SPONSORS

Under clause 7 of rule XII, sponsors were added to public bills and resolutions as follows:

H.R. 360: Mr. SMITH of Washington.
H.R. 1366: Mr. LAMPSON.
H.R. 1732: Ms. NORTON.
H.R. 2000: Mr. HAYWORTH.
H.R. 2166: Mr. WU and Mr. SHAW.
H.R. 2344: Ms. DANNER and Mrs. CHRISTENSEN.
H.R. 2620: Mr. PAYNE.
H.R. 2953: Mr. INSLEE.
H.R. 3901: Ms. NORTON.
H.R. 4007: Ms. BERKLEY.
H.R. 4207: Mr. KUCINICH.
H.R. 4289: Mr. HALL of Ohio.
H.R. 4393: Mr. FOLEY.
H.R. 4527: Mrs. BIGGERT, Mr. RANGEL, Mr. STUPAK, Ms. BALDWIN, and Mr. FARR of California.
H.R. 4560: Mrs. EMERSON.
H.R. 4669: Mr. LEWIS of Kentucky.
H.R. 4874: Mr. DEMINT.
H.R. 4926: Mrs. CLAYTON, Mr. WYNN, Ms. ESHOO, Mr. RUSH, and Mr. DAVIS of Illinois.
H.R. 4964: Mr. UPTON.
H.R. 4971: Mr. BAIRD.
H.R. 5052: Mr. TRAFICANT.
H.R. 5057: Mr. WAXMAN.
H.R. 5137: Mr. STENHOLM and Mr. SMITH of Texas.
H.R. 5147: Mr. WAMP and Mr. BLAGOJEVICH.
H.R. 5152: Ms. WOOLSEY.
H.R. 5163: Mrs. CHRISTENSEN.
H.R. 5253: Mr. WU.
H.R. 5259: Mr. LINDER, Mrs. THURMAN, Mr. TANNER, Mr. KINGSTON, and Mr. LUCAS of Kentucky.

H.R. 5261: Mr. DOYLE and Ms. KILPATRICK.

H.R. 5274: Mr. RUSH, Mrs. MORELLA, and Mr. DUNCAN.

H.R. 5275: Mr. LUTHER.

H.R. 5338: Mrs. ROUKEMA.

H.R. 5365: Mrs. JOHNSON of Connecticut.

H.R. 5397: Mr. BENTSEN.

H.R. 5475: Mr. SANDERS.

H.R. 5530: Mr. SHAW, Mrs. MORELLA, and Mr. BARTLETT of Maryland.

H. Con. Res. 337: Mr. MEEHAN, Mr. RILEY, Mr. ROYCE, Mr. PAYNE, and Mr. HILLIARD.

H. Con. Res. 401: Mr. FRANK of Massachusetts.

H. Con. Res. 426: Mr. BLUMENAUER and Mr. HAYWORTH.

H. Res. 146: Mr. WAXMAN.

H. Res. 461: Mr. GOODLING and Ms. WATERS.

H. Res. 537: Mr. WAXMAN, Mr. THOMPSON of California, Mr. HINCHEY, Mr. BAKER, Mr. WATTS of Oklahoma, and Mrs. FOWLER.

EXTENSIONS OF REMARKS

DEANNA SAUCEDA DEPARTS KRQE

HON. TOM UDALL

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 24, 2000

Mr. UDALL of New Mexico. Mr. Speaker, one of the finest and most respected news anchors in New Mexico, Deanna Sauceda, is departing KRQE television of Albuquerque, New Mexico, after a distinguished career with the news station for nearly 12 years. She has often been credited with making a major contribution toward building KRQE's solid reputation.

There are thousands of loyal KRQE watchers who have great faith in what they see from the Channel 13 KRQE newscasts. They believe them to be fair and thorough—providing news coverage that keeps them well informed by separating fact from opinion. As the lead anchor for the program, Deanna Sauceda insisted on good reporting, crisp writing, visual stories, and accuracy in every thing covered in KRQE's news reports.

I had the privilege of being interviewed by Deanna just over a week ago. That opportunity was afforded because KRQE has committed to giving all the candidates for federal office 5 minutes of free air time to help constituents learn what the issues are and where candidates stand. I applaud KRQE for providing this service and engaging its viewers in our democracy. The professional that she is, during our interview Deanna asked me some hard-hitting and engaging questions. While she was tough, she also had a wonderful sense of humor and it was a lovely dialogue.

I know that Deanna Sauceda will be missed for her judgment, experience, toughness under pressure, and for her vast knowledge of the people, places, and events that have made New Mexico over the last two decades.

Deanna, I wish you the best of luck in your new endeavors.

TRIBUTE TO THE SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION ON ITS 28TH ANNIVERSARY

HON. JOSÉ E. SERRANO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 24, 2000

Mr. SERRANO. Mr. Speaker, I again pay tribute to the South Bronx Overall Economic Development Corporation for its 28 years of fruitful service to the South Bronx community.

In 1972, U.S. Senator Jacob Javits, New York State Attorney General Robert Abrams, and six major banks joined together to establish the South Bronx Overall Economic Development Corporation (SOBRO). The corporation was founded at a time when the South Bronx was suffering from major economic devastation, jobs were scarce, and people were leaving the area.

Over the past 28 years, SOBRO has successfully encouraged investment and economic growth in the South Bronx and has provided education and job training to area residents. Among its many accomplishments, SOBRO has trained or placed in jobs more than 20,000 residents, created or retained more than 30,000 jobs in the area, stimulated more than $120 million in investments, and assisted in the reconstruction of commercial districts.

In collaboration with Mott Haven Neighborhood Strategies Project, SOBRO has been successful in training residents and placing them in jobs with businesses in empowerment zone areas. SOBRO also provides business training and technical assistance to minority entrepreneurs. It has also established a credit loan program to facilitate financial services, including loans for small businesses.

In addition, by forming partnerships with local businesses and area high schools, SOBRO has succeded in providing valuable internship programs and part-time jobs for high school and intermediate school students. The organization also trains adults in many skills including cable installation, computer repair, home health care, customer service, and building maintenance.

Moreover, SOBRO has assisted in the transformation of abandoned buildings into affordable housing and commercial space. It currently has many projects underway, including the reconstruction of a 60-unit housing project for people living with AIDS. In addition, SOBRO has been successful in renovating Bruckner Boulevard, which has attracted many artists, antique shops, and other businesses to the area.

Changes in the welfare law are placing greater constraints on organizations like SOBRO that are trying to assist people in need. Despite this, SOBRO has continued to provide quality services to low-income South Bronx residents and to attract businesses to the area.

I would like to especially compliment this year's honorees, Maura Markus, President Citibank North America, Ken Williams, District Manager, The Home Depot, Bernard Beal, CEO, M.R. Beal & Company, and Dave Valentin, world-renowned jazz flutist, for their leadership in improving the quality of life in our community.

Mr. Speaker, it is an honor for me to recognize SOBRO for it 28 years of achievements, training and educating the youth, spurring economic growth, and beautifying our South Bronx congressional district.

ON S. 2950, SAND CREEK MASSACRE NATIONAL HISTORIC SITE ESTABLISHMENT ACT OF 2000

SPEECH OF

HON. MARK UDALL

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Monday, October 23, 2000

Mr. UDALL of Colorado. Mr. Speaker, as a cosponsor of the companion House legislation, I support the passage of this Senate measure so it can go to the President for signature into law.

This bill is important for the country, and particularly for Colorado because it would authorize establishing a National Historic Site at the site of the Sand Creek Massacre—an event that for more than a century has been regarded as one of the most emotionally charged and controversial events in American history.

On November 29, 1864, Col. John M. Chivington, leading about 700 soldiers of the First and Third Colorado Volunteers, attacked a village of about 500 Cheyenne and Arapaho people. These people were under the overall leadership of Black Kettle, and had camped on Sand Creek at the direction of Major Scott Anthony, who commanded Fort Lyon, about 40 miles to the south. By day's end, the soldiers had killed at least 150 people, including women and children.

The massacre resulted in almost instant controversy, which ultimately led to three federal investigations, all of which condemned Chivington's actions. By the 1865 Treaty of Little Arkansas with the Cheyenne and Arapaho, victims of Sand Creek received minor compensation for their suffering and loss of property. While some efforts were made to understand the massacre, place blame on the responsible parties, and compensate the tribes, little was actually done.

Many people, including Gen. William Tecumseh Sherman, visited the site and collected artifacts of all kinds. The land involved later was used for large-scale cattle operations, and eventually small private landowners farmed and grazed the property. As time passed, evidence of the massacre slowly disappeared. Although the event continued to be remembered, mostly by the tribes and historians, the only commemoration of the massacre was a simple granite marker placed near the site by the local community in 1950.

In 1998, Public Law 105–243 authorized the Secretary of the Interior to identify the location and extent of the Sand Creek Massacre and to determine the suitability and feasibility of designating the site as a unit of the National Park System. Starting in 1998 a variety of techniques and methods were used to locate the site of the Sand Creek Massacre. These included a thorough research of written records, archaeology, geomorphology, aerial

photographic analysis, traditional tribal methods and recording the oral traditions of the Cheyenne and Arapaho Tribes of Oklahoma, the Northern Cheyenne and the Northern Arapaho.

Once the location of the site was identified, the next task was to determine national significance and suitability and reasonability of the site as a unit of the system. To be eligible for consideration, National Park Service management policies state that an area must possess nationally significant natural, cultural or recreational resources; be a suitable and feasible addition to the system; and require direct NPS management instead of protection by some other governmental agency or private sector. The Special Resource Study for the Sand Creek Massacre site, completed in July 2000, concluded that the area is nationally significant.

I agree with that assessment. The Sand Creek Massacre site possesses exceptional value in illustrating and interpreting the history of U.S.-Indian relations in the American West. The massacre of nearly 150 Cheyenne and Arapaho people who believed they were under the protection of the U.S. Government was a major turning point in the relationship between whites and Indians. Virtually all Indian and army conflicts that ensued were rooted, at least partly, in the massacre.

Thus, a National Park System unit at Sand Creek would provide an opportunity for Americans to better understand the significance of the massacre, the chain of events that led to it, the relationship between Indians and whites during the mid-to late-19th Century, the devastating effects of the massacre upon the Cheyenne and Arapaho peoples, and its far reaching repercussions, many of which linger today. The site also retains a high degree of physical integrity, and its isolated setting will give visitors an opportunity to contemplate the complexities of the human tragedy that unfolded there.

The Interior Department's Special Resource Study also concluded that Sand Creek is both suitable and feasible as a unit of the National Park System—suitable because it represents a cultural theme that is not already adequately represented in the system, and feasible because the area taken as a whole is of sufficient size and configuration to ensure long-term resource protection and accommodate public use.

S. 2950 would authorize the establishment of Sand Creek National Historic Site. The unit would be established once the Secretary of the Interior determines that sufficient lands have been acquired to provide for the protection and commemoration of the Sand Creek Massacre. Lands are identified on a map dated July 1, 2000 and would be acquired through donation, purchase from willing sellers or exchange. Priority for acquisition is given to the site containing the historical member. Keys to managing the site would be protection of the natural and cultural features that and critical to telling the story of Sand Creek; and cooperation and consultation with the tribes in the development of management plans and educational programs.

Mr. Speaker, let me conclude by commending the senior Senator from Colorado, Senator Campbell, for introducing this bill and for all he has done to make it possible for this bill to be before the House today. I urge its passage.

A SPECIAL TRIBUTE TO DR. ROBERT J. BLOUGH, FOR HIS DEDICATED SERVICE TO HENRY COUNTY, OHIO

HON. PAUL E. GILLMOR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 24, 2000

Mr. GILLMOR. Mr. Speaker, it is with great pride that I rise today to pay special tribute to an outstanding individual from the State of Ohio. Dr. Robert J. Blough retired from his family practice in Ohio's 5th Congressional District after nearly five decades of distinguished service.

Dr. Blough joined the U.S. Air Force following high school. It was while stationed in China that he decided to become a doctor. A bomb blast occurred costing many lives with countless injured. The terrible incident inspired him to spend the rest of his life helping people.

Dr. Blough has combined his sound medical skills with his compassionate, personal, and dedicated approach to the practice of medicine for nearly 47 years. One of his patients remarked on his dedication by stating, "Dr. Blough was on call seven days a week, 24 hours a day, 365 days a year. He's touched the life of everybody in this community for miles around, either themselves or their family member." His medical career alone distinguishes him as a most valued citizen, but Dr. Blough has contributed so much more.

Dr. Blough has worn many hats throughout his life. Previously, he piloted his own private plane traveling from coast to coast on vacations. He also served as an examiner for the Federal Aviation Administration and as manager for Deshler Airport.

The doctor recently retired from 35 years of service as the on-call doctor for Oak Grove Nursing Home. And Dr. Blough will retire soon as coroner of Henry County when his term expires at the end of the year.

Dr. Blough's dedication to his community is second only to his great love for his family. Along with Celia, his loving wife of more than 55 years, he is blessed with three children.

Mr. Speaker, I have known of Dr. Blough's dedication and service that has earned him the highest regard for his character and abilities as a physician. At this time, I would ask my colleagues of the 106th Congress to join me in paying special tribute to Dr. Robert J. Blough. His professionalism and service to his community is an example for all citizens of Ohio and across the country. We thank him, and wish him and his wife, Celia, the very best in all of his future endeavors.

HONORING ERIC FONOIMOANA

HON. STEVEN T. KUYKENDALL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 24, 2000

Mr. KUYKENDALL. Mr. Speaker, I rise today to honor Eric Fonoimoana from my district. On Tuesday, September 26th, Eric and his teammate Dain Blanton captured the Olympic gold medal for beach volleyball.

Eric has excelled in the sport of beach volleyball for more than a decade. A lifelong resident of the South Bay, Eric was the star player on both the Manhattan Beach Mira Costa High School and University of California Santa Barbara volleyball teams. Following a storied collegiate career, he turned pro in 1993.

For eight years, Eric has been a dominant beach volleyball player. The endless training and competition culminated with the victory in Sydney. I congratulate Eric Fonoimoana on this outstanding achievement. I commend his commitment and dedication to athletic excellence. He has brought honor to the South Bay. He has brought honor to the United States. Congratulations to one of the best beach volleyball players in the world.

PAY IT FORWARD

HON. TOM UDALL

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 24, 2000

Mr. UDALL of New Mexico. Mr. Speaker, I would like to call to your attention a concept that I believe has the potential to inspire all people, but particularly middle-school children. It's a unique idea called "Paying it Forward." I am only too pleased to tell my colleagues about this idea.

The idea I am referring to has been encapsulated in the book by Catherine Ryan Hyde entitled "Pay it Forward." This book was also recently released as a motion picture. It is the tender yet powerful story of Trevor McKinney, a twelve-year-old boy with a vivid imagination and a paper route, who takes to heart the challenge of an extra-credit assignment for his Social Studies class: Think of an idea for world change, and put it into action. Responding to the challenge, Trevor chooses three people for whom he will do a good deed. Then, rather than allowing them to pay him back, he tells them to "pay it forward" by doing something good for three more people. In turn, those three people are to help three more people and so on. In this way, Trevor believes his acts of kindness will multiply out, geometrically, until the world is a different place. Mr. Speaker, in the end, "Pay It Forward" is the story of seemingly ordinary people participating in the extraordinary through the simple faith of a child.

It has been brought to my attention that there is a Pay It Forward Foundation. The purpose of the foundation is to encourage middle school children to get involved in their local communities and to "pay it forward." As children create their own ideas for how to pay it

forward with their schools and communities, teachers can incorporate relevant social needs and current affairs into their discussions. A Pay It Forward project can be applied to all aspects of academic institutional life. This is a worthy mission that not only helps the surrounding communities, but also helps our students realize that they can change the world. Quite frankly, that is a message that is long overdue. It is a message about overcoming the belief in our individual cynicism that has resulted in withdrawal from participation in our governmental, educational, and community activities. I encourage each and every one of you to take the message to heart. We can never do enough to make the world a better place.

TRIBUTE TO AQUINAS HOUSING CORPORATION

HON. JOSÉ E. SERRANO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 24, 2000

Mr. SERRANO. Mr. Speaker, it is with joy and pride that I pay tribute to Aquinas Housing Corporation (AHC) which will celebrate its Nineteenth Anniversary of providing services to the community on Wednesday, November 8, 2000, at the Marina Del Rey restaurant in the Bronx.

Aquinas Housing Corporation was founded in 1981 by a group of volunteers who understood the need to provide quality transitional housing services to families in need.

Mr. Speaker, over the past 19 years, Aquinas Housing Corporation has sponsored and developed the rehabilitation of 35 buildings, 990 residential units, 104 cooperatives and 115 two and three family homes. By the year 2000, AHC plans to renovate 10 more buildings with 160 additional units for a total of 1,152 decent and affordable rental housing units that were non existent prior to AHC's creation.

Along with housing development, AHC provides a full range of social services to the residents of its buildings and community at large. Services offered include an adult job readiness program, a computer learning center, a clothing bank, case management, tenant organizing, neighborhood improvement projects, classes in English as a Second Language, parenting skills, senior services, a home based child care resource and referral center, a tree maintenance program, and activities and field trips for youth and seniors.

It is a privilege for me to represent the 16th district of New York where Aquinas Housing Corporation is located, and I am delighted by its success. I have witnessed first-hand the exemplary work they are doing for our community and I am deeply impressed. I applaud the commitment and the efforts of Aquinas Housing Corporation's staff in the assistance they provide to the elderly, and low- and moderate-income families, as well as, in facilitating educational opportunities for our talented youth.

I would like to especially compliment this year's honorees, Monadnock Construction which has been with Aquinas Housing since 1992, Ana Maria Chamorro, a long time resident of Community Board Six, and John DelValle Senior Vice President of retail banking at Banco Popular, for their leadership in improving the quality of life in our community.

Mr. Speaker, I ask my colleagues to join me in recognizing the Aquinas Housing Corporation and its staff and in wishing them continued success.

SPANISH PEAKS WILDERNESS ACT OF 2000

SPEECH OF

HON. MARK UDALL

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Monday, October 23, 2000

Mr. UDALL of Colorado. Mr. Speaker, as an original cosponsor of the companion House legislation, I rise in support of this important bill to designate the Spanish Peaks as wilderness. Enactment of this legislation has been delayed far too long.

The mountains we call the Spanish Peaks are two volcanic peaks in Las Animas and Huerfano Counties. Their Native American name is Wayatoya. The eastern peak rises to 12,893 feet above sea level, and the summit of the western peak is at 13,626 feet.

These two peaks were landmarks for Native Americans and for some of Colorado's other early settlers and for travelers along the trail between Bent's Old Fort on the Arkansas River and Taos, New Mexico.

This part of the San Isabel National Forest has outstanding scenic, geologic, and wilderness values, including a spectacular system of more than 250 free-standing dikes and ramps of volcanic materials radiating from the peaks. These lands are striking for their beauty and are also very valuable for wildlife habitat.

Since 1977, the Spanish Peaks have been included in the National Registry of Natural Landmarks, and the State of Colorado has designated them as a natural area. The Forest Service first reviewed them for possible wilderness designation as part of its second roadless area review and evaluation and first recommended them for wilderness in 1979. However, the Colorado Wilderness Act of 1980 instead provided for their continued management as a wilderness study area—a status that was continued on an interim basis by the Colorado Wilderness Act of 1993.

In short, Mr. Speaker, the Spanish Peaks are a very special part of Colorado. As I said, their inclusion in the National Wilderness Preservation System has been too long delayed. In fact, I had hoped that designation of this area as wilderness would be completed two years ago after the House passed a Spanish Peaks wilderness bill sponsored by my predecessor, Representative David Skaggs, and Representative MCINNIS.

Unfortunately, the Senate did not act on that measure, so it was necessary to start again in this Congress. And again it has taken longer than I would have liked—the House passed a bill more than a year ago, and the bill now before us was passed by the Senate back in April of this year. But, better late than never.

This bill does differ from the prior Skaggs-McInnis bill in a few respects, and in particular by the exclusion from wilderness of an old road, known as the Bulls Eye Mine Road, and the inclusion of language related to that road. There have been some questions about the scope and effect of that language. However, in a floor colloquy when the House debated the companion legislation last year the gentleman from American Samoa, Mr. FALEOMAVAEGA, and Mr. MCINNIS clarified matters—and the committee report on the Senate bill echoes that colloquy. That report says:

> ''Section 3(a) addresses the management of the Bulls Eye Mine road. The subsection directs the Secretary of Agriculture to allow for the continuation of historic uses of the road established before the date of enactment of the Act, subject to such terms and conditions as the Secretary may prescribe. The Committee notes that the Bulls Eye Mine road—which has been excluded from the Spanish Peaks is not intended to restrict or otherwise limit the Secretary's management authority with respect to the road, including any decision to open or close the road, nor does it require the Secretary to improve or maintain the road. However, the Committee expects that the Secretary will consult with local citizens and other interested parties regarding the implementation of this Act with respect to the road.

Like the House colloquy, this report language is an important part of the legislative history of this bill.

Mr. Speaker, this is the third wilderness bill involving lands in Colorado that has passed during this Congress. I have supported all of them, because I think we need to make it a priority to protect our state's open spaces and wilderness areas, and I think we should be proud of their enactment.

But much more remains to be done. Still pending in the Resources Committee are two wilderness bills I have introduced, dealing with the James Peak area and with lands within Rocky Mountain National Park, as well as a very important bill by our colleague Ms. DeGette that breaks important new ground in terms of protecting wilderness areas on public lands in Colorado managed by the Bureau of Land Management.

I had hoped that before now all these measures would have been given consideration in our Committee and here on the floor of the House. But that hasn't happened. So, if I have the opportunity to serve in the next Congress, I will do all I can to have them considered next year.

Meanwhile, I urge enactment of the Spanish Peaks Wilderness Act.

HONORING RACING LEGEND DARRELL WALTRIP ON THE OCCASION OF HIS RETIREMENT

HON. BOB CLEMENT

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 24, 2000

Mr. CLEMENT. Mr. Speaker, I rise today to honor racing legend Darrell Waltrip of Franklin, Tennessee, on the occasion of his retirement after twenty-nine successful years at the top of the sport. Waltrip is concluding his monumental NASCAR career with a Victory 2000 tour across the nation.

Darrell Waltrip was born February 5, 1947, in Owensboro, Kentucky. His love of racing began at the age of 12 when he first drove a go-kart. Just four short years later, he was racing a stock car. Eventually, his father helped him build a 1936 Chevrolet Coupe that he could race on a dirt track in his hometown. Fortunately, his father was able to share almost his entire career with him until he passed away after an extended illness in early 2000. Today, Waltrip makes his home in Franklin, Tennessee, near Nashville, with his wife Stevie, and children Jessica and Sarah.

Darrell Waltrip's first professional race was a Winston Cup race at the Talladega, Alabama, Superspeedway in 1972. Over the years, Waltrip sped to the top of his field, earning numerous accolades and winning many races including the coveted Winston Cup championship a total of three times. For example, he was voted Most Popular Driver two times by his peers and named American Driver of the Year three times. In 1977, 1981, and 1982, he was named National Motorsports Press Association Driver of the Year. In addition, the years 1981 and 1982 brought honors as Auto Racing Digest Driver of the Year. Today, he is considered one of the foremost race drivers to participate in the sport, and his influence can be seen among the new generation of NASCAR drivers.

During the years 1981–1986, his partnership with car owner Junior Johnson yielded three series championships, 43 victories and 34 pole positions. The highlight of Waltrip's career came in 1989 when he won the Daytona 500 on February 17, in car No. 17, in his 17th attempt for one of racing's highest honors.

Darrell Waltrip's statistics are phenomenal. With a career that includes 276 top-five finishes, 390 top-ten finishes, 37 Superspeedway wins, 47 short track wins, and winnings totaling nearly $18 million, there is no doubt that Waltrip is a true racing legend.

He has broken many barriers in the sport by becoming both a driver and an owner, and is recognized as the first corporate spokesperson in racing. In Tennessee, he is known and loved for his numerous and continuous charitable contributions to the community. In 1979, he was named Tennessee's Professional Athlete of the Year.

Currently, he owns and operates Darrell Waltrip Honda-Volvo Car Dealership, serving many of his fans. I consider Darrell Waltrip a personal friend. In fact, I was with him for the grand opening of his car dealership in Williamson County.

Darrell Waltrip is to be commended and honored for his incredible racing career, which has entertained and enthralled thousands of fans for the past twenty-nine years. He is a true racing pioneer, taking the sport beyond the racetrack and into the hearts and homes of America.

RECOGNIZING PAUL TOWNSEND'S CONTRIBUTIONS TO LONG ISLAND

HON. MICHAEL P. FORBES

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 24, 2000

Mr. FORBES. Mr. Speaker, I rise today to honor an exceptional man who has dedicated himself to Long Island, its people, its businesses, and its natural resources. A tenth generation Long Islander, Mr. Paul Townsend has worked for more than half a century to promote and preserve Long Island.

Mr. Townsend has provided leadership at the highest level. He has served as a catalyst for change and development of our region. His energy and enthusiasm for a wide range of projects is unparalleled. He promoted landmarks such as Levittown. He worked with the federal government to create the Fire Island National Seashore. He created institutions such as Long Island Business News and North Shore University Hospital. He and his wife Terry, worked to establish Long Island's first professional Equity theatre. He served as editor of the Long Island Business News for 45 years and now serves as editor emeritus.

Using his vision, Mr. Townsend assembled the talent to bring important projects to fruition. He worked to produce affordable housing which is now a model for the nation. He, and his colleagues, developed the United Way of Long Island and he served as its first executive director. Long Island's United Way now consists of over 160 health and human care service agencies. The United Way helps local people and in the process, strengthens the community. This organization has helped to prevent youth violence, help care for the very young and the old, provide emergency food, shelter and clothing, and support job assistance training for the disabled.

Mr. Townsend also founded the Long Island Business Development Council and worked to establish Long Island's Entrepreneur Awards Program. He and his wife received the Long Island Association's first Lifetime Achievement Award. He has been an integral part of the Long Island business community.

Mr. Townsend has made countless contributions to the Long Island community. His dedication to the community distinguishes him as a role model all Americans should aspire to emulate. And so it is with great pleasure that I commend Mr. Townsend on his achievements, and wish him all the best for the future.

HONORING MEMBERS OF THE CREW OF THE GUIDED MISSILE DESTROYER U.S.S. ''COLE''

SPEECH OF

HON. JACK QUINN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 18, 2000

Mr. QUINN. Mr. Speaker, we gather today to honor the crew of the naval destroyer U.S.S. *Cole*. A tragedy of great magnitude occurred in the Yemen port of Aden on October 12, 2000. While the U.S.S. *Cole* was refueling in Aden, in an apparent terrorist suicide mission, a small boat loaded with explosives struck the U.S.S. *Cole*. The impact of the explosion left a 40-by-45 hole in the side of the destroyer, but this impact extends far beyond the port of Yemen, and into the hearts of the American people.

Not only did this explosion strike a devastating blow to the ship itself, but the ship's crew as well. This deliberate act of terrorism has left seven crewmembers dead, ten missing and presumed dead, and over three dozen wounded.

So, we gather here today to not only express our heartfelt sympathies to the families, friends, and loved ones of these servicemen and women, but also to express our thanks for the ultimate sacrifice that these men and women made for their nation. The United States Government has yet to identify the culprit of this terrible act, but we do know that the U.S.S. *Cole* and its crew were going about routine duties in the area and performed dutifully and selflessly in a situation of great duress.

This unfortunate tragedy has taken seventeen lives and wounded over 40 U.S. servicemen. We cannot commend the crew of the U.S.S. *Cole* highly enough for the exemplary spirit and patriotism which they demonstrated in salvaging their crew and ship. Let the memory of those who perished in the U.S.S. *Cole* attack, motivate us to carry on with the same spirit with which they served to preserve the future peace and security, of our nation.

STROKE THERAPY'S NEW PUSH

HON. DAVID E. PRICE

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 24, 2000

Mr. PRICE of North Carolina. Mr. Speaker, a recent article in the Washington Post reminds us of the urgent attention stroke deserves as the third leading cause of death in this country.

Stroke affects the most delicate and vital organ of the body, the brain. The National Stroke Association uses the term ''brain attack'' to characterize this medical condition and describe the urgent need for prompt medical attention. A stroke occurs when blood flow to the brain is interrupted either by a clogged artery or a blood vessel rupture.

Stroke touches the lives of four out of every five American families. It touched the Congress this year with the tragic death of our friend and colleague, Senator Paul Coverdell. Each year 750,000 Americans will suffer a stroke and 160,000 of them will die. African Americans and Latinos are at an even greater risk of stroke. Stroke is also a leading cause of adult disability, leaving a majority of survivors with disabilities ranging from moderate to severe. The statistics are staggering, but fortunately, many strokes can be prevented.

There are important resources available for stroke prevention, treatment and rehabilitation. The National Stroke Association has a wealth of information available on its web site at www.stroke.org, or by calling 1–800–STROKES. Clearly, stroke is an issue that deserves debate, discussion and our immediate attention as a major public health issue. I submit this article to my colleagues and look forward to discussing approaches we might take to reduce the terrible toll from stroke.

[From The Washington Post, Sept. 24, 2000, Sunday, Final Edition]

STROKE THERAPY'S NEW PUSH; AGGRESSIVE DOCTORS GO DEEP INTO THE BRAIN

(By Susan Okie)

Like a wisp of cloud that's really the edge of a hurricane, the first sign of what was

about to happen to Garline Perry seemed a small thing.

One morning last month, Perry complained to his wife that he couldn't keep his balance. When he tried to walk, she said, he kept ''listing to the right.''

Susana Perry took her husband, 57, to the emergency room at Inova Fair Oaks Hospital. Minutes after they arrived, the storm hit.

''He yelled, 'I can't hear you! I can't see you!' . . . He fell to the floor and starting convulsing,'' recalled Susana Perry. A two-inch clot had blocked a major artery at the back of Perry's brain, producing a catastrophic stroke.

Unable to move, talk, breathe or even blink, the Fairfax man was placed on a respirator and flown by helicopter to Inova Fairfax Hospital, where radiologist John J. ''Buddy'' Connors embarked on a rescue mission that few doctors would dare attempt. He snaked a long, fine tube through an artery to reach the plug of congealed blood inside Perry's brain and began to drip in a clot-busting drug, hoping to reopen the blocked vessel.

Along with perhaps 300 other doctors in the United States, Connors works on the uncharted borders of stroke therapy, putting novel devices and powerful drugs deep into an organ where a mishap can mean death, coma or paralysis. Such maneuvers signal a newly activist approach to a disorder that doctors once met with resignation. Strokes, the third-leading cause of death in the United States, are now viewed as emergencies in which rapid and aggressive treatment may save lives and minimize disability.

Although the treatment administered by specialists such as Connors has produced dramatic results for some patients, it remains largely untested except in small pilot studies. The situation underscores the challenge researchers face in developing a new treatment, especially a complex one that combines drugs, devices and technical skill. Often, such therapies are refined and tested one patient at a time, evolving and prolifering for years before anyone is certain how well they work.

''The fact that [a new treatment] seems logical and does what it should doesn't necessarily mean that it's going to benefit the patient,'' said John R. Marler, associate director for clinical trials at the National Institute of Neurological Disorders and Stroke.

Doctors such as Connors, faced daily with desperate cases, contend that they are advancing medical knowledge as best they can. ''We have to do this,'' Connors said. ''We know we can help patients. . . . There is no regulatory process for this kind of thing.''

DAMAGE CONTROL

Some 600,000 Americans suffer strokes each year. The problem occurs when a blood vessel in the brain becomes blocked by a clot or hemorrhage, causing nerve cells supplied by the vessel to die. Until recently, there was no way to mitigate the damage, only physical therapy and the hope that the brain would partially recover in time.

That changed in 1996, when the Food and Drug Administration approved the clot-dissolving drug tPA as the first effective treatment. But only about 2 percent of U.S. stroke victims receive tPA. a major reason is time: The intravenous therapy only helps if it is started within three hours of the first symptoms, and few people with an incipient stroke make it to the emergency room and through the required battery of checkups and tests before that deadline has passed.

The approach Connors uses appears to be effective if started within six hours after symptoms begin. Specialists in his field also believe it may produce better outcomes by delivering clot-dissolving drugs directly into an artery of the brain instead of through an arm vein, the only mode of administration approved by the FDA.

When tPA is given intravenously, Connors said, ''they give you a massive amount . . . just so that a teeny bit of it might get to a small clot in your brain.'' It's like pouring Drano into a house's main water intake pipe, hoping that some will reach a blocked sink. In contrast, Connors said, he uses a different clot-dissolving drug at about one-fiftieth the usual intravenous dose and puts it as close as possible to the blockage.

The effectiveness of intra-arterial treatment varies, depending on how soon it is started and on the size and location of the clot. Only two studies, funded by Abbott Laboratories, maker of a clot-dissolving drug called prourokinase, have evaluated such treatment by comparing it with a placebo. In the larger study, involving 180 patients, 40 percent of those who received the therapy recovered enough to live independently, compared with 25 percent of patients given a placebo. The degree of benefit was similar to that seen with intravenous tPA, but the rate of brain hemorrhages was higher—about 10 percent among recipients of intra-arterial prourokinase, compared with 6 percent among patients in the tPA study.

Although the findings suggested that the treatment could be beneficial, the FDA asked the manufacturer to conduct another study to obtain more data about the therapy's safety and effectiveness. Abbott has not decided whether to do so.

Genentech Inc., which makes tPA, also has not decided whether to study intra-arterial treatment, a spokesman said.

Connors believes that companies do not want to fund additional trials because they doubt they will recoup research costs. ''Genentech, Abbott and other companies have done the math. . . . The doses that we use for [intra-arterial] therapy are so small that it would take 500 years for them to make that money back at the rate that we are using the drugs now,'' he said.

Tareta Lewis, an Abbott spokeswoman, said cost is not the only consideration. ''There are many things that go into making the decision,'' she said.

Lacking such studies, Connors and other specialists say they don't know the exact benefits and risks of what they are doing.

''We get the patients who don't meet the three-hour time window'' for intravenous tPA, said Richard Latchaw, chief of neuroradiology at the University of Pittsburgh. ''Using a compassionate view, we will go ahead and give intra-arterial tPA in a dosage that we personally think is efficacious. Do we know exactly what that dosage should be? No.''

The therapy has never been directly compared with intravenous tPA. The National Institute of Neurological Disorders and Stroke plans to fund a study at the University of Cincinnati Medical Center in which researchers will give 80 patients with major strokes a combination of intravenous and intra-arterial treatment. They intend to compare the outcomes to existing data on intravenous tPA.

''Itra-arterial therapy does more than put the drug next to the clot,'' said Marler. ''They're passing the catheter into the clot, trying to break [it] up. . . . There are definitely patients it will help, but does it balance out'' against the increased risk of bleeding?

In the meantime, Connors said, ''hundreds of patients are being treated right now, all over the United States.'' He has organized a training course for doctors to be held in Washington next month and is setting up a registry to collect data on patient outcomes.

''This is a new field and we don't know everything we need to know,'' Connors said. ''You're playing statistics. The whole thing is statistics and odds.''

DIFFICULT DECISIONS

The odds in Perry's case looked to be long. His clot was in the basilar artery, dreaded location for a stroke because it nourishes areas of the brain that control life-support functions such as breathing. Without treatment, he would certainly die. With it, Connors thought he might recover and regain considerable function.

But there was a third possibility. Perry might end up in a nightmarish state that neurologists call ''locked in''; awake and aware, but permanently unable to speak, move or communicate.

If that were the outcome, Connors told Susana Perry that afternoon, ''if it was me, I wouldn't want to make it.''

He offered to stop treatment if she thought it best.

When Connors posed that question, he and his team had already been working on Perry for an hour at Inova Fairfax Hospital. Perry lay on a table in an operating room equipped with X-ray machines that took magnified pictures of blood flowing through the vessels of his brain.

While an anesthesiologist monitored Perry's vital functions, surgically gowned nurses and technicians rushed to fetch drugs and equipment.

Connors and another doctor, Firas Al-Ali, had threaded a long, slippery tube called a catheter, thinner than a strand of angel hair pasta, through a larger tube in Perry's groin, guiding it along major arteries of his abdomen, chest and neck until the tip rested against the clot inside his skull.

Through the catheter, they squirted dye to illuminate the blocked vessel on X-rays and dribbled in medicines that they hoped would tease apart the clump of protein and blood cells.

Most clots that Connors attacks in this way are the size of a grain of rice. Perry's was the size of his little finger.

Connors asked Susana Perry for permission to ''go for cleaning everything up'' to maximize her husband's chances of recovery—even though doing so would heighten the risk that the drugs might cause bleeding in his brain.

''His outlook was 99 percent death,'' Connors said. ''The options were so bad. It's one thing to have a stroke where you can't move your arm but you're mostly still you. It's another thing to have a stroke where you're paralyzed from the eyes down. . . . There's no right or wrong decision on this. It's something where you have to think, 'What if this was me?' and get the family involved.''

Susana Perry told Connors to go for broke. ''I said, 'I'm not ready to get rid of this guy,'" she recalled.

Connors treated Perry for eight more hours. At last, he removed the catheter and stitched up the small wound in Perry's groin. He estimated that he had dissolved about 95 percent of the clot. Now, it was a matter of waiting to see whether the treatment had worked.

At 1 a.m. the next day, a nurse woke Susana Perry, who was asleep in a room near the intensive care unit. ''He's responding,'' the nurse said. ''He's nodding 'yes' or 'no' to simple questions.''

Perry was still on a respirator and his left side was paralyzed, but the pace of his recovery over the next few days astonished his doctors. Three days after his stroke, he signaled to his son that he wanted something. A nurse handed him a pad and pencil. He wrote, ''Beer.''

Two days later, doctors disconnected the respirator and Perry was able to breathe on his own. A week after the stroke, he had regained some movement in his left leg and was eating and cracking jokes about the hospital food. ''There's so much I'm learning from the beginning,'' he said, speaking slowly. ''You take so much for granted.''

''His level of recovery is—what can I say?—miraculous,'' said David Grass, Perry's neurologist. ''This would have been fatal, absolutely no doubt. . . . He has a left-sided weakness that is improving. He has normal mental function. He has some mild difficulty seeing to his right, but that's improving. He's had no problems with speech. . . . He's going to need several months of rehabilitation, but I'm optimistic that he may eventually be able to return to work. ''

PRESENTATION OF TERESA OE: NORTH DAKOTA'S STATE BEEF AMBASSADOR

HON. EARL POMEROY

OF NORTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 24, 2000

Mr. POMEROY. Mr. Speaker, on September 28–30 of this year, the North Dakota Stockmen's Association held its annual convention in Bismarck, ND. I would like to take this opportunity to share with my colleagues the remarks of one of the conference presenters. Ms. Teresa Oe, a high school student from Belfield, North Dakota and North Dakota's State Beef Ambassador, gave an impressive speech to the convention delegates. Ms. Oe's remarks addressed the environmental benefits of cattle grazing. I would encourage my colleagues to take a moment to review her remarks which may help to bridge communication between cattlemen and environmentalists.

THE MISUNDERSTANDING

(By: Teresa Oe—North Dakota State Beef Ambassador)

Cattlemen and environmentalists have long regarded each other as the enemy. Rarely do they wish to converse with one another, let alone compromise. When they eventually agreed to ''discuss'' matters, the resulting arguments are based primarily on biased opinion and accusations. This communication gap has led to the disastrous misunderstanding that cattle and conservation cannot successfully coexist.

The irony in this notion, however, is that modern day cattlemen, equipped with new range management tools, are extremely capable and dedicated conservationalists. Believe it or not, grazing cattle are their most valuable means for upgrading environmental well being.

According to the 2000 Cattle and Beef Handbook, produced by the National Cattlemen's Beef Association, ''Grazing lands comprise about one-third of the land in the United States.'' Due to steep terrain or dry conditions, these lands often are not suitable for cultivation or development. Cattle graze these virtually useless lands, utilizing grass, one of our country's most ample, renewable resources. Cattle are capable of efficiently transforming grass and other forage into nutritious high-protein beef.

Nevertheless, more and more every day, environmentalists are questioning if cattle belong on the rangelands. Surely, if environmental agencies only knew the significance of cattle to these areas, then their minds would be at ease and our cattle could continue to do their job. With this motive in mind, it is my privilege to share with you five major environmental benefits of cattle on the rangelands.

First of all, properly grazed cattle promote healthy soil and plant vigor. As a matter of fact, as documented in the Soil and Land Conditions publication, the Wildflower Research Center states, ''Grazing is necessary for the maintenance of grassland systems.'' Cattle actually help plants and grasses grow by aerating the soil with their hooves. When cattle saunter over the land, they loosen the dirt which allows more oxygen to enter the soil. Without this oxygen, the soil develops a hard crust and is unable to readily absorb water and nutrients. Moreover, cattle naturally fertilize the soil in the form of manure.

Cattle also encourage plant reproduction. As a natural means of reseeding, they scatter the seeds of various plant life and bury them in the ground, surrounding them in soil that is necessary for the onset of growth.

Regulating bothersome weeds and shrubs is also characteristic of cattle. They consume these nuisances which, otherwise, without the use of herbicides, would have the potential to grow and reproduce uncontrollably.

Furthermore, cattle are doing a large favor for many species of wildlife. Elk, deer, wild sheep, antelope, and geese, among others, are partial to young, palatable grass shoots. In order to stimulate and enhance this new, preferred growth, cattle must first remove the rank fall vegetation that other animals are hesitant to eat.

Last, but certainly not least, cattle grazing aids in preventing fires. Longer vegetation helps carry uncontrolled wildfires that cause mass destruction and expense. In the Wow that Cow! pamphlet published by the American National Cattle Women Inc., it points out that grazing these areas reduces the amount of matter on the ground, thus limiting the quantity of fuel to burn and restricting the fires ability to spread quickly.

Many members of our society have been misinformed that rangelands are in pitiful condition and that cattle are to blame, when in fact, just the opposite is true. As quoted by Rockwood Research in 1996, ''73 percent of cattlemen's range of pasture land had been reported as improved in the past ten years, while only six percent had declared a decline.'' Not surprisingly, this study also showed that 62 percent of cattlemen reported an increase in wildlife. People for the USA! Grazing Position Paper states, ''Scientists and range experts are constantly proving that rangelands are currently in their best condition since the turn of the 20th century, and the improvement is continuing.''

If statistics verify that rangelands and the wildlife therein are truly thriving, why then do members of the environmental community still feel the cattle should be removed from these areas? Mistakes by ranchers of the past are mostly responsible for the negative attention that cattle receive, but this is unfair. Cattle can only be as efficient workers as their owners are good managers. Ranchers of the past did not have the educational resources that are available to us now. Today's cattlemen have a tremendous understanding of the correlation between the proper maintenance of natural recources and their success as livestock producers. Educated ranchers of this generation are better able to make use of cattle grazing as an effective management tool.

Please, take just a moment to visualize the rangelands without cattle. Better yet, try to imagine McDonald's without hamburgers, a shower without soap, Tupperware without plastic, a diabetic without insulin, or a kiss without toothpaste. Impossible, isn't it? But without cattle, it would be extremely difficult of even impossible to obtain these items. After all, cattle provide beef and other byproducts that are significant in the creation of countless industrial, household, pharmaceutical, and food products that we use every day. My wish is that everyone will understand that no matter who you are or what kind of stand you take on environmental issues, if cattle are removed from the rangelands, ultimately everyone will suffer.

In order to prevent this dilemma, we must enlighten others with the truth about cattle and grazing. The devastating misunderstanding that cattle and conservation cannot successfully coexist will be reversed only by knowledge and communication. Please take it upon yourselves to share with others the virtue of cattle on our rangelands and beef in our every day lives.

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CONGRATULATIONS TO THE EASTERN MUNICIPAL WATER DISTRICT

HON. KEN CALVERT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 24, 2000

Mr. CALVERT. Mr. Speaker, I rise today to congratulate Eastern Municipal Water District, who observed its 50th anniversary of service to western Riverside County on October 14th. On that nostalgic day Eastern Municipal celebrated with present and past employees, and their families, with a fly-over, antique car show, displays and demonstration, live '50s music, clowns, a magic show and much more.

Formed in 1950 to secure additional water for the western Riverside County, which faced declining groundwater supply and continuing droughts, Eastern Municipal has exceeded expectations. Originally only serving a lightly populated area, it now has a service area of 555 square miles, with a total of nearly 440,000 people, while additionally providing

sewage collection and water recycling services. In 1999/2000 Eastern Municipal sold 83,000 acre-feet of fresh water alone (one-acre-foot is 325,900 gallons, or as much as two families use in and around their homes in one year). One quarter of their water supply comes from wells, while the remainder comes from the Colorado River Aqueduct and its connections to the California State Water Project. Additionally, Eastern Municipal sells to eight other water agencies, which serve the areas of: Elsinore Valley, Western Riverside County, Lake Hemet, City of Hemet, Nuevo, City of San Jacinto and Rancho California.

In water storage, Eastern Municipal maintains 76 tanks which hold nearly 170 million gallons of water. These tanks provide assurance that water will be available during possible future droughts or declining water supply.

Mr. Speaker, for the state of California there are two issues constantly at the forefront: water, and more water. Therefore, the importance of municipal water districts cannot be underestimated—they will continue to grow and play an increasingly important role in southern California. As the Riverside and the Inland Empire continue to grow, we will need to find ways to live within the 4.4 million acre-feet restriction on the Colorado River that has been imposed by the Secretary of the Interior on southern California. The goals of reclamation will become even more important. Eastern Municipal Water District has proven itself capable of solving our water supply challenges for the past 50 years. I look forward to working with them on our important shared goals for years to come. Again, I extend my "Congratulations!" to Eastern Municipal Water District.

IN SUPPORT OF THE FISCAL YEAR 2001 AGRICULTURE APPROPRIATIONS CONFERENCE REPORT

HON. JAMES H. MALONEY

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 24, 2000

Mr. MALONEY of Connecticut. Mr. Speaker, I rise in support of H.R. 4461, the Fiscal Year Agriculture Appropriations Conference report. Although this bill is flawed, it contains critical provisions which reflect my commitment to providing seniors access to lifesaving prescription medications. The measure provides $78.5 billion—$3 billion more than the House-passed bill—for critical programs from prescription drugs to hunger, food safety, and clean water.

I vigorously support efforts to increase seniors' access to affordable prescription drugs. This Conference agreement allows U.S. pharmacies and wholesalers to buy American-made prescription drugs abroad and reimport them into the United States. Since these drugs are often sold abroad at prices significantly below those charged in the United States, America consumers will be able to purchase these reimported drugs at lower prices than they would otherwise pay.

Although I support the reimportation provisions, this step should not be mistaken as a substitute for much-needed prescription drug coverage under Medicare. I continue to urge my colleagues to join me in calling for the enactment of a comprehensive prescription drug program to be included as a part of all Seniors' basic Medicare benefits.

In addition to addressing the problem of prescription drugs for seniors, the Conferees have taken steps to ameliorate several other pivotal issues in the House-passed bill. The report addresses the ongoing prevalence of hunger and food insecurity in America by incorporating sections of H.R. 3192, the Hunger Relief Act. Low-income families are currently disqualified from participation in the food stamp program if they own a car worth more than $4,650, or if they pay monthly housing costs of more than $275. As a cosponsor of the Hunger Relief Act, I am pleased that under this report both vehicle and housing expenses would be updated to more accurately reflect the expense of reliable transportation, and the high cost of housing incurred by America's working families—allowing increased participation in the nation's first line of defense against hunger.

The measure also improves upon the House bill by providing sufficient funding for critical food safety and conservation programs. The Conference measure increased funding for the Food Safety and Inspection Service by more than $22 million, which will help minimize contamination and ensure consumer food safety. Additionally, the bill provides additional funding for state water quality grants and conservation programs, which include essential flood prevention operations.

Unfortunately, the Conference committee did not act in the best interest of our children, or our farmers, when it agreed to a $500 million subsidy for tobacco companies. I have worked hard to protect America's children from the dangers of tobacco, and I have supported long-term solutions to the fundamental problems facing the small family-run tobacco farm, which is why I am deeply dismayed that the Conferees have included such an ill conceived provision that undermines the health of our children and the viability of the struggling family farm.

My colleagues, as unsatisfactory as some of the provisions in this bill may be, it is up to us to do everything in our power to provide access to prescription drugs that can mean the different between life and death, or between health and chronic disease, for senior citizens. Although the Agriculture Appropriations Conference Report is not a perfect bill, I urge you not to let the perfect be the enemy of the good. For that reason, I support H.R. 4461, the Fiscal Year 2001 Agriculture Appropriations Conference report.

TRIBUTE TO MRS. THELMA M. WILLIAMS

HON. DONALD M. PAYNE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 24, 2000

Mr. PAYNE. Mr. Speaker, I would like my colleagues here in the U.S. House of Representatives to join me in congratulating a very special person, Mrs. Thelma M. Williams, who will be honored in New Jersey by the Elks Pride of Trenton on October 28th for her many years of dedicated community service.

A native of Freehold, New Jersey, Mrs. Williams is a member of St. Michael's Episcopal Church, where she works on the Building Ground Committee and with the Episcopal Church Women. A caring person who is always there to help others, Mrs. Williams serves as a volunteer in the soup kitchen. Organizations to which she belongs include the Elks Pride of Trenton; the NAACP; and AFSCME, where she holds the post of treasurer. In addition, she works on the Board of Elections and serves as a trustee of the Northwest Community Improvement Association. She was employed by the State for 32 years and retired in 1990.

Mrs. Williams is proud of her family—she has a daughter, Marie Meadow, two grandchildren and three great-grandchildren. She serves as an inspiration to all of those around her.

Mr. Speaker, I know my colleagues join me in expressing our appreciation to Mrs. Williams for her dedicated service and our very best wishes as she is honored this weekend.

PERSONAL EXPLANATION

HON. CHRIS CANNON

OF UTAH

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 24, 2000

Mr. CANNON. Mr. Speaker, on September 7, 2000 the House in recorded vote number 459 voted on H.R. 4844 the Railroad Retirement and Survivors' Improvement Act. During this vote I mistakenly voted Nay against the bill and should have voted Aye in favor of the bill. I am a co-sponsor of H.R. 4844 and wish to express my support for the bill.

INDIAN GOVERNMENT INFILTRATING ORGANIZATIONS TO PROMOTE THE SPECTRE OF "TERRORISM" IN PUNJAB

HON. EDOLPHUS TOWNS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 24, 2000

Mr. TOWNS. Mr. Speaker, it has recently come to light that the police in Punjab have been planting RDX explosives on members of the Babbar Khalsa organization in Punjab and then killing them in encounters, claiming that they are importing the explosives from Pakistan.

The Indian government is known to have infiltrated the organization's top levels. They used their agents within this and other organizations to carry out the bombing of their own Air India airliner off Canada in 1985, which killed 329 innocent people.

In November 1994, the Hitavada, an Indian newspaper, reported that the Indian government paid $1.5 billion to the late Governor of Punjab, a man named Surendra Nath, to foment terrorist activity in Punjab and Kashmir. In March, according to two extensive investigations, the Indian government murdered 35 Sikhs in the village of Chithi Singhpora. Between 1993 and 1994, 50,000 Sikhs "disappeared" at the hands of Indian forces. According to Amnesty International, there are

thousands of political prisoners being held without charge or trial. Human-rights activists say that there are 50,000 Sikh political prisoners alone. The Akali Dal government in Punjab promised to get these political prisoners released, buy they have made no move to do so.

Mr. Speaker, it is clear who the real terrorists are. As the defenders of freedom and democracy, America must declare India a terrorist state and cut off its aid until the terrorism and human-rights violations end. We should also declare our support for protecting the rights of Sikhs, Christians, Muslims, and other minorities by supporting self-determination for their homelands in the form of a free and fair plebiscite on their political status, with international supervision to make sure that neither side tries to corrupt the vote.

Mr. Speaker, the Council of Khalistan has issued a press release on the Indian government's effort to revive the spectre of "terrorism" in Punjab by planting RDX explosives on Sikh activitists. I encourage all my colleagues to read this informative press release, and I would like to insert it into the RECORD at this time.

BABBAR KHALSA MEMBERS BEING KILLED FOR RDX—PLANTING EXPLOSIVE IS MODUS OPERANDI OF INDIAN INTELLIGENCE

INDIAN GOVERNMENT HAS INFILTRATED SIKH ORGANIZATIONS

WASHINGTON, D.C., October 24, 2000.—Punjab Police have been killing members of Babbar Khalsa in encounters in Punjab, claiming that they are bringing RDX explosives in from Pakistan. Planting RDX explosives is the modus operandi of the Indian government. A few years ago, they planted RDX in the car of an American businessman who was visiting Punjab and Pakistan to visit relatives and religious shrines.

"The Indian government has infiltrated the top levels of Babbar Khalsa," said Dr. Gurmit Singh Aulakh, President of the Council of Khalistan, the government pro tempore of Khalistan, the Sikh homeland that declared its independence from India on October 7, 1987. He noted that the book "Soft Target," written by two Canadian journalists, proves that the Indian government carried out the 1985 bombing of an Air India jetliner that killed 329 people. They used their agents within Babbar Khalsa in that operation, he charged.

"There is no terrorism in Punjab except the terrorism of the Indian government," Dr. Aulakh said. He noted that in March, during President Clinton's visit to India, the Indian government murdered 35 Sikhs in the village of Chithi Singhpora, Kashmir. Two independent investigations and an Amnesty International report have confirmed the government's responsibility. In November 1994, the Indian newspaper Hitavada reported that the Indian government paid the late Governor of Punjab, Surendra Nath, about $1.5 billion to organize and support covert state terrorism in Punjab, Khalistan and in Kashmir. The Indian Supreme Court described the situation in Punjab as "worse than a genocide."

About 50,000 Sikhs languish in Indian prisons as political prisoners without charge or trial. Between 1993 and 1994, 50,000 Sikhs were made to disappear by Indian forces. More than 250,000 Sikhs have been murdered since 1984. Over 200,000 Christians have been killed since 1947 and over 70,000 Kashmiri Muslims have been killed since 1988, as well as tens of thousands of Dalit "untouchables," Assamese, Manipuris, Tamils, and others.

"There are many good people in Babbar Khalsa who just want freedom for our homeland, Khalistan," Dr. Aulakh said, "but they are being used by Indian intelligence and its agents within Babbar Khalsa to revive the myth of Sikh terrorism and undermine the Sikh struggle for freedom. The infiltration goes to the highest levels," he said. "I call on Babbar Khalsa members to make sure that they are not used by Indian infiltrators. I call on them to unite with the Council of Khalistan in the peaceful, democratic, nonviolent movement to liberate Khalistan," he said.

"India is on the verge of disintegration," said Dr. Aulakh. "Kashmir is going to be free. Khalistan will also be free during this decade, by the grace of Guru. Guru gave sovereignty to the Sikh Nation," he said. "It is time for a unified effort to liberate Khalistan. We need to support the leadership which is sincere, capable, committed, and dedicated to the liberation of Khalistan," he said. "The Council of Khalistan has led the struggle for the last 15 years and has the above mentioned qualities. We must unite behind the Council of Khalistan, form a Khalsa Paj Party in Punjab, Khalistan, and begin a Shantmai Morcha to liberate Khalistan."

WILLIAM KENZO NAKAMURA UNITED STATES COURTHOUSE

SPEECH OF

HON. PATSY T. MINK

OF HAWAII

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 24, 2000

Mrs. MINK of Hawaii. Mr. Speaker, I rise today in support of HR 5302, to designate the United States Courthouse in Seattle, Washington, as the "William Kenzo Nakamura United States Courthouse".

This designation is a fitting tribute to a great American who overcame great obstacles to uphold the honor and love he had for America.

Mr. Nakamura displayed immense courage and bravery on the battlefield.

On July 4, 1944, Mr. Nakamura crawled within range of an enemy machine-gun nest and destroyed it with four grenades. Later that afternoon Mr. Nakamura was killed near Castellina, Italy by a sniper as he provided cover fire for his retreating platoon. For his bravery and sacrifice his commanding officer nominated him for the Army's highest honor, the Medal of Honor.

Mr. Nakamura was a Japanese-American. After the bombing of Pearl Harbor on December 7, Japanese-Americans were immediately targeted as the enemy. It did not matter that we were citizens, or had worked hard alongside other Americans for a better future for ourselves and our children. Up and down the West coast more than 100,000 Japanese-Americans, 70,000 of whom were native-born U.S. citizens, were removed from their homes and communities and placed in internment camps.

On February 1, 1943, President Roosevelt reversed his stance on Japanese-Americans and declared "Americanism is not, and never was, a matter of race or ancestry." With this announcement he established the 442nd Regimental Combat Team (RCT), a regiment composed solely of second generation Japanese-Americans, or Nisei. Mr. Nakamura was one of the nearly 12,000 Nisei who volunteered, 3,400 were inducted into the Army.

After nine months of training the 442nd RCT joined the 100th Infantry Battalion consisting of 1,300 Nisei from Hawaii. During seven major European campaigns the 442nd and 100th received 9,486 Purple Hearts, 18,143 individual decorations, and 21 Congressional Medals of Honor. The 442nd became the most highly decorated military unit in U.S. history.

The Medal of Honor that Mr. Nakamura and other soldiers of the 442nd RCT were nominated for were not officially awarded. It took fifty-six years for the government to award Mr. Nakamura his Medal of Honor. Only seven honorees were alive to receive their award in June 2000.

By designating the United States Courthouse in Seattle, Washington, as the "William Kenzo Nakamura United States Courthouse" we acknowledge the courage and the sacrifice made by Mr. Nakamura.

I thank this House for the recognition you have bestowed on this great American who never once doubted his country or his love for it, even from behind the barbed wire of a concentration camp.

INTRODUCTION OF THE ARIZONA WATER SETTLEMENTS ACT OF 2000

HON. J.D. HAYWORTH

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 24, 2000

Mr. HAYWORTH. Mr. Speaker, today I am pleased to introduce the Arizona Water Settlements Act of 2000 with the entire Arizona House delegation. This is landmark legislation which, as stated in the delegation's introductory statement, will resolve long-standing issues pertaining to the repayment obligations of the state of Arizona for the construction of the Central Arizona Project (CAP). In addition, it will address allocation of remaining CAP water to satisfy the water rights claims of a number of Arizona tribes, including the Gila River Indian Community and the Tohono O'odham Nation. This is an issue that is important to the state of Arizona, as evidenced by the delegation's full support. In fact, the principal purpose of introducing this legislation at this time is to encourage all parties involved to expeditiously resolve the few remaining issues of the agreement, and to show the Arizona delegation's full commitment to the issue. We fervently hope that all the parties will work in the coming months to wrap up the last remanining details of the settlement.

Some of these issues also reflect a delicate balance. For example, the issue of lands acquired by the tribes after the settlement date and the procedures with which the tribes bring these lands into "trust" is an issue that is still being negotiated. It is my understanding that although the tribes have been working closely with the other parties, and that a tremendous amount of work has already been accomplished, the final details have yet to be agreed

upon. All of Indian Country will be looking to this provision because it could very well affect all future Native American water and land dispute settlements.

Another critical component of the bill is the use of the settlement funds. It is important that we come to an agreement with the affected Arizona tribes on how best to utilize the funds associated with the settlement. I know that the Gila River Indian Community has worked hard to come to a consensus on this issue, and I hope we will be able to put this issue to rest prior to the start of the 107th Congress. These are important and difficult issues that still need to be finalized, but I am extremely encouraged that all the parties are so close to an agreement. I commend all the parties involved not only for their perseverance, but more importantly, their willingness to negotiate their differences for the benefit of all Arizonans.

Along with this intoductory statement, I am also including a statement from the Arizona congressional delegation in support of this legislation and a letter from Governor Hull expressing her support for this bill. I am happy to sponsor this bill and look forward to enacting legislation on this issue early in the 107th Congress.

STATEMENT OF THE ARIZONA CONGRESSIONAL DELEGATION REGARDING THE ARIZONA WATER SETTLEMENTS ACT OF 2000

October 24, 2000.

We are pleased to announce that legislation was introduced today to resolve issues relating to the repayment obligations of the State of Arizona for construction of the Central Arizona Project (CAP), allocation of remaining CAP water (including the use of nearly 200,000 acre-feet of water to satisfy the water rights claims of the Gila River Indian Community, the Tohono O'odham Nation, and other Arizona Indian tribes), and other issues, including final settlement of all claims to waters of the Gila River and its tributaries.

Legislation is needed to codify several aspects of the settlement of these various water related issues. Although not all water users have reached agreement on all issues, negotiations are continuing at a rapid pace. We, therefore, expect that all of the remaining differences will be resolved and settlement agreements will be signed by the parties in the next two months. When final agreements are signed, we intend to introduce the final version of legislation to effectuate those settlements. In the meantime, we have introduced this first version of legislation to demonstrate our commitment to the settlement process, and to allow all interested parties the time to suggest changes to precisely reflect the terms of the settlement.

One of the purposes of this legislation is to implement the settlement (in lieu of adjudication) of all of the water rights claims to the Gila River and its tributaries. Once this legislation is enacted, and the presiding judge approves the settlement agreement, water litigation over rights to the waters of the Gila River, which has been ongoing since 1978, will be terminated. Resolution of this case, and of other issues addressed in the settlement agreements, will help to ensure that there is a more stable and certain water supply for the various water users. This is a significant benefit to the citizens of Arizona, the tribes, and the United States.

The legislation will also resolve several financial issues. For example, it will effectuate a settlement of litigation between the state and federal government over the state's repayment obligation for construction of the Central Arizona Project. It also amends the Colorado River Basin Project Act of 1968 to authorize the Secretary of the Interior to expand funds from the Lower Colorado River Basin Development Fund to construct irrigation distribution systems to deliver CAP water to the Gila River Indian Community and other CAP water users.

In addition, this legislation authorizes the reallocation of 65,647 acre-feet of CAP water for use by Arizona communities, and the reallocation of nearly 200,000 acre-feet for the settlement of Indian water claims.

We compliment the parties for their hard work and their commitment to resolving these difficult and sometimes contentious issues. We hope and expect that all parties will continue to negotiate in good faith to resolve the remaining issues.

Since the parties have not yet completed their negotiations, this bill is, of necessity, also a work in progress. We point out that some of the provisions in the bill may have to be modified (e.g. Section 207 has not been totally agreed to by all interested parties), and other provisions will have to be added (e.g., resolution of conflicts involving water users in the Upper Gila Valley, the City of Safford, and the San Carlos Apache Tribe).

We note that, while Interior staff have been active in the ongoing negotiations and have served on the committees drafting the bill, the Department of the Interior has not had an opportunity to vet some sections of this draft prior to its introduction. One reason for introducing this bill now rather than waiting until the final settlement agreement has been completed, is to enable Secretary Babbitt to analyze and comment upon the draft legislation before he leaves office in January. Secretary Babbitt has been a major participant in the negotiations over the last two years; and his input into the final legislation will be very important to the successful conclusion of the process.

In summary, our intention is to initiate public discussion of the issues and elicit constructive comments on this bill. Our plan is to reintroduce a modified form of this bill early in the 107th Congress. We expect that the necessary settlement agreements will be complete and signed prior to reintroduction. In relation to the Gila River Indian Community Settlement, we expect that all of the participants named in the attached list will support the settlement agreement, and the implementing legislation, Section 213 has been left open for additional parties to the agreement.

We hope that agreement can be reached to settle the claims of the San Carlos Apache Tribe. Title IV has been left open for this purpose. However, if the San Carlos Tribe cannot reach agreement with the other parties, including the United States, it is our intention to proceed without Title IV. A separate San Carlos settlement will have to be pursued at a later date.

We pledge our continuing effort to work with the parties to successfully conclude these historic settlements.

John McCain, Bob Stump, Jon Kyl, Jim Kolbe, Ed Pastor, Matt Salmon, J.D. Hayworth, John Shadegg.

SETTLEMENT PARTICIPANTS

Gila River Indian Community
United States—Department of the Interior; Department of Justice
State of Arizona/Arizona Department of Water Resources
Central Arizona Water Conservation District
Salt River Project
Roosevelt Water Conservation District
ASARCO
Phelps Dodge
City of Mesa
City of Chandler
City of Scottsdale
City of Peoria
City of Glendale
City of Phoenix
Maricopa Stanfield Irrigation and Drainage District
Central Arizona Irrigation and Drainage District
San Carlos Irrigation and Drainage District
Town of Coolidge
Hohokam Irrigation and Drainage District
Gila Valley Irrigation District
Franklin Irrigation District
City of Safford
Town of Kearney
Graham County Utilities
Arizona State Land Department
Arizona Water Company
City of Tempe
Arizona Game and Fish
City of Casa Grande
Town of Gilbert
Town of Florence
Town of Duncan
Buckeye Irrigation Company
Roosevelt Irrigation District
New Magma Irrigation and Drainage District

STATE OF ARIZONA,
Phoenix, AZ, October 11, 2000.

Hon. JON KYL,
U.S. Senate,
Washington, DC.

DEAR SENATOR KYL: I commend you for the introduction of the draft legislation the Arizona Water Settlements Act of 2000. This bill will maintain the momentum toward the completion of negotiations on difficult water issues concerning the Central Arizona Project, the Gila River Indian Community, the Tohono O'odham Nation, and the San Carlos Apache Tribe.

The Central Arizona Project is the lifeblood of Arizona. Confirming the repayment settlement between the United States and the Central Arizona Water Conservation District will benefit all of Arizona's taxpayers. Confirming the agreement between the Secretary of the Interior and the Arizona Department of Water Resources on the allocation of CAP water will provide for Arizona's future.

It is my understanding that when this legislation is reintroduced in the next congressional session, the parties will approve the Gila River Indian Community settlement agreement. The Governor of the State of Arizona has traditionally been a signatory to Indian water rights settlements and I expect to be a signatory to the Gila settlement. However, I want to emphasize that I will only support a complete settlement of the Gila River Indian Community claims. For example, the economic well being of the upper Gila River Valley communities and agricultural interests is of great interest of the State of Arizona. I understand that much work remains to resolve these upper valley isues and I urge all the participants to reach an agreement as part of the overall settlement.

Again, I commend your efforts to move the process along, and I look forward to our continued work together on Arizona water resource issues.

Sincerely,

JANE DEE HULL,
Governor.

OLDER AMERICANS ACT AMENDMENTS OF 2000

SPEECH OF

HON. PATSY T. MINK

OF HAWAII

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 24, 2000

Mrs. MINK of Hawaii. Mr. Speaker, I rise in strong support of H.R. 782, the Older Americans Act Amendments of 2000. I am delighted that we are at long last reauthorizing this very popular program that has helped to improve the lives of America's seniors since it was first established in 1965, my first year in Congress.

Reauthorization of the Older Americans Act (OAA) is long overdue. Authorization of programs under OAA expired at the end of fiscal year 1995. Nonetheless, Congress has continued to appropriate funds for OAA programs. These programs have earned broad bipartisan support.

H.R. 782 contains several provisions that will strengthen the Older Americans Act, including establishment of the National Caregiver Program to aid families in caring for frail elders and for grandparents caring for grandchildren. This program, authorized at $125 million, provides grants to states for a multifaceted system of supportive services including information, assistance, counseling, and respite services.

The bill also provides new demonstration programs on domestic violence, rural health, computer training, and transportation. H.R. 782 authorizes as permanent two current demonstration programs—the Eldercare Locator Service and the Pension Rights and Counseling Program.

These are in addition to the mainstays of the Older Americans Act: elderly nutrition programs that provide congregate and home-delivered meals to over 3 million older persons annually; the Senior Community Service Employment Program, which provides opportunities for part-time employment in community service activities for unemployed, low-income older persons; and elder abuse prevention and long-term care ombudsman programs.

I am very pleased to be given an opportunity to reauthorize this vital legislation, which makes a tremendous difference in the lives of our senior citizens.

TRIBUTE TO THE HONORABLE TOM EWING ON HIS RETIREMENT FROM CONGRESS

SPEECH OF

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 24, 2000

Mr. CRANE. Mr. Speaker, I have served with TOM EWING since he was elected in a special election on July 2, 1991. TOM is one of a handful of members who serve on four committees: Agriculture; Transportation and Infrastructure; Science; and Administration. He is also a member of the President's Export Council. TOM represents the 15th District of Illinois, which covers the east central portion of our great state. Before his election to Congress, TOM served 17 years in the Illinois House of Representatives. He was the Assistant Republican Leader of the House from 1982 to 1990 and was named Deputy Minority Leader in 1990. During his tenure in the Illinois General Assembly and as a member of the U.S. House of Representatives, TOM has received numerous state and national awards from business, education, environmental, senior citizens and agricultural organizations. He has been recognized for his leadership in the areas of crime prevention, welfare reform, economic growth and health care.

TOM's emphasis on fiscal integrity and personal responsibility has earned him praise from such groups as the United States Chamber of Commerce, the 60/Plus Senior Citizens Association, the United Seniors Association, the Council for Citizens Against Government Waste, and Americans for Tax Reform. In Congress, TOM has made balancing the budget, reducing the national debt, preserving Social Security, sending more money directly to the classroom and healthcare his top priorities. I know first hand from visiting with farmers in TOM's district that he has been a stalwart champion of agriculture issues and the opening of new, foreign markets for United States agriculture products. I want to wish TOM and his wife Connie all the best as they head toward their golden years.

TURN ON THE LIGHTS! MAKE EVERY SCHOOL A COMMUNITY SCHOOL

HON. DALE E. KILDEE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. KILDEE. Mr. Speaker, "Turn on the Lights! Make Every School a Community School," is the theme of the 19th annual National Community Education Day to be observed in communities across the country on Tuesday, November 14, 2000.

Sponsored by the National Community Education Association (NCEA), this special day was established in 1982 to recognize and promote strong working partnerships between schools and communities. In my hometown of Flint, Michigan the day will be celebrated with a Community Education Breakfast for 250 people representing school districts and communities across Genesee County. The featured speaker will be John Windom, the Director of Community Education in St. Louis, Missouri.

Community Education Day in 2000 calls attention to the benefits of the community school, a school that is open beyond the regular school day—in the evenings, on the weekends, during the summer—to all members of the community.

The 20,000 community schools across the country focus on meeting community needs with community resources. Differing from community to community, needs range from health and nutrition services, to literacy training, social services, school-age care, extended day programs, career retraining, workforce preparation, continuing education, and recreation opportunities.

Community schools foster community involvement. They are places where community members can meet to learn, to have fun, to tackle issues. They provide safe, nurturing environments for children and youth.

Schools can serve their communities beyond the traditional six hour day and 180-day school year. Located in most neighborhoods, they're easily accessible, they belong to the public, they have good resources, and their traditional hours leave lots of time for other uses.

National Community Education Day is cosponsored by over 35 organizations, including the Alliance for Children and Families, the Childrens Defense Fund, the Council of Chief State School Officers, the National PTA, the National Assembly of Health and Human Service Organizations, and the U.S. Department of Education.

I am pleased to stand before you today to support our community schools and the fine work being done by the National Center for Community Education in Flint, Michigan. The contributions that community education has made to millions of children and families deserve the recognition of the United States Congress.

BEVERLY SAN AGUSTIN: GUAM'S 2001 TEACHER OF THE YEAR

HON. ROBERT A. UNDERWOOD

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. UNDERWOOD. Mr. Speaker, I am pleased to announce the winner of Guam's 2001 Teacher of the Year Award, Beverly San Agustin.

Beverly teaches Social Studies and American Government at Simon Sanchez High School. Her unique educational and motivational techniques as well as her desire to reach out to every student have distinguished her among her hard working colleagues. Her selection was based on interviews and classroom observations. Beverly also makes extra efforts to see that her classes are learning to their potential and preparing themselves for the demands of the 21st century. A 22-year veteran in the field of education, Beverly's efforts to increase the credibility of teaching as a profession is designed to entice and encourage a new generation of students into following her in this most honorable profession.

As Teacher of the Year, she will be visiting us here in Washington, D.C. while representing Guam at the National Teacher of the Year announcement ceremony. In addition, she will also be the island's representative in a number of Teacher of the Year activities throughout the 2000–2001 school year. These include Space Camp and the National Teacher of the Year Forum.

Also worth mentioning are the finalists: Monina Sunga of Vicente Benavente Middle School, Cheryle Jenson of Price Elementary School, John Randolph Coffman of P.C. Lujan Elementary School, and Alvaro Abaday of my alma mater, John F. Kennedy High School. Ms. Jenson, a first grade teacher, was the runner-up.

Teachers make great contributions towards shaping our future. They provide the foundation and support to foster the education of our children. They help mold and shape students into knowledgeable young adults. Teachers help students realize their potential for success and foster self-confidence. They have a personal commitment to help students become a whole person, equipped with the knowledge, self-confidence, and respect they need to compete and excel in today's ever changing world. Tomorrow's leaders are being prepared for their impending roles in society by today's teachers.

I would like to congratulate this year's Guam finalists and, especially, the 2001 Teach of the Year, Beverly San Nicolas. I take great pride in having these individuals counted as my colleagues in the field of education and I urge them to keep up their excellent work. Si Yu'os Ma'ase'.

COMPUTER SECURITY ENHANCEMENT ACT OF 2000

SPEECH OF

HON. JOHN D. DINGELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 24, 2000

Mr. DINGELL. Mr. Speaker, H.R. 2413, the Computer Security Enhancement Act of 2000, contains modest but important changes to the legislation as it was reported by the Committee on Science. These changes to section 12 and other provisions of the bill were made at the request of the Committee on Commerce, and, as a result of their adoption, I have no objection to this bill. I want to thank and commend the Chairman and Ranking Member of the Science Committee, Representative BART GORDON, and their staffs, for their courtesy and cooperation in this matter.

The changes made clear that, as in the case of the Electronic Signatures Act that recently became law, the Federal Government will not establish a one-size-fits-all standard for electronic authentication technology that must be used by government agencies and those entities that report to them. Federal agencies and their committees of proper, legislative jurisdiction must be unconstrained in their ability to see that electronic authentication technologies that best serve their statutory and regulatory purposes are adopted. As a result, this legislation only asks that the National Institute of Standards and Technology (NIST) serve as a resource for federal agencies on electronic authentication technologies, and any guidelines and standards NIST develops are to be both advisory and, very importantly, technology-neutral.

In fact, a provision of the bill as it was reported by the Science Committee would have required NIST to report to Congress within 18 months after enactment, evaluating the extent to which electronic authentication technology being used by federal agencies conforms to NIST standards. That provision of the Committee-reported bill as been deleted. Instead, NIST is only asked to report to Congress concerning progress federal agencies made and problems they encounter in implementing electronic authentication technologies. In addition, a new provision of the bill provides that a study on electronic authentication technologies to be completed by the National Research Council of the National Academy of Sciences may not recommend any single technology for use by government agencies.

Mr. Speaker, I think that the Science Committee has focused attention on an important issue, and I thank them for their hard work. I have no objection to suspending the rules and passing this legislation.

AMERICAN HOMEOWNERSHIP AND ECONOMIC OPPORTUNITY ACT OF 2000

SPEECH OF

HON. PATSY T. MINK

OF HAWAII

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 24, 2000

Mrs. MINK of Hawaii. Mr. Speaker, I rise in support of S. 1452, especially subtitle B of title V. The title expands housing assistance for native Hawaiians by extending to them the same types of federal housing programs available to American Indians and Alaska natives. The provision authorizes appropriations for block grants for affordable housing activities and for loan guarantees for mortgages for owner- and renter-occupied housing. It authorizes technical assistance in cases where administrative capacity is lacking. The block grants would be provided by the Department of Housing and Urban Development to the Department of Hawaiian Home Lands of the government of the State of Hawaii.

I thank the Chairman of the Banking Committee [Mr. LEACH], the Ranking Member [Mr. LAFALCE], the Chairman of the Housing Subcommittee [Mr. LAZIO], and the Ranking Member of Subcommittee [Mr. FRANK] and the gentleman from Indiana [Mr. BEREUTER] for their assistance in incorporating the provisions for Native Hawaiian housing in the bill.

Passage of this bill is critical because within the last several years, three studies have documented the housing conditions that confront Native Hawaiians who reside on the Hawaiian home lands or who are eligible to reside on the home lands.

In 1992, the National Commission on American Indian, Alaska Native, and Native Hawaiian Housing issued its final report to Congress, ''Building the Future: A Blueprint for Change.'' In its study, the Commission found that Native Hawaiians had the worst housing conditions in the State of Hawaii and the highest percentage of homelessness, representing over 30 percent of the State's homeless population.

In 1995, the U.S. Department of Housing and Urban Development issued a report entitled, ''Housing Problems and Needs of Native Hawaiians.'' This report contained the alarming conclusion that Native Hawaiians experience the highest percentage of housing problems in the nation—49 percent—higher than that of American Indians and Alaska Natives residing on reservations (44 percent) and substantially higher than that of all U.S. households (27 percent). The report also concluded that the percentage of overcrowding within the Native Hawaiian population is 36 percent compared to 3 percent for all other U.S. households.

Also, in 1995, the Hawaii State Department of Hawaiian Home Lands published a Beneficiary Needs Study as a result of research conducted by an independent research group. This study found that among the Native Hawaiians population, the needs of Native Hawaiians eligible to reside on the Hawaiian home lands are the most severe. 95 percent of home lands applicants (16,000) were in need of housing, with one-half of those applicant households facing overcrowding and one-third paying more than 30 percent of their income for shelter.

S. 1452 will provide eligible low-income Native Hawaiians access of Federal housing programs that provide assistance to low-income families. Currently, those Native Hawaiians who are eligible to reside on Hawaiian home lands but who do not qualify for private mortgage loans, are unable to access such Federal assistance.

I look forward to enactment to the bill because it is so important to the native people of Hawaii.

HONORING CAROL BEESE OF BARRINGTON, ILLINOIS

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. CRANE. Mr. Speaker, today I pay tribute to a good friend, Carol Beese, of Barrington, Illinois. Carol is a community leader without equal, and is retiring from the Barrington Area Chamber of Commerce after 32 years of service.

Carol became involved in the Barrington Area Chamber of Commerce many years ago. A true professional, her career in public service as a leader is rarely equaled. As President of the Chamber of Commerce, Carol has built the organization into one of the most energetic and engaged Chambers in the State of Illinois. She has been both dedicated and adamant with regard to the issues facing Chamber members, and is active as liaison between local businesses and Village officials.

She is truly deserving of this tribute, and I am certain she will remain committed to serving the Barrington community for many years to come.

HONORING FLINT, MI OFFICE OF HEARINGS AND APPEALS

HON. DALE E. KILDEE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. KILDEE. Mr. Speaker, I rise before you to call attention to an event taking place in my hometown of Flint, Michigan. Today, civic and community leaders will gather to mark the official relocation of the Social Security Administration's Flint Office of Hearings and Appeals to 300 W. Second Street.

Last year, the Flint Office of Hearings and Appeals celebrated its 25th Anniversary. Since 1974, the office has existed in the downtown business district, providing an accessible service for thousands of individuals. The office provides a public service not only to residents of Flint, but also to Ann Arbor, Bay City, Saginaw, West Branch, Alpena, and many other surrounding communities. Staffed by three Administrative Law Judges, a Senior Administrative Law Judge, and 25 loyal staff members, the office is one of the Social Security Administration's ten most productive offices nationally. During the 2000 fiscal year, the Flint OHA processed 1,994 dispositions.

I would also like to recognize Paul C. Lillios, Regional Chief Administrative Law Judge for Michigan, Ohio, Illinois, Indiana, Wisconsin, and Minnesota. Judge Lillios will be in attendance to officiate the ceremony. His presence is proof of the SSA's commitment to the city, and its pledge to implement reform that will prove beneficial to its customers.

Mr. Speaker, as a Member of Congress, I consider it both my duty and my privilege to work to improve the quality of life for our citizens. I am glad that one person who shares this sentiment is Kenneth Apfel, the Commissioner of Social Security. He has diligently worked to ensure that the offices under his care maintain a high standard of productivity. I am pleased that the Flint OHA is one such office that has lived up to this ideal. I ask my fellow Members of Congress to join me in recognizing the opening of the new OHA office, and the beginning of a new era in public service.

BREAST CANCER AWARENESS MONTH

HON. ROBERT A. UNDERWOOD

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. UNDERWOOD. Mr. Speaker, in recognition of Breast Cancer Awareness Month, I rise in support of all of the women and families across this nation who have been affected by or are at risk of breast cancer.

Breast cancer is a serious health concern for all women. Besides skin cancer, more women in the United States are diagnosed with breast cancer than any other cancer each year. One in nine American women will be diagnosed with breast cancer during her lifetime, and about 40,800 will die from this disease during this year alone.

All women are at risk. Two-thirds of women with breast cancer have no family history of the disease or show other risk factors. Although there is a greater chance of incidence in women over 50 years old, breast cancer can occur at any age. White women are more likely to develop breast cancer than other women, however women of all races can be affected. For example, Asian Pacific Americans have a rate of 72.6 incidences per 100,000 people, and Hispanics have a rate of 69.4 of incidences per 100,000 people.

Such facts and figures illustrate the widespread severity of this issue, and I commend the many local and national organizations who have dedicated their time and efforts in the fight against breast cancer. Many organizations are active in developing programs to raise awareness on breast cancer, conducting extensive research, organizing programs and support groups for breast cancer patients and families, performing community services and volunteer work, and compiling and distributing information. With the help of such efforts, women have detected breast cancer earlier through monthly breast exams and annual mammograms. Currently, there are two million breast cancer survivors in the United States.

I urge my colleagues to join the battle against breast cancer and support initiatives that help women across our nation face the challenges of this deadly disease. Therefore, I recognize Breast Cancer Awareness Month for all of the mothers, sisters, and daughters, families, and friends across the nation who have been affected by or are at risk of breast cancer, and I pay tribute to those who have passed on due to this disease.

INTRODUCTION OF THE BASIC ACCESS TO SECURE INSURANCE COVERAGE (BASIC) HEALTH PLAN ACT

HON. JOHN D. DINGELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. DINGELL. Mr. Speaker, today, I am introducing the Basic Access to Secure Insurance Coverage Health Plan (BASIC) Act which builds on existing health insurance programs to provide all uninsured Americans, regardless of age or family status, the opportunity to get health insurance. The BASIC plan would create a universal guarantee for health insurance for all Americans.

While we are experiencing unprecedented prosperity and a strong economy, yet there are still 43 million of Americans who are uninsured. Being uninsured is not a "Washington problem." It is a human problem, as those 43 million people understand. In any given year, one-third of the uninsured go without needed medical care. Eight million uninsured Americans fail to take medication their doctors prescribe, because they cannot afford to fill the prescription. A new study published this month in the Journal of the American Medical Association confirms the serious health consequences of lacking insurance. Long-term and short-term uninsured adults were more likely than insured adults to face cost barriers to care and forgo needed care.

Lack of health insurance can have serious financial consequences as well. An uninsured family is exposed to financial disaster in the event of serious illness. Unpaid medical bills account for 200,000 bankruptcies annually. Over 9 million families spend more than one fifth of their total income on medical costs.

The BASIC Health Plan Act builds on two successful federal-state health insurance programs: Medicaid and the Children's Health Insurance Program (CHIP). The BASIC plan would extend these programs to all individuals and families with income up to 300% of the poverty level through a multi-year phase in. Other uninsured individuals may buy in to the program by paying the cost through premiums. Since nearly three-fourths of the uninsured have family incomes below 300 percent of the poverty level, this expansion is targeted at those who need it.

This bill also includes a number of provisions to ensure that families can easily access health insurance through the BASIC program. First, it simplifies and streamlines the application and enrollment process for these programs to make them seamless. Second, the bill would make it easier for states to identify and enroll families in coverage. Third, the bill improves upon the CHIP benefit package to guarantee all children receive adequate preventive services and treatment.

Additionally, since 82 percent of the uninsured are workers or dependents of workers, this bill seeks to use families' connection to employment to facilitate access to health insurance coverage. Employers will not be required to provide coverage or contribute to the cost of coverage, although they may if they so wish. However, they will be required to facilitate access to the coverage by withholding any required premium contributions from the employee's periodic pay, just like they do for taxes today.

I believe the BASIC Health Plan Act is an excellent starting point for providing health care coverage for every American. Over the past few years, Congress has lost focus on addressing this pressing issue. This time is upon us again to place health insurance at the forefront of our agenda.

I look forward to working with my colleagues in the House and the Senate on the BASIC Health Plan Act to help provide health insurance coverage to many of the millions of Americans who are currently without health insurance.

NEED FOR LEGISLATION AND SUMMARY OF THE ''BASIC'' HEALTH PROGRAM: UNIVERSAL ACCESS TO AFFORDABLE QUALITY HEALTH INSURANCE

America is the only industrial country in the world, except South Africa, that does not guarantee health care for all its citizens. The number of uninsured declined last year for the first time in more than a decade—but 43 million Americans remain uninsured, and any slowdown in the economy is likely to send the number up again. The vast majority of the uninsured are workers or dependents of workers. The consequences of being uninsured go far beyond vulnerability to catastrophic medical costs. The uninsured often lack timely access to quality health care, especially preventive care. They suffer unnecessary illness and even death because they have no coverage.

Growth in the Uninsured

The number of the uninsured has grown from 32 million in 1987 to 43 million this year. Except for a brief pause in 1993 and 1994, the number of uninsured has consistently increased by a million or more each year until this year. Even these figures understate the number of the uninsured. During the course of a year, 70 million Americans will be uninsured for an extended period of time.

Characteristics of the Uninsured

The vast majority of privately insured Americans—161 million citizens under 65—receive coverage on the job as workers or

members of their families. But the uninsured are also overwhelmingly workers or their dependents. Eighty-two percent of those without insurance are employees or family members of employees. Of these uninsured workers, most are members of families with at least one person working full-time.

Most uninsured workers are uninsured because their employer either does not offer coverage, or because they are not eligible for the coverage offered. Seventy percent of uninsured workers are in firms where no coverage is offered. Eighteen percent are in firms that offer coverage, but they are not eligible for it, usually because they are part-time workers or have not been employed by the firm long enough to qualify for coverage. Only 12% of uninsured workers are offered coverage and decline.

The uninsured are predominantly low and moderate income persons. Almost 25 percent are poor (income of $8,501 or less for a single individual; $13,290 or less for a family of three). Twenty-eight percent have incomes between 100 and 200 percent of poverty. Eighteen percent have incomes between 200 and 300 percent of poverty. Almost three-fourths have incomes below 300 percent of poverty.

Consequences of Being Uninsured

An uninsured family is exposed to financial disaster in the event of serious illness. Unpaid medical bills account for 200,000 bankruptcies annually. Over 9 million families spend more than one fifth of their total income on medical costs. The health consequences of being uninsured are often as devastating as the economic costs:

In any given year, one-third of the uninsured go without needed medical care.

Eight million uninsured Americans fail to take medication their doctors prescribe, because they cannot afford to fill the prescription.

Thirty-two thousand Americans with heart disease go without life-saving and life-enhancing bypass surgery or angioplasty, because they are uninsured.

Twenty-seven thousand uninsured women are diagnosed with breast cancer each year. They are twice as likely as insured women not to receive medical treatment until their cancer has already spread in their bodies. As a result, they are 50% more likely to die of the disease.

The tragic bottom line is that 83,000 Americans die every year because they have no insurance. Being uninsured is the seventh leading cause of death in America. Our failure to provide health insurance for every citizen kills more people than kidney disease, liver disease, and AIDS combined.

THE PROPOSAL: SUMMARY OF BASIC ACCESS TO SECURE INSURANCE COVERAGE HEALTH PLAN (''BASIC'' HEALTH PLAN)

Overview

The BASIC program builds on two successful federal-state health insurance programs: Medicaid and the Child Health Insurance Program (CHIP). It also incorporates a number of elements from Vice-President Gore's proposal to improve and expand upon insurance coverage under CHIP and Medicaid to the parents of eligible children. The BASIC plan extends the availability of subsidized coverage to all uninsured low and moderate income Americans, regardless of age or family status. It guarantees the availability of coverage in every state for every uninsured person, and includes provisions to encourage enrollment by those who are eligible. The plan also allows other uninsured individuals to buy-in to the program by paying the full premium.

Key Provisions

PHASE I: COVERAGE FOR CHILDREN AND PARENTS—EXPANSION OF CHIP AND MEDICAID

Eligibility levels are raised to 300% of poverty ($42,450 for a family of three) for all uninsured children over 2 years.

Coverage is made available to all uninsured parents of enrolled children.

Coverage is made available to legal immigrant children, and their parents.

The minimum benefit package under CHIP for children is improved by adding eye-glasses, hearing aids, and medically necessary rehabilitative services for disabled or developmentally delayed children.

Additional steps are established to encourage enrollment of eligible children and their parents, including presumptive eligibility, qualification for at least twelve months, and simplified application forms.

The system of capped state allotments under CHIP is eliminated and federal matching funds are made available for all eligible persons enrolled in the program.

PHASE II: COVERAGE FOR THE REMAINING UNINSURED

Subsidized coverage is made available for the remaining uninsured with incomes below 300% of the poverty level. Coverage is phased in by income levels, beginning with those below 50% of the poverty level in the third year of the program, rising to 300% of the poverty level in the ninth year.

Other uninsured individuals above 300% of poverty may buy-in to the program by paying the cost through premiums.

Responsibility of Employers

Eighty-two percent of the uninsured are workers or dependents of workers. Employers will not be required to provide coverage or contribute to the cost of coverage—but they will be required to offer their uninsured employees an opportunity to enroll in the program and agree to facilitate the coverage by withholding any required premium contributions from the employee's periodic pay.

Cost

Preliminary estimates of similar proposals indicate that the federal cost will be $200–300 billion over the next ten years, beyond the amount already budgeted for expansions of coverage under the current CHIP program.

DOMESTIC VIOLENCE AWARENESS MONTH

HON. ROBERT A. UNDERWOOD

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. UNDERWOOD. Mr. Speaker, in recognition of Domestic Violence Awareness Month, and on behalf of the victims and families affected by domestic violence, I rise to speak on this rapidly growing and widespread health concern. Domestic violence involves serious physical, sexual and psychological consequences not only for women, but for children and entire families. It affects our entire nation and cuts across all lines of race, age, socioeconomic status, sexual orientation, and religion. Not only does domestic violence include spouse or partner abuse and woman battering, it also involves child abuse, elder abuse, and violence between roommates.

The devastating statistics demonstrates the urgency of this matter. Every year, 3 to 4 million women are beaten by male partners. Every 21 days, a woman is killed by domestic violence, and every 15 seconds, a domestic violence act occurs somewhere in the U.S. This means that there are over 2.5 million victims of domestic violence per year. Almost 2 out of 3 females from this group have been attacked by a family member or acquaintance. In addition, more than 53 percent of male abusers beat their children, and 32 out of 1,000 people over age 65 experience elder abuse.

Domestic violence not only affects the victim but also affects families, relatives, and unborn children. While victims are traumatized and left with a sense of vulnerability and helplessness, the over 3 million children who witness acts of domestic violence display emotional and behavorial disturbances. Also, pregnant women who are victims of physical abuse have greater chance of miscarriage.

Unfortunately, domestic violence involves victims from all walks of life and all geographic locations. In Guam, of the 2,090 violent offenses reported to the Guam Police Department, 661 arrests were made for family violence. In 1999, the Guam Child Protective Services received 1,908 referrals, and between 1997 and 1999, the Guam Adult Protective Services received 907 referrals for the elderly and persons with disabilities.

Such violence should not be tolerated. Every woman, man, and child has the right to a healthy and safe environment. Numerous national and state organizations have contributed to efforts in raising awareness, conducting programs encouraging preventive mechanisms, providing counseling services, and building centers or shelters for victims and their families.

In recognition of this growing concern and the need to address this issue, October has been declared ''Family Violence Awareness Month'' by the Governor of Guam. It has included a Silent Witness Ceremony in honor of domestic violence victims, a Hands Across Guam Rally for island wide community outreach, a Family Violence Conference for the general public and professional staff, and a Poster Exhibition for Elementary Schools including children's artwork on family and love.

Guam has also benefitted from the $300 million in ''STOP (Services, Training, Officers and Prosecution) Violence Against Women'' grant funds, which were awarded by the U.S. Department of Justice's Violence Against Women Office to 4,715 grant recipients nationwide. Of these funds, 51 grants were awarded to agencies and organizations in Guam, totaling more than $2.5 million.

Domestic violence is a widespread and growing problem needing urgent and constant attention. We must all work together so that women, children, and families can live in a safe and nurturing home environment. I will continually support this issue for all victims of domestic violence and for the healthy and safe environment of our entire Nation.

INTRODUCTION OF LEGISLATION TO RENAME ''MEDICARE-+CHOICE'' AS ''MEDICARE-NO-CHOICE''

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. STARK. Mr. Speaker, sometimes a lie is repeated so often, that people forget what a falsehood it is.

For years, people who want to privatize Medicare have been saying that joining a managed care plan—an HMO—will give seniors more choice. In 1997, they even renamed the whole HMO program, ''Medicare+Choice,'' pronounced Medicare Plus Choice.

What a lie.

In traditional, fee-for-service Medicare, you have total freedom of choice. One of my constituents in Medicare from Fremont, California can decide to go to Baltimore's Johns Hopkins, which US News consistently rates as the Nation's best hospital, and Medicare will pay.

But when you join a Medicare+Choice HMO, all of a sudden you are limited in the hospitals you can go to and the doctors you can see that the HMO and Medicare will pay for.

So Medicare+Choice really isn't ''more choice.'' More HMOs simply mean ''more choices of plans that limit your choice of doctors and hospitals.''

Therefore, let's be honest: to stop the lie and make it clear what managed care is all about, I am today introducing a bill that says, in its entirety,

Strike the words 'Medicare+Choice' wherever it appears in the law, and substitute the words 'Medicare-No-Choice'.

This name change may seem like a silly idea at first blush, but there is a good reason for it. The current name gives the impression that you are getting more than you would in traditional Medicare. All too often, that is not the case. The reality is that seniors are being duped by HMOs each and every day into joining plans that offer the world and then take most of those benefits away year by year—if they even remain in the program at all.

''Medicare-No-Choice''—this name change would give Medicare beneficiaries pause and might cause them to look at the details of the plan more than is currently the case. And, Mr. Speaker, that is not a silly change at all.

PERSONAL EXPLANATION

HON. MARK GREEN

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. GREEN of Wisconsin. Mr. Speaker, I was not able to vote on the following measures yesterday.

On roll No. 541—H. Res. 634 (Rule on H.R. 4656), if I had been present, I would have voted ''yea.''

On roll No. 542—H. Con. Res. 414 (Regarding establishment of representative government in Afghanistan), if I had been present, I would have voted ''yea.''

On roll No. 543—H.R. 4271—National Science Education Act, if I had been present, I would have voted ''yea.''

HAIL THE VETERAN

HON. MICHAEL BILIRAKIS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. BILIRAKIS. Mr. Speaker, as Veterans' Day approaches, I wanted to share a poem which was written by one of my constituents, Charlie Reese, with my colleagues.

Hail the Veteran—whose noble deeds,
Nurtured Liberty's growing seeds,
Soldier, Sailor, airman, grunt,
Who held this Nation's battle fronts.

These selfless people who paid the price,
With years or life in sacrifice.
In war or peace they joined the ranks.
Hail the Veteran—and give them thanks.

Hail the Veteran—whose heroic duty,
Helped preserve this Nation's beauty,
Who came to their great country's aid,
With dedication that will never fade.

In barracks or bulwarks, on sea or soil,
Our freedom protected because of their toil.
The campaigns and marches and endless drills—
Hail the Veteran—for their mighty will.

Who through the years answered the call,
Who soared and swam and stood and crawled.
Who in our history shall ever stand tall,
Hail the Veteran—they gave their all.

PROVIDING FOR CONCURRENCE BY HOUSE WITH AMENDMENT IN SENATE AMENDMENT TO H.R. 4868, TARIFF SUSPENSION AND TRADE ACT OF 2000

SPEECH OF

HON. FRANK R. WOLF

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 24, 2000

Mr. WOLF. Madam Speaker, I am disappointed that a section of H.R. 4868 may ease the process in which gum arabic from Sudan may be imported into the United States.

The President imposed comprehensive sanctions against Sudan because of its horrible human rights record, sponsorship of terrorism, and implication in the assassination attempt on Egyptian President Hosni Mubarak, under Executive Order 13067, on November 3, 1997.

With the events of the past few weeks, including the bombing of the U.S.S. *Cole*, this Congress should not be weakening or adjusting the sanctions in place on Sudan. We have reports that Osama bin Laden has been involved in and may still have a role in the gum arabic industry in Sudan. It has also been reported that bin Laden could be a prime suspect in masterminding the bombing of the U.S.S. *Cole*. We do know that he has been implicated in the attacks on two U.S. embassies in Africa.

In short, this is a horrible time for Congress and for the Administration to weaken our resolve on sanctions against Sudan.

LACK OF HEALTH INSURANCE BANKRUPTS MILLIONS OF AMERICANS

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. STARK. Mr. Speaker, the record of the 106th Congress on major health care policy issues—Medicare prescription drug coverage, managed care reform, and extension of coverage to the 44 million Americans who lack it—is appalling. Our failure to enact legislation that provides baseline coverage for all of our citizens is not simply that emergency rooms are overcrowded and public health clinics are overflowing. Our lack of a guaranteed health care safety net indirectly plunges millions into bankruptcy and financial ruin who, once sick, cannot afford to pay for their high medical treatment costs out-of-pocket.

This piercing fact is highlighted in a column that was published in the Philadelphia Inquirer on Oct. 8. Health care economist Uwe Reinhardt points out the fallacy of self-reliance when it comes to health insurance. I submit the following article in the CONGRESSIONAL RECORD.

[From the Philadelphia Inquirer, Oct. 8, 2000]

ISSUE NO. 1: HEALTH-CARE SYSTEM WANTED

(By Uwe Reinhardt)

Several years ago, in a fit of compassion, New York Mayor Rudy Giuliani appointed former Republican Mayor John Lindsay to two no-show municipal jobs, solely to provide the latter with city-financed insurance coverage for health care not covered by Medicare. Lindsay, after several strokes and with Parkinson's disease, was facing out-of-pocket outlays for health care that had begun to strain his finances.

Millions of fellow Americans share Lindsay's predicament. The most recent estimate by the U.S. Bureau of the Census revealed that about 42 million Americans find themselves without any health insurance coverage for at least part of the year. Almost half the uninsured at any time have been uninsured for more than two years. Many millions more, including Medicare beneficiaries like John Lindsay, have shallow insurance coverage.

To be sure, most of the uninsured probably are relatively healthy. When they do fall seriously ill, they usually receive critically needed care at nearby hospitals. Ultimately, the hospital tries to recover the cost of its ''charity care'' from insured patients, but only after first hounding the uninsured themselves for payment, often with the help of tough collection agencies. According to survey research by Harvard law professor Elizabeth Warren, medical bills now are the second most frequently cited reason for the bankruptcy of American families, right behind ''job loss'' and ahead of ''divorce.''

Political leaders in any other industrialized nation would think it unacceptable nation would think it unacceptable to force families, stricken by serious illness, to face the added prospect of bankruptcy. Not so with this nation's policy-making elite. To illustrate, in their first debate, neither presidential candidate addressed the problem on his own. And moderator Jim Lehreer saw no reason to accord the issue an explicit question. Perhaps all of them surmised that, in

these times of economic bounty, their audience would have little interest in the acute distress of a misfortunate few.

Alas, the economy may not always remain bountiful. If it doesn't, American consumers, feeling poorer, might tighten their belts, thereby triggering a consumption-led recession. With a recession would come layoffs, and with them a loss of employment-based health insurance. The middle class might then be reminded once more that it lacks what families in all other industrialized nations enjoy; universal, permanent protection against the financial consequences of illness.

Universal coverage could easily be provided in this country, if only the nation's political elite were willing to do three things. First, there must be a mandate on every individual to have at least catastrophic health insurance. Second, between $60 billion and $100 billion a year would have to be appropriated to subsidize the health insurance of low-income families. Third, government regulation would have to ensure an efficient market for individually purchased health insurance. That insurance could be private or, should private insurance fail to meet social needs, public (e.g., Medicaid and Medicare). The shelves of the nation's think tanks bend under the weight of ready-to-go proposals that could achieve both objectives.

Opponents of such measures are fond of reminding us of this nation's ''rugged individualism'' and its tradition of ''self-reliance.'' For the most part, it is empty talk. Most corporate executives, for example, enjoy comprehensive, tax-sheltered ''social insurance'' paid for by their corporations, literally until these executives' last day on earth. Furthermore, the plight of former Mayor Lindsay stands as a stark warning to all would-be rugged individualists who believe that self-reliance is the proper solution to this nation's health-care woes. In the end, even he could not be protected by our nation's brittle private health-insurance system. He was saved by what is otherwise decried as ''a complete government takeover'' of his health-care needs.

A common lament is that the typical college student today insists on doing well by doing good. Too few of them are said to heed President John Kennedy's eloquent exhortation to self-sacrifice: ''Ask not what your country can do for you—ask what you can do for your country.'' But why would any American youngster seek to lay out for a country that thinks nothing of letting its citizens slide into the undignified status of health-care beggars, and into financial destitution, simply because serious illness struck? America's allegedly selfish young have read their country's soul and are acting accordingly.

AMERICAN HOMEOWNERSHIP AND ECONOMIC OPPORTUNITY ACT OF 2000

SPEECH OF

HON. MARK GREEN

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 24, 2000

Mr. GREEN of Wisconsin. Mr. Speaker, I am pleased that the House today considered S. 1452, the Manufactured Housing Improvement Act, and I would like to thank Housing Subcommittee Chairman RICK LAZIO for all of his efforts to open homeownership opportunities to so many American families.

This bill encompasses many important provisions from H.R. 1776, the homeownership bill that passed the House overwhelmingly earlier this year. It also includes important provisions to preserve affordable housing for seniors, and other low-income and working families.

I would like to mention two provisions that I introduced (H.R. 2860 and H.R. 2931) which were included in H.R. 1776, and now S. 1452.

The first would create a pilot program to assist law enforcement officers purchase homes in locally designated ''at risk'' areas. The proposal would allow law enforcement officers to purchase homes with no downpayment. They must use the property as their primary residence for at least 3 years, and have 6 months of service. It is modeled after a pilot program that was conducted in Wisconsin. The Milwaukee pilot was successful because it offered a ''no downpayment option.'' Seventy-five percent of those who participated in the program said they did so because of the no downpayment requirement.

This proposal will not only provide homeownership opportunities for law enforcement officers who might otherwise not have the money for a downpayment on a home, but will also deter crime. Criminals will be far less likely to commit an act of violence if they know a police officer lives right next door. Finally, this gives control to local officials, allowing mayors to designate the areas they believe need the most protection.

My second provision expands on the Section 8 homeownership rule to make it more accessible to persons with disabilities. This provision provides incentives for employment and homeownership for the most underserved group of homeowners in the country. Nationally unemployment rates among the disabled of working age exceed 70 percent and homeownership rates at less than 5 percent.

Two of the biggest barriers to homeownership for persons with disabilities are affordability and accessibility. It costs $20–$40 thousand to customize a home for some disabled individuals. This pilot program addresses these problems by allowing disabled families making up to 100 percent of the area median income to qualify to use their Section 8 voucher for homeownership. The benefit may continue for the entire term of the mortgage provided they remain eligible for such assistance. It also requires one or more members of the family to have achieved employment and participation in a homeownership counseling program.

While I am very pleased with the outcome of the negotiations on S. 1452, I am concerned at the omission of one provision in particular. Section 102 of H.R. 1776 requires the federal government to perform a housing impact analysis before it issues new regulations. This important provision would give the private sector an opportunity to see the impacts on housing before a rule is implemented. Hopefully, this would result in less costly regulations that impede homeownership. While it was omitted from the final version we considered today, I am hopeful we can come back to this next year and pass it into law.

S. 1452 will help so many Americans achieve the dream of homeownership. I am pleased at the House's actions, and am hopeful that the other body will quickly take up and pass this extremely important legislation.

PERSONAL EXPLANATION

HON. MICHAEL BILIRAKIS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. BILIRAKIS. Mr. Speaker, on October 24, 2000, I missed rollcall votes 541, 542 and 543. Had I been present, I would have voted ''aye'' on all three votes.

HONORING DR. ROBIN BEACH

HON. SCOTT McINNIS

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. MCINNIS. Mr. Speaker, I would like to take this moment to recognize a remarkable member of the medical community, Dr. Robin Beach. Her contributions to the citizens of Colorado are immeasurable and deserve the recognition of this body. I would at this time like to pay tribute to a truly inspirational and compassionate human being.

Robin began her distinguished career in medicine with an education almost as impressive as her work in medicine. She received her undergraduate degree in Zoology from Duke University graduating with distinction. Robin then went on to receive her M.D. from Duke and her M.P.H. from the University of California at Berkeley. This impressive educational background easily prepared her to become the expert in Pediatrics she is today.

Robin's illustrious career in pediatrics began at the University of Colorado Medical Center where she completed her residency. She then went on to work for the University Health Services in Boulder, Colorado where she served as Chief of Staff and Chief of the Medical Services. Her expert knowledge of medicine along with her natural ability to lead has propelled her into leadership roles for many different organizations within the medical community. She has served the Denver Health Authority in the capacities, of assistant director of Community Health Services, and Director of the Westside Medical Center, the Adolescent Ambulatory Services, and the Westside Teen Clinic.

Robin's career has been one of great distinction and has been full of many immeasurable contributions to her community. But it is her recent academic appointment that may rank above all when it comes to her accomplishments. She is now able to utilize her advanced knowledge of pediatric medicine to educate future doctors. She is currently a professor of Pediatrics and Adolescent Medicine at the University of Colorado Health Sciences Center. In addition to this great honor she has also received a number of awards for her work in the medical community, the Kathleen Ann Mullen Memorial Award and the Adele Dellenbaugh Hofmann Award both for her work with adolescent medicine.

Robin is a truly remarkable human being and her contributions, not only to her community but also to the field of Pediatrics, are unparalleled. Mr. Speaker, on behalf of the State of Colorado and the US Congress I would like to commend Dr. Beach on her many accomplishments and wish her the very best as she continues to educate Colorado's future doctors in the field of Pediatrics.

PERSONAL EXPLANATION

HON. JIM KOLBE

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. KOLBE. Mr. Speaker, on October 24, 2000 the House debated and voted on H. Res. 634, "Providing for the consideration of H.R. 4656, Lake Tahoe Basin School Site Land Conveyance Act", H. Con. Res. 414, "Relating to the Reestablishment of Representative Government in Afghanistan", and H.R. 4271, the "National Science Education Act." Had I been present, I would have voted "aye" on H. Res. 634, (roll call vote number 541) "aye" on H. Con. Res. 414 (roll call vote number 542), and "aye" on H.R. 4271 (roll call vote number 543).

HONORING A FORGOTTEN HERO, SEAMAN ARTHUR REID, JR.

HON. DONALD M. PAYNE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. PAYNE. Mr. Speaker, more than five decades have passed since a massive explosion at the Port Chicago naval base in California claimed the life of a courageous young Seaman, Arthur Reid, Jr. and 319 other servicemen, mostly African Americans. Nearly 400 more were wounded in the incident.

On October 26, 2000, I will have the privilege of presenting to Seaman Reid's sister, Margaret Reid Severin, three long overdue military awards in his behalf—the American Campaign Medal, the Gold Star Lapel Button, and the World War II Victory Medal. Mrs. Severin was only 13 at the time she lost her brother, but she has faithfully honored his memory ever since, despite the fact that the Navy provided very little information or support following the tragic loss of his life.

I was pleased to have the opportunity to help secure Seaman Reid's service records from the National Personnel Records Center in St. Louis, which confirmed his meritorious military record recommending him for leadership.

It was through the efforts and outstanding research of Mrs. Severin's coworker, Ms. Sheri Humphrey, that the story of Seaman Reid came to light. Ms. Humphrey worked diligently to track down information from veterans' files which revealed the plight of Seaman Reid and his fellow servicemen at Port Chicago.

The Port Chicago tragedy has been described as "America's Dark Secret" because of the circumstances surrounding the disaster. It was on the evening of July 17th, 1944, during World War II, that the munitions blast occurred. In an era of a segregated military, enlisted African Americans were relegated to duties separate from those of their white counterparts. Instead of obtaining ship duty, they were assigned to load ammunition and explosives on ships at port without the benefit of proper training for this potentially dangerous responsibility. After the terrible tragedy, African American servicemen still suffering from the trauma of the explosion were ordered back to work handling ammunition at another location. At that point, 258 of them refused that specific assignment, saying they would take any other duty but that one in view of their experience. At a racially charged court martial trial, 208 servicemen were given bad conduct discharges and denied three months' pay. Another 50 were convicted of mutiny, which could have resulted in the death penalty. Sentences of 8 and 15 years at hard labor were meted out, but eventually clemency was granted at the conclusion of the war.

Mr. Speaker, I know my colleagues here in the U.S. House of Representatives join me in honoring a true World War II hero, Seaman Arthur Reid, Jr., and in expressing to his sister Margaret Reid Severin our profound appreciation for his ultimate sacrifice for our country.

IN MEMORY OF ENSIGN ANDREW TRIPLETT

HON. CHARLES W. "CHIP" PICKERING

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. PICKERING. Mr. Speaker, today I come before the House of Representatives to honor the life of an outstanding American, and member of the United States Navy, Ensign Andrew Triplett, originally of Shuqualak, Mississippi. Ensign Triplett was among the 17 brave sailors who gave their lives for our country in the attack on the U.S.S. *Cole*, on Thursday, October 12, 2000. This attack also injured 33 other sailors in the harbor of Aden, Yemen.

Andrew Triplett, noted for his quiet, shy nature, grew up near Willow Grove in Shuqualak, Mississippi, where he attended Reed Elementary School and in 1987 graduated from Noxubee High School in Macon, Mississippi. Upon his graduation Andrew Triplett enlisted in the Navy, where while serving his country he met his wife, Lorrie, a Detroit native. Just seven years ago, they began their family with the birth of their first daughter, Andrea, and three years later their second child Savannah Renee was born. Andrew and Lorrie lived in Virginia Beach, Virginia and were members of Pleasant Grove Baptist Church.

Successfully moving up the ladder as an enlisted man, Andrew was accepted for Officers' Candidate School and received his commission as an officer in April, 1999. On the U.S.S. *Cole*, he was assigned to the engineering department, a job that he was said to love. Tragically, it was the engineering department that suffered the blast damage from the explosive in the harbor.

For Ensign Andrew Triplett's thirteen years of service to the United States of America in the United States Navy, and for his life-long devotion as a son, husband, brother, father and citizen, I pay tribute. Ensign Triplett was the son of Mr. and Mrs. Ree D. Triplett of Shuqualak, Mississippi. He is survived by his wife, Lorrie, and his two little girls, Andrea (age seven) and Savannah Renee (age four); his parents, Savannah and Ree Triplett of Shuqualak, Mississippi; and his two brothers, two former servicemen, Theotis Donald (Air Force) and Wayne (Marine Corps).

Mr. Speaker, I ask our colleagues to join me in remembering this present day hero, Ensign Andrew Triplett. Our sincere prayers and thoughts are with the Triplett family at this difficult time, and the other families who lost loves ones on the U.S.S. *Cole*.

RECOGNIZING THE HONORABLE HUGH DESMOND HOYTE

HON. EDOLPHUS TOWNS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. TOWNS. Mr. Speaker, I rise today to recognize His Excellency, the Honorable Hugh Desmond Hoyte, the former President of Guyana and current leader of the People's National Congress.

During his Presidency from August 1985 to October 1992, Mr. Hoyte initiated far-reaching electoral and economic reforms that strengthened the bases of the democratic culture of Guyana, promoted market-oriented policies and stimulated economic growth. Prior to becoming President, Mr. Hoyte served as First Vice President and Prime Minister. In addition, he held numerous Ministerial posts, including those of Home Affairs, Finance, Works and Communications, and Economic Development.

As a Minister of Government, Mr. Hoyte had at various times responsibility for African, Caribbean and Pacific affairs under the Lome Convention. His portfolio also included Caribbean Community Affairs. As a member of its Conference, the Heads of Government of the Caribbean Community charged him with responsibility for promoting freedom of movement within the Community and for coordinating the Caribbean Community's policy on the environment for the Earth Summit in Rio in 1992.

In fact, Mr. Hoyte has always taken a keen interest in ecological and environmental matters, working closely with the London-based Commonwealth Human Ecology Council. He is the architect of the Iwokrama International Rainforest Project in Guyana, which he initiated as the Commonwealth Heads of Government Conference in Kuala Lumpur, Malaysia, in 1989.

Born in Georgetown, Guyana in March 1929, Mr. Hoyte received B.A. and LL.B. degrees from the University of London. He is a British-trained lawyer, a Barrister-at-Law of the Honourable Society of the Middle Temple and a Member of the Guyana Bar. He was appointed to the Queen's Council in 1969, and his designation was changed to Senior Counsel in 1970 when Guyana became a republic.

Mr. Speaker, Mr. Hoyte is more than worthy of receiving this honor and our praises, and I

hope that all of my colleagues will join his wife, Joyce Hoyte, and me in recognizing this truly remarkable man.

INTRODUCTION OF THE RESPONSIBLE DEBT RELIEF AND DEMOCRACY REFORM ACT

HON. FRANK R. WOLF

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. WOLF. Mr. Speaker, I am introducing the Responsible Debt Relief and Democracy Reform Act, legislation intended to provide debt relief to poor countries that have an insurmountable debt burden and to encourage these same countries to implement reforms for sound democracy and the maintenance of a civil society.

Many of the poorest countries of the world are struggling with democracy or with bad governance, and they are caught in a downward spiral of debt. Their futures are difficult and uncertain because of an overwhelming debt burden.

Many of the poorest countries have to spend an exorbitant amount of their budgets simply to make their debt payments. The rock singer, Bono, a vocal advocate for providing debt relief to heavily indebted poor countries, says, "A country like Niger, with a life expectancy of 47 years, spends more paying off their debts than on health and education combined."

Indeed, a country like Niger is not alone. Debt payments by the poor countries of the world can consume as much as 30–40 percent of a country's revenue. The chances of these countries ever paying back their loans is slim, to none. Realistically, none of their debt is going to be repaid.

The problem is that it is the poorest people of the world in the poorest countries who suffer as a result of their governments' massive debt. The poorest of the poor struggle to find food to survive. Suffering from malnourishment, their immune systems are lowered and people catch horrible diseases that wrack their bodies. The poor countries of the world have an alarmingly low life expectancy rate, with reports indicating that the average person in Sierra Leone only lives for 27 years. Canceling or reducing the debt of the poorest countries of the world is an opportunity for the U.S. to alleviate the suffering that these people face.

An article in Sojourners magazine describes part of the problem in Africa:

> It might seem odd to describe Hamsatou, a 13-year old girl in the West African country of Niger, as lucky. A mysterious flesh-eating disease known as ''the Grazer'' has consumed the left side of her face, leaving a gaping hole at the side of her nose, through which you can see her pink, unprotected tongue. She shields her head in embarrassment in her village, has no prospect of marriage, and rarely walks further than the nearby well. ''When I go to the market . . . I'm ashamed of myself. I cover my face so people won't stare at me and laugh.''
>
> But Hamsatou is lucky because she is alive. One in three children in Niger, the world's poorest country, do not reach 5 years of age. And while the Grazer will kill 120,000 children in the world this year, a $3 mouthwash would have ensured she need never have succumbed to its ravages. Unfortunately the government of Niger does not have $3 to spare. Three quarters of its annual tax revenue is spent on servicing its $1.4 billion international debt. Sojourners May–June 2000

Unfortunately, many of these poor countries that have insurmountable debt and that need democratic reform are in Africa. The Clinton Administration's Africa policies have failed across the board. "'African Renaissance' Hailed By Clinton Now a Distant Memory" is the title of a recent article in the Los Angeles Times by Robin Wright. Ms. Wright says that just two years ago, President Clinton hailed what he called an "African renaissance." Now, despite several years of rhetoric on Africa by the Clinton administration, this article states that a recent national intelligence estimate says that "Africa faces a bleaker future than at any time in the past century." Most Africans are worse off now than they were eight years ago.

The U.S. can help provide hope and opportunity for those who may be hopeless. Providing debt relief to the poorest governments of the world, if done in the right way, can free these governments to better address the needs of their own people.

But simply canceling a country's debt doesn't necessarily pave the way to good government. The governments of poor countries are often part of the problem. For a variety of reasons, poorly run governments frequently stand in the way of alleviating poverty or sickness or of providing hope and opportunity to the poorest of the poor.

That is why the legislation I propose today will provide incentives to countries to reform their governments, to institute needed democratic reforms and basic structures of a civil society such as, respect for human rights, promoting religious freedom, freedom of the press, and freedom of association.

This legislation says that debt relief by the U.S. will be provided to countries that meet the following requirements, as determined by the President of the U.S.: freedom of the press, freedom of association, an independent and non-discriminatory judiciary, reduction or elimination of corruption relating to public officials, including the promulgation of laws prohibiting bribery of public officials and disclosure of assets by such officials; the establishment of an independent anti-corruption commission; the establishment of an independent agency to audit financial activities of public officials, free and fair elections, practice of internationally recognized human rights, opposition to international terrorism as determined by the Secretary of State.

The President may waive one or more of these requirements for emergency humanitarian relief purposes, if the President determines and certifies to Congress that it is in the national security interests of the U.S., or if the President determines that a recipient country is making demonstrable progress in the aforementioned areas.

The President is to notify Congress of the justification for the determination of the countries that will receive a cancellation or reduction of debt according to the conditions in this legislation.

Finally, this legislation conveys the sense of Congress that the President should instruct the U.S. director at each international financial institution to which the U.S. is a member to use the voice, vote, and influence of the U.S. to urge the cancellation or reduction of debt owed to the institution by a country only if the country meets the same requirements applicable in this legislation.

Debt relief to poor countries as described in this legislation is responsible debt relief. Passage of this legislation could help to foster the growth and development of democracy, respect for human rights, the promotion of religious freedom, the establishment of freedom of the press, and greater freedom of association in poor countries through helping these countries to have economic growth that will help their people.

We need to help poor people in these countries overcome their debt burdens but it must be done responsibly. Rather than just write off debt from poor countries, this legislation sets up a framework to help those nations in their struggle toward democracy. It says progress in democratic reforms, honoring human rights, and opposition to terrorism are important for developing or poor countries. It says that one of the ways to help the poor is to give them opportunities created by engendering democracy, transparency, and much needed relief from their country's overwhelming debt burden. Lastly it says that if those goals are met, the U.S. will help those countries struggling to help their citizens to a better, more prosperous life.

I introduce this legislation to begin the discussion of how the U.S. can help bring hope to the poorest people in the world through the promotion of debt relief and good government. While this legislation may not be the perfect answer, I am hopeful this legislation could provide the foundation for discussion on how to help the poor and give them opportunities so that the next Congress and the next Administration can deal with this important issue.

H.R. —

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 ''Responsible Debt Relief and Democracy Reform Act''.

SEC. 2. ADDITIONAL REQUIREMENTS FOR CANCELLATION OR REDUCTION OF DEBT OWED TO THE UNITED STATES.

The Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq.) is maneded by adding at the end the following:

"PART VI—ADDITIONAL REQUIREMENTS FOR CANCELLATION OR REDUCTION OF DEBT OWED TO THE UNITED STATES

"SEC. 901. CANCELLATION OR REDUCTION OF DEBT.

''Beginning on and after the date of the enactment of this part, the President may cancel or reduce amounts owed to the United States (or any agency of the United States) by foreign countries as a result of concessional or nonconcessional loans made, guarantees issued, or credits extended under any other provision of law only if, in addition to the requirements contained under the applicable provisions of law providing authority for the debt cancellation or reduction, the requirements contained in section 902 are satisfied.

"SEC. 902. ADDITIONAL REQUIREMENTS.

''(a) IN GENERAL.—A foreign country shall be eligible for cancellation or reduction of debt under any other provision of law only if the government of the country—

''(1) ensures freedom of the press;

''(2) ensures freedom of association;

''(3) has established an independent and nondiscriminatory judiciary;

''(4) provides for the reduction or elimination of corruption relating to public officials, including—

''(A) the promulgation of laws to prohibit bribery of and by public officials, including disclosure of assets by such officials upon taking office, periodically while in office, and upon leaving office;

''(B) the establishment of an independent anti-corruption commission—

''(i) to receive and verify the disclosure of assets by public officials in accordance with subparagraph (A); and

''(ii) to investigate allegations or corruption or misconduct by public officials and to make all findings available to the appropriate administrative or judicial entities; and

''(C) the establishment of an independent agency—

''(i) to audit the financial activities of public officials and agencies; and

''(ii) to make all audits under clause (i) available to the appropriate administrative or judicial entities;

''(5) is elected through free and fair elections

''(6) does not engage in a consistent pattern of gross violations of internationally recognized human rights; and

''(7) does not repeatedly provided support for acts of international terrorism, as determined by the Secretary of State under section 6(j)(1) of the Export Administration Act of 1979 (50 U.S.C. App. 2405(j)(1)) or section 620A(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2371(a)).

''(b) EXCEPTIONS.—The President may waive the application of 1 or more of the requirements of subsection (a) with respect to the cancellation or reduction of debt owed to the United States by a foreign country—

''(1) for emergency humanitarian relief purposes;

''(2) if the President determines that it is in the national security interests of the United States to do so; or

''(3) if the President determines that the foreign country is making demonstrable progress in meeting the requirements of paragraphs (1) through (7) of subsection (a) by adopting appropriate legal and other related reforms.

''(c) CONGRESSIONAL NOTIFICATION.—Not later than 7 days prior to the cancellation or reduction of debt in accordance with section 901, the President shall transmit to the Congress a report that contains a justification for the determination by the President that—

''(1) the requirements contained in each of paragraphs (1) through (7) of subsection (a) have been satisfied with respect to the foreign country involved; or

''(2) the requirement of paragraph (1), (2), or (3) of subsection (b) has been satisfied with respect to the foreign country involved.''

SEC. 3. SENSE OF THE CONGRESS RELATING TO CANCELLATION OR REDUCTION OF MULTILATERAL DEBT.

It is the sense of the Congress that the President should instruct the United States Executive Director at each international financial institution to which the United States is a member to use the voice, vote, and influence of the United States to urge that the cancellation or reduction of debt owed to the institution by a country may be provided only if the country meets the same requirements applicable to the cancellation or reduction of amounts owed to the United States under paragraphs (1) through (7) of section 902(b) of the Foreign Assistance Act of 1961 (as added by section 2).

A TRIBUTE TO BOB GREGORY

HON. DONALD M. PAYNE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. PAYNE. Mr. Speaker, I rise to pay tribute to a man who has given his considerable talent and energy for the betterment of his community, Mr. Bob Gregory of Colonia, New Jersey.

As Chairman of the Merck Volunteer Focus Group, Mr. Gregory personally coordinated more than fifty community service initiatives last year which raised about $128,000 while providing hundreds of hours of in-kind and volunteer services. He also chaired the Rahway Downtown Revitalization team as part of the Neighbor of Choice initiative and was instrumental in effectively aligning the efforts of the Volunteer Focus Group with Rahway's revitalization goals. He remains very active in local community organizations, including Merrill Park Youth, Rahway P.A.L., Rahway Aesthetic Committee, Union County Board of Agriculture, Rahway Lions, Rahway Honorary P.B.A., Rahway Excellence in Education, John Shippen Minority Youth Association, and as an advisor to Union County VoTech Schools.

Mr. Gregory has been a positive influence in the lives of children in his community. Last year, he worked on the Environmental Champions project which involved the completion of horticulture projects with children at all of the Rahway Schools, the Library, City Parks, City Hall, JFK Youth Center and the Capo Bianco Housing Project. He also helped spearhead the renovation of the Rahway Elks banquet hall, with all profits earned from rentals going to support handicapped children. He coordinated the Linden Interfaith Council Food Drive to feed 100 needy families in Linden and the Cancer Care Golf Outing to raise funds for Cancer Research and Home Care. His good works have extended to an international level, as he traveled to the Dominican Republic with the Volunteer Medical Team sponsored by Healing the Children.

Mr. Speaker, we owe a debt of gratitude to Mr. Gregory for all that he has done to improve the lives of so many people. Please join me in commending him for his outstanding work and in wishing him continued success.

IN MEMORY OF MR. PRENTISS WALKER

HON. CHARLES W. "CHIP" PICKERING

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. PICKERING. Mr. Speaker, whereas Mr. Prentiss Walker, a former citizen of Mize, Mississippi, dedicated many years of his life in working for the conservative Christian principles on which this nation was built; and

Whereas, Mr. Walker sacrificed in working to build the Republican party in the South and especially Mississippi; and

Whereas Mr. Walker believed so strongly in conservative Christian principles that he offered himself as a candidate for Congress of the United States and was elected in 1964 as the first Republican Congressman from Mississippi in over 100 years.

Whereas Mr. Walker served his state and his nation in this office demonstrating his strong convictions by every vote he made and by leading others to join in his patriotic stand; and

Whereas Mr. Walker was a true political pioneer in the state of Mississippi, making the way for many others to follow in his path of service in our nation's capitol; and

Whereas Mr. Walker continued to lead in the development of the Mississippi Republican Party and leading the citizens of Mississippi to dedication to conservative Christian principles long after he left the Congress, be it therefore resolved:

We express our deep appreciation to his wife Dimple and to his memory for his tireless service to the cause of returning our nation to the greatness it achieved by following the foundational beliefs on which our forefathers founded these United States of America.

RECOGNIZING THE 97TH ANNIVERSARY OF OUR LADY OF CHARITY ROMAN CATHOLIC CHURCH

HON. EDOLPHUS TOWNS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. TOWNS. Mr. Speaker, I rise today to celebrate the 97th Anniversary of the founding of Our Lady of Charity Roman Catholic Church in Brooklyn, New York. Let me congratulate this ''Faith Community of Black Catholics'' who, under the guidance of Father Andrew L. Struzzieri, are continuing in the tradition of almost a century of dedicated work serving the emotional and spiritual needs of Brooklyn residents.

Since Our Lady of Charity Roman Catholic Church was founded, the members of the congregation have exemplified the very best in humanity through a common commitment to the Christian faith. As one of the oldest places of worship in Brooklyn, the congregation has adopted the tree as a symbol of the strong roots that Charity members establish to better themselves and, ultimately, the community. As is said in proverbs:

He is like a tree planted near running water, that yield fruit in due season, and whose leaves never fade. Psalm 1:3 NAB

Mr. Speaker, Our Lady of Charity Roman Catholic Church's reputation for being on the leading edge of the development of creative and innovative strategies to address human needs at home and abroad is an inspiration to us all. For the past three years some of their special contributions have been to present Brooklyn Senior High School Youth with scholarships and gifts toward their college education. Its Prison Ministry continues to be

dedicated to work towards assisting those in their time of extreme need by way of prayer and positive actions. Its Ministers of Service provide Eucharist to the sick at Brookdale Hospital and those parishioners who are unable to leave their homes.

In closing, Mr. Speaker, let me again offer my sincere congratulations to Kerry Mills, Anniversary Chairperson, and the entire congregation of Our Lady of Charity Roman Catholic Church and to commend them on their immense contributions during these past 97 years. I hope my colleagues will join me in wishing them good fortune and continued blessings in the future.

IN CELEBRATION OF THE TWENTY-FIRST BIRTHDAY OF ROBERT A. WEYGAND, JR.

HON. ROBERT A. WEYGAND

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. WEYGAND. Mr. Speaker, I rise today to recognize the twenty-first birthday of my son, Bobby.

As time goes on, and often at unfathomable speed as I advance in age, it is easy to forget some of the most precious moments in our life. I pen this statement to document one such special event, the twenty-first birthday of our son, Bobby. Now there are many sons and daughters that reached their twenty-first birthday on October 9, 2000 and I know how special they each must be to their parents. So I ask the Congress's indulgence if my perspective on this date is very personal, and not as objective as it should be, but my thoughts are entirely true, honest, and undeniable.

Bobby is the youngest of our three wonderful children and, as such, the benefactor of both pampering and brutal jokes. Being the only boy, he had the advice and assistance of his older sisters, whether requested or not. He always wanted to find his own way since ''they just don't understand boys'' as he would say. Life was not easy in those early years. For him, paths had been already cut by his parents and sisters and he was expected to follow them even when he wished for another course. He managed to do very well, which is not easy with such a dominating father. Everyone who knows him likes him because of who he is, that is a great accomplishment for anyone.

Changing schools, as he did, is not easy for any child and Bobby was no exception. Moving to a new school in third grade was very difficult, but he managed through the ''new kid'' taunting and jokes, and made friendships that will last him a lifetime. When we moved homes while he was still in high school, some cast unwarranted public scrutiny on him more than any student should endure. He accepted it with no complaints. Even harassing TV cameras at his high school graduation did not rattle his cage; he stood his ground. He was proud to graduate from East Providence High School with his friends. Through school, sports, and friendships, he has always made me proud to call him my son. He is even more than that, he is my friend.

Bobby is a very caring person (he gets that from his mom), sometimes forgetful (that's my fault), and always fun to be around (his sisters saw to that). I am very lucky to have a great family, each one of them provides a special light to my life. I love my son and my family and they love me. What greater gifts can life bring me, I know not. Happy birthday, Bobby.

HONORING ADELLE GORDON ON HER 75TH BIRTHDAY

HON. KAREN McCARTHY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Ms. MCCARTHY of Missouri. Mr. Speaker, I rise today to honor Adelle Gordon, a psychiatric social worker from Rochester, New York, who is one of the unsung early pioneers of the women's movement.

Back in 1951, Mrs. Gordon, then a graduate student at Columbia University's School of Social Work, wrote her dissertation on the conflicts of a group of young mothers who were torn between staying at home with their children or returning to work for financial or professional reasons. Her prescient paper, ''A Study of the Adjustment of Fourteen Professional Women to Motherhood,'' touched on the difficulties facing working mothers in that era, with minimal support from spouses and employers, as well as the frustrations of housewives who felt culturally pressured to stay home. Mrs. Gordon's research evolved at a Central Park playground, where she took her own toddler son and met the women who became her subjects.

Mrs. Gordon, who will turn 75 on November 11, has devoted her social work career to counseling low income families, often referred by their local school districts. Starting out at the Hartford Family Service Society, she spent five years at the New Britain Child Guidance Clinic before joining the Rochester Mental Health Center in 1964. Recently retired, she has also taught at the University of Rochester. Married to David Gordon, she is the mother of two children, Bart (deceased) and Meryl, and has two grandchildren, Jesse and Nathan Gordon. As a working mother before the invention of the take-out, she developed her own domestic engineering system, cooking and freezing a week's worth of dinners in a day and defrosting the rest of the week.

Mr. Speaker, women like Adelle Gordon are rarely mentioned in the history books about the feminist movement in the United States. But their quiet contributions are what made this enormous generational change possible. Please join me in honoring Mrs. Gordon for her 75th year and for her pioneering service to families with working mothers.

RECOGNIZING THE CONTRIBUTIONS OF AMERICAN PATRIOT ROBERT MORRIS

HON. MARK FOLEY

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. FOLEY. Mr. Speaker, I would like to recognize for the CONGRESSIONAL RECORD an American patriot who has gone largely unnoticed in our reflections of history but whose contributions to the founding of our great country were singularly significant and decisive.

The patriot was Robert Morris, and I am fortunate enough to have as constituents in my Florida district some of his descendants—notably Gladys Hungling of Sebring, a U.S. Army veteran of the Korean War.

Morris was a financier—but not just any financier. The 1962 ''Dictionary of American Biography'' calls him the ''financier of the American Revolution,'' and for good reason. Without his considerable skills, it is all but certain that our founders would not have had the financial ability to fight and win the Revolutionary War.

Robert Morris was born in 1734 in England. He came to live in Maryland as a child, at age 13, but soon became involved with a Philadelphia import-export business, in which he stayed involved for nearly 40 years. It was in this business that he honed his skills for finance, eventually becoming a leading member of trade—and arguably the wealthiest—in both Philadelphia and the colonies. Because of his prominence and skills, he became part of the center core of people who eventually shaped our land.

A close friend of George Washington, Morris's was a Pennsylvania delegate to the Continental Congress. More significantly, he was also one of only two colonials who signed all three of our founding documents: the Declaration of Independence, the Articles of Confederation and the Constitution.

And, as superintendent of finance under the Articles of Confederation, he was the forerunner to our first American secretary of the treasury. It was Robert Morris who knew the ''art magick''—as George Washington called Morris'' skills in high finance—and he used those skills to secure funds for the war, often using his own credit and money to back it up. He also founded the first government-incorporated bank in the country, the Bank of North America, in order to finance Washington's Yorktown campaign in 1781. He did so, according to records in the National Archives, by obtaining a sizable loan from France and by using his own credit and funds.

Robert Morris' legacy to the founding of our country was not without controversy: During his own day, he was criticized for the way his personal finances were tied to the finances of his young country. But the fate of the two were very different. The war effort he made possible through his ''art magick'' succeeded. The Declaration, the Articles and the Constitution he signed gave birth to a great nation. Robert Morris himself ended up in debtors' prison, dying amid poverty and obscurity.

Yet it is to this American patriot that we ourselves are the debtors, Mr. Speaker. Because

without his financial wherewithal, the ability to successfully wage the Revolutionary War—and become the great country we are—would have been lost.

SOUTHEAST TEXAS ENTERTAINMENT COMPLEX

HON. NICK LAMPSON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. LAMPSON. Mr. Speaker, I rise today to recognize the groundbreaking of a new comprehensive entertainment complex in Southeast Texas. I specifically want to commend Jefferson County Judge Carl Griffith for his efforts in making the establishment of this facility a reality.

The development of the Southeast Texas Entertainment Complex means great things for the people of Southeast Texas. This 221 acre facility, which is scheduled to be completed by 2002, will contain a new fair grounds with 10 acres of midway; paved parking for 9000 vehicles; 80, 000 square feet of air-conditioned exhibit and convention space; an air-conditioned rodeo arena; an outdoor concert pavilion; Olympic-standard softball complexes; a recreational vehicle park; a Regional Visitor's Center; jogging trails; and a wildlife habitat. This facility truly presents great opportunity for the citizens of Jefferson County and Southeast Texas.

This facility is slated to create an estimated 1,238 new jobs producing more than $121.9 million payed in salaries to new workers. In addition, an estimated $481 million will be pumped into the local economy. The Southeast Texas Entertainment Complex is expected to draw over 7.8 million visitors, nearly 3 million of them from outside the area.

Mr. Speaker, I am truly excited about the creation of this park and what this presents to the citizens of Southeast Texas. This facility will present phenomenal cultural, economic, and recreational opportunities to the citizens of Texas. I would once again like to offer my sincere gratitude to those who have helped to make the Southeast Texas Entertainment Complex a reality.

COSMETOLOGY TAX FAIRNESS AND COMPLIANCE ACT OF 2000

HON. NANCY L. JOHNSON

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mrs. JOHNSON of Connecticut. Mr. Speaker, I have introduced the ''Cosmetology Tax Fairness and Compliance Act of 2000'' to extend the same tax fairness provision applied to the tip-intensive restaurant industry, to the tip-intensive cosmetology industry. Just like restaurant owners, this legislation will permit salon owners to claim a credit against income tax for the employer's share of FICA (Social Security and Medicare) tax paid on tips paid to their employees.

Under current law, salons are required to pay FICA taxes on tips paid to their employees even though the employers do not pay the tip compensation to the employees or control the amount of tip compensation paid to their employees. The credit would be allowed only for FICA tax on tips paid to employees. It would not be allowed for SECA tax (Social Security and Medicare tax paid by the self-employed) paid by individual salon owners and independent contractors on tips that they receive.

In addition, the Act will also help to correct the problem of systemic tax evasion in the cosmetology industry. This proposed legislation would close a loophole in a group of tax compliance provisions that are intended to encourage everyone to comply with the tax law. Under present law, when an independent contractor provides services to a business, the business generally must provide the independent contractor with a Form 1099, and the IRS with the information contained in the Form 1099. This is vital information for the IRS because the form tells the Service the address and taxpayer identification number (''TIN'') of the independent contractors. The IRS can then check to see if tax returns were filed by them. However, under current law, Forms 1099 are not provided to cosmetologists who are independent contractors because they are technically providing their services to individual customers, rather than to businesses. The legislation requires salon owners (and others who lease space to hairstylists and other cosmetologists) to provide a type of Form 1099 to stylists and other cosmetologists operating as independent contractors on their premises, and to provide the IRS with the names, addresses and TINs of the independent contractors. It also requires salon owners (and other lessors) to provide a copy of an IRS publication describing the tax obligations of independent contractors. The IRS has a publication, Publication 3518 Beauty Industry Federal Tax Guidelines, that can be used for this purpose.

This minimal reporting requirement will go a long way in solving the widespread tax cheating that currently occurs in the professional salon industry. Today, thousands of law-abiding salon owners who pay their taxes, are placed at a competitive disadvantage by a persistent minority of the salon industry who do not report or underreport their revenues and tips. Legitimate salon owners are hurt when some stylists leave to become independent contractor ''booth renters'' believing their take home pay will increase because they won't report all (or any) of their revenues and tips. Legitimate salon owners are forced to replace the departed stylist, as well as losing the customers who follow the stylist to the underground economy.

Simple equity requires that salon owners not be asked to pay tax on tips that others choose to pay to their employees. The cosmetology industry should be placed on an equal footing with the restaurant and food delivery industries. Further, law-abiding salon owners should not be penalized and placed at a competitive disadvantage because they pay their taxes while others in the industry do not.

This identical bill was introduced in the other body by Sen. Rick Santorum. (R-PA). While Congress is not expected to act on this legislation in the waning days before adjournment, this legislation lays down a marker for reintroduction next Congress when we will push for enactment.

I urge my colleagues in the House to review this proposed legislation and to cosponsor the ''Cosmetology Tax Fairness and Compliance Act'' when it is reintroduced in the 107th Congress.

TRIBUTE TO LEO JOHN DEJAN

HON. JULIAN C. DIXON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. DIXON. Mr. Speaker, I am pleased to pay tribute today to musician and octogenarian Leo John Dejan, of Los Angeles, California.

Born on May 4, 1911, in New Orleans, Louisiana, to John Dejan and Elodie Planchard Dejan, Leo began his musical career when at the tender young age of seven, he learned to play the violin. He went on to master the trumpet and by the time he was twelve, young Leo was earning money as a professional musician. In 1923 along with his brother, Harold, he formed his own band, calling it ''The Original Moonlight Serenaders.'' The following year, Leo changed the name of the band to the ''Black Diamond Orchestra.'' The Black Diamond's were very popular throughout New Orleans, French Quarter and on Lake Pontchartrain, playing at carnivals, in parades, and at dances. On occasion, they would play with legendary jazz musician Louis ''Satchmoll'' Armstrong.

Leo studied music at Xavier University in New Orleans. He became the school's bandmaster and in 1933 organized the university's first school band. While attending Xavier, he met Sister Katherine Drexel, founder of the Order of the Blessed Sacrament who on October 1, 2000, was canonized by Pope John Paul. Little did he know the significance of their meeting at that time, but today Leo is profoundly moved by his chance encounter with this remarkable woman, a former Philadelphia socialite and philanthropist, who would become Saint Katherine.

With the outbreak of World War II, Leo volunteered for duty with the United States Navy, serving as bandmaster at Lake Pontchartrain Naval Station. For a time, Leo's band could be heard every Sunday evening on the ''Skyway to Victory'' radio program on New Orleans radio station WWL.

On July 16, 1937, while still in the Navy, Leo married Helena Charbonnet. The couple had three children: son, Leo, Jr., and daughters Glynis Ann and Debbie Marie. The Navy transferred Leo and his family to Treasure Island in San Francisco, California, in 1944. After the war, they returned to New Orleans where Leo taught mathematics and music at Xavier, and returned to his musical career playing lead trumpet in local bands.

After his service with the Navy ended, in 1947 Leo and Helena moved the family West to Los Angeles. There he joined the city of Los Angeles' Bureau of Music as a contractor to the Parks and Recreation Department. He provided concert, Dixieland, and ''longhair''

bands to the city and played with the summer circus and Dixieland bands around town. He also did studio recording work, cutting sound tracks and backing sides.

As Leo's family blossomed and musical engagements became less reliable, he went to work for the United States Postal Service, operating out of Los Angeles' famed Ambassador Hotel. He continued to play in occasional jazz sets around town and in 1975 signed with Crescent Jazz Productions to appear in their ''A Night in New Orleans'' European tour, featuring the New Orleans Society Orchestra and Eagle Brass Band. Leo and Helena packed their bags and went abroad, where Leo played to packed audiences in Belgium, England, Germany, and Austria. It was an unforgettable occasion that Leo holds dear to his heart.

In 1992, Leo's beloved Helena passed away. For fifty-five years, she was his best friend, the love of his life, and his soul mate. He now lives with daughter Glynis and her husband, retired Los Angeles Superior Court Judge Dion Morrow, who have welcomed him into their warm and loving home. Despite his young 89 years, Leo continues to work in the community by volunteering for the Los Angeles County Sheriff's Department, working out of the Ladera sub-station.

When not volunteering, Leo, who will turn 90 on May 11, 2001, remains a life member of AFM Local 47. He is an active bowler and a member of the seniors clubs of Saint Bernadette Church and the Claude Pepper Senior Citizens Center. He is listed in Who's Who of American Jazz musicians, and when the spirit moves him, can often be found doing a set or two on his trumpet.

Mr. Speaker, it is a sincere pleasure to recognize the outstanding contributions of Leo John Dejan to the music industry and to jazz lovers everywhere. I am proud to call him my friend and on behalf of the residents of the 32nd Congressional District, I congratulate him on his exemplary career.

H.R. 4788: SMALL WATERSHED REHABILITATION

HON. LARRY COMBEST

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. COMBEST. Mr. Speaker, yesterday, October 24, 2000, the other body adopted H.R. 4788, a bill that contained a number of provisions important to U.S. agriculture and the rural areas of our country.

Among other items in this bill is legislative language contained in Title I of H.R. 728, the Small Watershed Rehabilitation Amendments, a bill Mr. LUCAS of Oklahoma introduced early in this Congress. The House adopted this legislation on July 17, 2000, but it was not acted on in the other body until yesterday.

The Small Watershed Rehabilitation Amendments of 2000 will authorize the Department of Agriculture to provide cost-share funding for local sponsors to rehabilitate dams that were built with USDA assistance. Under the Act, the Secretary of Agriculture will establish a system for approving requests for rehabilitation assistance, taking into account health, safety, environmental and cost considerations. Before approving a rehabilitation project for USDA funding, the Secretary will examine and consider all feasible options for rehabilitation, which under the bill may include correcting damage or deterioration of the structure, upgrading the structural measures to meet changed land use conditions or safety needs within the watershed, and decommissioning the structure.

The legislation is clear that a local sponsor may not be required to engage in a particular form of rehabilitation, and a project may not commence unless the Secretary and the local sponsor agree on the form of rehabilitation. At the same time, the Secretary will not place any specific form of rehabilitation assistance at a disadvantage when evaluating applications for rehabilitation assistance. It is expected that NRCS will follow the normal procedures for Federal agencies for water resource planning.

In closing, Mr. Speaker, the legislation contained in H.R. 4788 for dam rehabilitation under the small watershed program is important to rural areas, and I am pleased we have sent it on to the President for enactment. I commend the gentleman from Oklahoma, Congressman FRANK LUCAS, who is a valued member of the House Agriculture Committee, for his hard work and dedication to this issue.

RETIREMENT OF HON. TILLIE FOWLER

SPEECH OF

HON. OWEN B. PICKETT

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 24, 2000

Mr. PICKETT. Mr. Speaker, I rise today to pay tribute to my colleague for whom I have a profound sense of respect, the Honorable TILLIE FOWLER of Florida. Congresswoman FOWLER has a long and distinguished career of public service. TILLIE came to Washington to help secure the futures of our children by tackling and improving such things as education and defense. It is with the latter, that I have had the privilege to work closely with Tillie on the Armed Services Committee.

TILLIE's expertise in the field of defense and national security came as a result of her passion, dedication and commitment to our proud men and women who serve today in the armed services. As the Representative from the Jacksonille area, she has been a well-spoken advocate for our soldiers, sailors and marines standing watch, and has continuously worked to improve quality of life and readiness of our forces. She has earned respect from both sides of the aisle for her unrelenting efforts to make a difference in the lives of our children.

Congresswoman FOWLER will be missed in the House of Representatives in January 2001. I wish the best for her and her family in the future challenges they face, and thank her for her service to Florida and the United States.

IN HONOR OF MR. MICHAEL CUDAHY

HON. THOMAS M. BARRETT

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. BARRETT. Mr. Speaker, today I honor Michael Cudahy, a distinguished constituent from Milwaukee.

Mr. Cudahy is a highly successful businessman whose innovation and hard work resulted in the founding of Marquette Medical Systems. His company is not only a leader in global production of medical diagnostic equipment, it has provided citizens of Wisconsin with jobs for 33 years.

In addition to his business savvy, Mr. Cudahy has donated his personal resources to programs and institutions that work to better the Milwaukee community. In 1996, Mr. Cudahy donated $4 million to the construction of Discovery World and IMAX theater. The theater presents a signature film that guides the audience on an educational tour of Milwaukee, before each of its feature films. The film was created and narrated by Mr. Cudahy.

In the spirit of education, Mr. Cudahy contributed $10 million to Marquette University for a mathematics and computer science building. Additionally, he donated $2.5 million to the Medical College of Wisconsin for a cardiovascular center. Mr. Cudahy, who believes that ''an ounce of prevention is better than a pound of care,'' he has worked to improve the quality of life for children in Milwaukee.

The YMCA of Metropolitan Milwaukee received a generous contribution of 55 acres and $5.5 million from Mr. Cudahy in 1998. The 55 acres that were once part of Mr. Cudahy's childhood home have been used to build the John C. Cudahy YMCA, a recreation facility that provides educational and fitness programs to area youth. Most recently, Mr. Cudahy made history with his $3 million donation to the Boys & Girls Clubs of Greater Milwaukee. The contribution was the largest ever received by the club in its 113 year history and will be used in attempts to double membership.

Mr. Speaker, I commend Michael Cudahy in his efforts to improve the community and better the lives of its citizens. From the beginning, Michael Cudahy's innovation, vision, and dedication have been an asset to the city of Milwaukee. His generous nature and positive outlook on life are an inspiration to all of us.

CONCERNING VIOLENCE IN MIDDLE EAST

SPEECH OF

HON. BENJAMIN L. CARDIN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 24, 2000

Mr. CARDIN. Mr. Speaker, I rise today in strong support of H. Con. Res. 426, concerning the recent disturbing violence in the Middle East. The resolution expresses the sense of Congress that the success of the Middle East peace process depends on the leadership of the Palestinians abandoning the

use of violence and joining with the Prime Minister Barak of Israel in a true search for peace.

Two weeks ago, Mr. Speaker, I rose with a heavy heart, after learning about the latest violence in Israel. News reports at that time told us that two Israeli reserve soldiers had been killed in the West Bank town of Ramallah. The Israeli soldiers were detained by the Palestinian police after they inadvertently made a wrong turn down a street, and were taken to a police station. Apparently a mob of Palestinians broke into the police station, slaughtered the Israeli soldiers, and paraded their bodies through the streets.

This horrendous incident followed on the heels of days of violence by the Palestinian people. The tragedy of the return to street violence was aggravated by the refusal of the Palestinian leadership, and Yasser Arafat in particular, to move aggressively to restore order to the troubled region. Rather than exercise its law enforcement responsibilities, the Palestinian leadership actually encouraged the violence.

Mr. Speaker, the resolution before us today rightly condemns the Palestinian leadership for encouraging the violence and doing so little for so long to stop it, resulting in the senseless loss of life. Mr. Arafat must call upon the Palestinian leadership to refrain from any exhortations to public incitement, and Mr. Arafat must use his security forces to act immediately to stop all violence, to show respect for all holy sites, and to settle all grievances through negotiations. His total failure to take such actions necessitates our action today on this resolution.

I call on Mr. Arafat to live up to his obligations under the Oslo Accords, and to maintain public order and calm in the West Bank through a vigorous use of the Palestinian police force. Let us remember that the Palestinians now fully control over 40 percent of the West Bank and Gaza, with over 95% of the Palestinian population under the civil administration of the Palestinian Authority. As the Palestinians gain greater authority and control over their domestic affairs, they also must shoulder the additional security responsibilities that come hand-in-hand with territorial control. The Palestinians must ensure the safety of both Israelis and Palestinians within their areas of control.

Mr. Arafat has personally assumed responsibility over all PLO elements and personnel in order to assure the maintenance of peace, law, and order in the West Bank. Just two weeks ago Mr. Arafat allowed a Palestinian mob to destroy Joseph's Tomb, a Jewish holy site in the West Bank, just hours after Israeli troops withdrew and allowed the Palestinian police to take control. Mr. Arafat has again violated his obligations under the Oslo Accords to "ensure free, unimpeded and secure access to the relevant Jewish holy site[s]" and to "ensure the peaceful use of such site[s], to prevent any potential instances of disorder, and to respond to any incident."

The statements attributed to Mr. Arafat following the recent Arab League summit only exacerbate the problem of his failure to be a leader for peace. Upon his return to Gaza on October 22, 2000, Mr. Arafat stated: "We will continue on to Jerusalem, the capital of the independent Palestinian state. If Barak wants to, he will accept it. And if he doesn't accept it, he can go to hell." Those are not the words of one seeking to put the peace process back on track.

Moreover, it is very troubling to see that Arab leaders legitimized the use of violence by the Palestinians as a negotiating tactic while Mr. Arafat praised those involved in violent attacks against Israelis. The Arab League also called for a downgrading of existing ties with Israel and for a halt in the establishment of any new relations with the Jewish state.

Mr. Speaker, each of us prays for peace in the Middle East. The only way to achieve peace is for the Palestinian leaders not only to condemn terrorism, but to take steps to stop it. We must also unequivocally state to Mr. Arafat, and to the countries of the Arab League, that Israel will only yield territory as the result of negotiations through a legitimate peace process, and that the United States stands firmly against the continued promotion of violence and terrorism by the Palestinian leadership, and specifically Mr. Arafat.

TRIBUTE TO ANN MARIE COMISKEY

HON. SANDER M. LEVIN

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. LEVIN. Mr. Speaker, I rise to honor Ann Marie Comiskey who will be named Troy's Distinguished Citizen of the Year by Leadership Troy at their annual community awards banquet on Wednesday, October 25, 2000.

Ann was nominated for this prestigious award by the Troy Women's Association. She has been involved with this group for the past 23 years where she has served in numerous capacities, including President, Chaplain, Historian, Membership Chair, Parliamentarian and several other positions on the Board of Directors. Ann has also served on multiple committees to organize many of the Association's events.

Ann Comiskey's dedication to her community extends beyond the Troy Women's Association. She is currently a member of St. Anastasia Church where she serves on the Missions Committee and has served as a Eucharistic Minister and a teacher of Catechism. Ann has shared her knowledge in education and counseling on the Advisory Committee to the Troy Adult and Community Education Department, President of the Wayne Monroe Adult and Community Education Association, and is a member of the Michigan Adult and Community Education Association. She is currently one of the Vice Presidents of the Boys and Girls Club of Troy where she has devoted her time to the Taste of Troy Committee and is also the Chair of the 50/50 Raffle and Sustaining Membership Committees.

Mr. Speaker, I ask my colleagues to join me in recognizing a remarkable woman for her energy and enthusiasm during her years of dedication and devotion to the people of her community. Ann Comiskey is, indeed, a distinguished citizen.

A TRIBUTE IN THE MEMORY OF DR. MARVIN WEINREB

HON. BARBARA LEE

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Ms. LEE. Mr. Speaker, I rise with a great sense of loss as I pay tribute to Dr. Marvin Weinreb, a prominent East Bay community leader, friend and humanitarian, who left us on October 14, 2000, at the age of 74.

Dr. Weinreb donated his time and efforts to areas throughout the world in need of his medical expertise. He both piloted planes and gave medical assistance for the organization Los Medicos Voladores ("The Flying Doctors"), which provides volunteer medical aid to people in Central America. A dedicated doctor, Dr. Weinreb took time to help educate other doctors and train and encourage people interested in the medical profession.

Dr. Weinreb demonstrated a lifelong devotion to the Jewish, East Bay and International Communities. He was a former president of Temple Beth Shalom in San Leandro, the Jewish Federation of the Greater East Bay, and the Judah L. Magnus Jewish Museum in Berkeley, as well as a former chair of the Southern Alameda County campaign for the United Jewish Welfare Fund. He also served as a school board trustee in Hayward from 1965 to 1977.

Dr. Weinreb graduated from Lehigh University in Pennsylvania, and attended medical school at the University of Chicago. He then practiced dermatology in the Bay Area, and held the post of clinical professor of dermatology at the University of California, San Francisco, Medical School.

Dr. Weinreb and five members of The Flying Doctors were en route to a conference when their plane went down near Ensenada, taking the lives of all the passengers.

Services were held for Dr. Weinreb at Temple Beth Sholom, in San Leandro, California, on October 19, 2000. The community has lost a great person and dedicated humanitarian. My thoughts and prayers are with all of these families at this difficult time.

PROVIDING FOR CONCURRENCE BY HOUSE WITH AMENDMENT IN SENATE AMENDMENT TO H.R. 4886, TARIFF SUSPENSION AND TRADE ACT OF 2000

SPEECH OF

HON. DENNIS J. KUCINICH

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 24, 2000

Mr. KUCINICH. Madam Speaker, I rise today in support of H.R. 4868, the Miscellaneous Trade and Technical Corrections Act. This legislation is of great importance and its passage must be concluded rapidly in order to be voted on by the 106th Congress.

This legislation contains vital provisions from H.R. 1622, the Dog and Cat Protection Act, a bill which bans the import, export, and sale of products containing dog and cat fur. This

issue is of the highest moral imperative. An estimated 2 million dogs and cats are killed each year for their fur as part of the international fur trade. These animals are kept in deplorable conditions, subjected to unbearable treatment and face brutal deaths including clubbing and skinning alive. This abuse of animal rights must be stopped.

There is strong support for this legislation in Congress. The Dog and Cat Protection Act has broad bipartisan backing and 93 cosponsors. The Miscellaneous Trade and Technical Corrections Act was approved unanimously by both the House and the Senate. The concern for animal welfare is also shared by the American people. Over 65 million households have a dog or cat. In my own district of Cleveland, Ohio a local Television report by Dick Goddard succeeded in raising public awareness on this issue. His commendable work encouraged thousands of Cleveland residents to express their opposition to this abusive treatment of animals.

Madam Speaker, I rise today to urge Congress to finish the Conference Report on H.R. 4868, and allow a vote on this vital piece of legislation. I believe that every effort should be made to ensure that the 106th Congress is allowed to vote on this issue. Americans deserve to be protected from unknowingly participating in this brutal trade.

NATIONAL SCIENCE EDUCATION ACT

SPEECH OF

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 24, 2000

Mr. PAUL. Mr. Speaker, I urge my colleagues to reject the National Science Act (H.R. 4271), which violates the limits on congressional power found in Article 1, section 8 and the 10th amendment to the Constitution by using tax monies unjustly taken from the American people to promote the educational objectives favored by a few federal politicians and bureaucrats. As an OB-GYN, I certainly recognize the importance of increasing the quality of science education as well as undertaking efforts to interest children in the sciences. However, while I share the goals of the drafters of this legislation, I recognize that Congress has no constitutional authority to single out any one academic discipline as deserving special emphasis. Instead, the decision about which subjects to emphasize should be made by local officials, educators and parents.

H.R. 4271 not only singles out science for special emphasis, certain positions of the bill will lead to a national science curriculum. For instance, the bill calls for the Department of Education and the National Science Foundation to coordinate and disseminate information on ''standard'' math and science curricula as well as licensing requirements for teachers of math, science, engineering or technology. While local school districts are not forced to adopt these standards, local schools will be pressured to adopt these standards because they are the ones favored by their DC–based overlords. I would also ask the drafters of this bill what purpose is served by spending taxpayer moneys to create and disseminate a model curriculum at the federal level if their intent is not to have local schools adopt the federally-approved model?

I also object to the provision of this bill providing special assistance to science teachers for training and professional development as well as grants for so-called ''Master Teachers.'' Of course, I recognize that, like other citizens, teachers are underpaid because they are overtaxed. This is why I have introduced the Teacher Tax Cut Act (H.R. 937) which provides all teachers with a $1,000 tax credit. H.R. 937 effectively raises teacher salaries by lowering their taxes. In contrast H.R. 4271 raises the salaries of certain congressionally-favored educators by effectively cutting the pay of engineers, doctors, truck drivers, waiters, and even their fellow educators. Mr. Speaker, I cannot find any constitutional nor moral justification for Congress to redistribute money to any favorite class of professionals.

If the steady decline of America's education system over the past thirty years has shown us anything, it is that centralizing control leads to a declining education system. In fact, according to a recent Manhattan Institute study of the effects of state policies promoting parental control over education, a minimal increase in parental control boosts students' average SAT verbal score by 21 points and students' SAT math score by 22 points! The Manhattan Institute study also found that increasing parental control of education is the best way to improve student performance on the National Assessment of Education Progress (NAEP) tests. Clearly, the drafters of the Constitution knew what they were doing when they forbade the Federal Government from meddling in education.

In order to put education resources back into the hands of the American people I have introduced the Family Education Freedom Act (H.R. 935). This act provides a $3,000 per child tax credit for parents to help cover K-12 education expenses. I have also introduced the Education Improvement Tax Cut Act (H.R. 936), which provides a $3,000 tax deduction for contributions to K-12 education scholarships as well as for cash or in-kind donations to private or public schools. HRs 935 and 936 move control of education resources back into the hands of the American people and help ensure parents can provide their children an excellent education. In fact, since the tax credits contained in H.R. 935 and H.R. 936 may be used to help finance the purchase of items necessary for a science education, such as labs equipment and computers, these bills will particularly benefit those citizens who wish to improve science education. I therefore urge my colleagues to reject the failed, unconstitutional command-and-control approach of H.R. 4271 and instead embrace my legislation to return control of education resources to the American people.

SUPPORTING THOSE WHO REAFFIRM THE OCCURRENCE OF THE ARMENIAN GENOCIDE

HON. MICHAEL E. CAPUANO

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. CAPUANO. Mr. Speaker, I rise today in to express my disappointment that the House of Representatives chose not to consider H. Res. 596 last Thursday. This was the second time this resolution had been pulled from consideration, despite pledges by the leadership that the US would go on record to affirm their support for the Armenian genocide. It now appears that the House will not have such an opportunity before we adjourn the 106th Congress.

This resolution recognized the suffering of nearly two million Armenians from 1915 through 1923, as the Ottoman Empire strove to wipe out an entire race of men, women, and children. Those who were not murdered were effectively removed from their homes of 2,500 years in what is now modem day Turkey.

It called upon the President of the United States to do three things. Ensure that US foreign policy reflects consideration and sensitivity for human rights, ethnic cleansing, and genocide documented in US records relating to the Armenian Genocide and the consequences of the Turkish court's failure to enforce judgments against those responsible for committing genocide; recognize, during his annual commemoration of the Armenian Genocide on April 24th, that this was a systematic and deliberate annihilation of 1,500,000 people, and reflect upon the United States' effort to intervene on behalf of Armenians during the genocide; and finally, in his annual commemoration of the Armenian Genocide, emphasize that the modem day Republic of Turkey did not conduct the Armenian Genocide, which was perpetrated by the Ottoman Empire.

It was eighty-five years ago that Ottoman leaders used the guise of war as an opportunity to eliminate the Armenian population from the Empire. What began as confiscation of Armenian property in order to ''support'' the war effort, ended with the murder of 1.5 million people and the deportation of 500,000 others.

In May 1915, the Allied Powers of World War I charged the Ottoman Empire with a ''crime against humanity'' and vowed to hold responsible those involved in committing genocide. Despite commitments by the Allied Powers and indictments by the post-war Turkish government of the top leaders involved in perpetrating the Armenian genocide and the destruction of Armenian property, justice has not been served to those responsible for the atrocities against Armenians.

It is a shame that America does not have the courage to support the 2 million Armenians that suffered through a genocide. We should look more towards our friends in the international community who have not been deterred in their recognition of the annihilation of Armenians for what it really was—a genocide. The European Parliament and the United Nations have recognized and reaffirmed the Armenian genocide as historical fact, as have

the Russian and Greek parliaments, the Canadian House of Commons, the Lebanese Chamber of Deputies, and the French National Assembly. It is time for America to venerate Armenians who suffered at the hands of the Ottoman Empire. And let me stress that I am not speaking of the government of modern day Turkey, but rather its predecessor, which many of Turkey's present day leaders helped to remove from power.

I commend the bravery and dedication exhibited by the Armenian people to have their story heard. I wholeheartedly supported this resolution and am disappointed that cowardliness reigned supreme to prevent its consideration in the U.S. House of Representatives.

IN HONOR OF JOHN F. HENNING

HON. NANCY PELOSI

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Ms. PELOSI. Mr. Speaker, I rise to pay tribute to one of organized labor's greatest leaders on the occasion of his 85th birthday. John F. "Jack" Henning has had a long and distinguished career on the frontlines of the labor movement, fighting passionately for justice, equality, and human rights here and around the world. It is my privilege to commend and thank him for his lifetime of leadership.

Jack Henning was born in San Francisco in 1915 to hard-working parents of modest means. Hardworking himself, he graduated from St. Mary's College with a degree in English literature. In 1938, he started working with the Association of Catholic Unionists in San Francisco and began his steady climb within the labor movement. By 1949, he was working for the California Labor Federation, the official AFL–CIO organization for California, as a senior staff member, and in 1970, the Federation selected him as Executive Secretary-Treasurer. He held that position until 1996.

In addition to his service with the California Labor Federation, Jack served the cause of organized labor from within the halls of government. From 1959-1962, he served as the Director of the California State Department of Industrial Relations. He then served in the Kennedy and Johnson administrations as the U.S. Under Secretary of Labor. In these positions and afterward as an advocate, he worked consistently for justice and fair treatment of workers. He was instrumental, for example, in securing organizing rights for California's farm workers, in preventing restaurants from counting tips as wages under minimum wage laws, and in encouraging the labor movement to take strong stands for civil rights.

Jack has served on the Board of Regents of the University of California, where he fought to divest the University's holdings in South Africa under apartheid, and the Board of Trustees of St. Mary's College. He has sat on San Francisco's Public Welfare Commission and the Fair Employment Practices Commission and was the U.S. ambassador to New Zealand from 1967–1969.

In 1999, the University of California at Berkeley's Center for Labor Research and Education created the John F. Henning Center for International Labor Relations in recognition of his tremendous contributions to the labor movement. The Henning Center focuses on strategies for global unionism and the impact of globalization on workers around the world. Jack was also named Distinguished Labor Leader in Residence at the University of California's Institute of Industrial Relations.

Jack Henning has been an unfailing voice on behalf of the working women and men of the United States and of the world. We are all indebted to his leadership.

It is my honor to join his seven children, John Junior, Brian, Patrick, Nancy, Daniel, Thomas, and Mary, and his many friends and colleagues in wishing him a Happy Birthday.

HONORING JANET DENNIS ON HER RETIREMENT

HON. JOHN ELIAS BALDACCI

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. BALDACCI. Mr. Speaker, I rise today to pay tribute to a dedicated public servant who will be leaving my staff at the end of this year. Janet Dennis, Field Representative in my Bangor, Maine, District Office, will retire after nearly 35 years of congressional service.

It has been said that no government, regardless of its history and structure, can be better than the people who make it work. People like Janet Dennis, then, are the reason why our government is the best in the world. Janet is as dedicated a public servant as you will ever meet. She has worked hard every day to make government work for people.

Janet has been invaluable to me. I came to rely heavily on her advice and greatly appreciated her ability to identify and head off problems before others even realized they were coming. She has provided outstanding leadership to my district staff, and frequently has been asked for advice on handling complicated matters. I know that we all have learned much from Janet and are better for our time spent working with her.

Her good judgment, integrity and dedication have been an asset to my office, and to the people of Maine. Janet has never said no to a case. Rather, she has taken on challenging cases and pursued them relentlessly. She has treated constituents and colleagues alike with respect. She has also been an excellent driver, getting me everywhere I need to be in a very large district. She seems to cover an awful lot of ground in a very short time—and I appreciate it.

For more than three decades, Mainers have had the benefit of Janet's efforts. She worked for Senators Ed Muskie and George Mitchell before joining my staff, and brought with her a wealth of experience and institutional knowledge. As she retires, she leaves a void that will be difficult to fill.

There is no question, however, that this retirement is well deserved. I know that Janet is looking forward to spending more time with her husband, Richard, and her children and their families. I'm sure that she won't miss the long drive from her home in Waterville to the Bangor office, and that she will revel in having extra time to spend at camp during Maine's glorious summer months.

Janet Dennis has been a model public servant. Moreover, she has been a joy to work with every day. On behalf of myself, my family and the people of Maine, I am honored to have this opportunity to publicly thank Janet, and to wish her all the best as she enters this new phase of her life.

CONCERNING VIOLENCE IN MIDDLE EAST

SPEECH OF

HON. JOE KNOLLENBERG

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 24, 2000

Mr. KNOLLENBERG. Mr. Speaker, today the House of Representatives is voting on House Concurrent Resolution 426 regarding the current violence in the Middle East. I believe it is appropriate for the United States to express solidarity with Israel, but it is with reluctance that I am voting in favor of this resolution.

I am concerned about the timing and perception of this resolution. The United States has an essential role to play as facilitator of peace. The United States must be careful to encourage the peace process, and not detract from it. I am concerned this resolution may be perceived as placing entire blame for the violence on the Palestinian leadership. That is not the case, and I hope it will not be perceived in that way. In fact, in order to reach a long-lasting peace, both sides will eventually have to accept some responsibility for the current situation.

I remain a strong supporter of Israel and the U.S.-Israel relationship. But it is clear the demonstration by Ariel Sharon in Jerusalem's Old City was an ill-advised provocation. And there probably couldn't have been a worse time for a provocation. Mr. Sharon must have understood how his actions would be perceived. In fact, the Israeli government understood this danger, which is why they provided Mr. Sharon with a security force.

At the same time, Chairman Arafat has clearly used Mr. Sharon's visit as an opportunity to drastically change the dynamics of the peace process. With the recent violence, including the desecration of the West Bank holy site of Joseph's Tomb, Mr. Arafat's ability and willingness to prevent violence and maintain peace throughout Palestinian controlled areas have come into serious question.

On two occasions imprisoned Palestinian militants were released from jail. Although there have been some assurances made that these individuals are being rearrested, militant Palestinian organizations have disputed that, declaring most remain free. In addition, incitement to violence continues to be broadcast from Palestinian Authority radio and televisions stations. I am hopeful Mr. Arafat will have the ability and willingness to address these issues and restore calm and stability to the areas he is responsible for controlling.

Now is the time for responsible leaders to call on their people to abandon violence as a

means of achieving their goals. I am hopeful both leaders will work to restore stability to the region, condemn the use of violence and reiterate their commitment to the peace process. The violence must stop in order for the parties to re-engage in that process.

HONORING OUR SENIORS

HON. J.C. WATTS, JR.

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. WATTS of Oklahoma. Mr. Speaker, we all realize that maintaining good health is imperative to enjoying a long, fulfilling life. And reauthorizing the Older Americans Act is an excellent way for us to provide seniors with the opportunity to live life to its fullest.

The 1965 Older Americans Act created a series of federal programs specifically designed to meet the service needs of seniors. Although older persons may receive services under other federal programs, the Older Americans Act is the major vehicle for organizing and delivering supportive and nutrition services to senior citizens.

Thousands of elderly and disabled Americans rely on quality services such as those provided by the Administration on Aging, and programs like nutrition services, family care giver, elder abuse prevention, long term care, senior community service employment and Native American programs for the elderly.

We, in Congress, must make sure that seniors receive these much needed services and benefits in the most efficient manner possible. Along with state and local agencies, including national associations like Green Thumb, Congress must work diligently to ensure that older Americans can look forward to long, productive lives within their own communities and around the nation.

Seniors serve as grandparents who provide care for numerous children, strengthen families, tutor students, operate computers, teach crafts, work as librarians, and provide many other important community services. Through these efforts, and countless others, senior citizens have helped to make America the great country it is today and will continue to make significant contributions for years to come. Therefore, I challenge all Americans, young and old, to work with me on issues critical to our seniors.

AMERICAN HOMEOWNERSHIP AND ECONOMIC OPPORTUNITY ACT OF 2000

SPEECH OF

HON. ASA HUTCHINSON

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 24, 2000

Mr. HUTCHINSON. Mr. Speaker, I rise today to commend Chairman LEACH, Chairman LAZIO, Mr. LAFALCE, and my colleagues on the House Banking Committee for their tireless work on moving legislation that brings some much-needed reforms to the housing industry. For the most part, S. 1452 is a product of which we should all be very proud.

Furthermore, I am pleased to see that several components of H.R. 1776, the Housing and Economic Opportunity Act, have been included in S. 1452. As my colleagues may remember, H.R. 1776 passed our Chamber earlier in the year by an overwhelming and bipartisan vote of 417 to 8. However, there is one particular omission that concerns me. Unfortunately, this omission may ultimately have an impact on the number of families who may realize the American dream of homeownership.

The provision that has been omitted from S. 1452 is section 102 of H.R. 1776. Section 102 requires that the Federal Government perform a housing impact analysis before it issues new regulations. The impact analysis would determine if a significant negative impact on affordable housing would result from those new regulations. ''Significant'' would be defined as increasing consumers'' cost of housing by more than $100,000,000 per year. Further, Mr. Chairman, H.R. 1776 stipulates that the private sector would have an opportunity to submit an alternative to the proposed regulation if it would have less of a negative impact on the cost of homeownership.

As with the other provisions in title I of H.R. 1776, the goal of the housing impact analysis is to alert federal agencies and the general public of the impact of regulation on housing affordability. Ultimately, the objective would be to help bring down the cost of a home by minimizing regulations that pose a barrier to homeownership. The housing impact analysis addresses this issue by requiring the Federal Government to perform an ''internal check'' to see if the regulation might be constructed in a better way that would not lock individuals out of homeownership.

I see this internal check as a positive action, Mr. Speaker, and I am concerned that this worthy provision, a provision 417 of my colleagues supported, was left out S. 1452. I hope that this concept does not die with the closing of the 106th Congress, but is reviewed again next year, with the commencement of the 107th.

SAND CREEK MASSACRE

HON. BOB SCHAFFER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. SCHAFFER. Mr. Speaker, on November 29, 1864, John M. Chivington and his troops invaded the Native American village of Sand Creek in southern Colorado. At least 150 Cheyenne and Arapaho Indians were murdered along the banks of Sand Creek. The stories of this massacre have been passed down through generations, however, the victims have not received the recognition they deserve.

Last year the Sand Creek Massacre National Historic Site Study Act was signed into law. This Act directed the National Park Service to study, survey, and locate the site of the Sand Creek Massacre and assess the suitability of making the site a part of the National Park Service. From this study, the Park Service identified 12,480 acres as the site of the massacre.

Since then, Senator CAMPBELL and I introduced legislation to designate the 12,480 acres as a National Historic Site. I have worked closely with the Kiowa County Commissioners as well as the landowners within the boundaries of the site to insure private property rights are protected. While the legislation authorizes the Park Service to negotiate for property from willing sellers only, traditional agricultural operations inside the national historic site will continue until the private property owners decide to sell their land. Additionally, the bill will grant decedents of the Cheyenne and Arapaho tribes access to allow traditional observances on the land.

Mr. Speaker, I believe this legislation is long overdue, and this bill appropriately recognizes the massacre.

''CALIFORNIA RECLAIMED WATER ACT FOR THE 21ST CENTURY''

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. GEORGE MILLER of California. Mr. Speaker, I am proud to join Senator BARBARA BOXER in introducing the California Reclaimed Water Act for the 21st Century.

The recent string of wet winters in California should not let us forget that water shortages and drought are quite normal in our State. I strongly believe that investment in reclaimed water technology—water recycling—can help us ''drought-proof'' any of our community water supplies in California.

Projects that recycle water result in a net increase in available local water supplies and can decrease the need for water that must be supplied and often imported from other sources. Because wastewater for recycling is available even when other water supplies are diminished, recycled water can assist in providing a long-term, reliable, local source of water even during droughts.

Our farmers, urban dwellers, sport and commercial fishing interests, tribes, mountain communities and environmentalists all seek a more reliable and a more certain water future. Recycled water plays an important part in meeting California's water needs today and will play an even more important role in the next several decades.

About 3% of the water supply in the San Francisco Bay Area is now recycled. Water managers hope that eventually as much as 40% of the water will be recycled, perhaps as much as 500,000 acre-feet per year. California cities need planning help and financial assistance to find markets for the recycled water, and to construct the treatment and conveyance facilities needed to get the treated water to identified markets.

Recycled water can be used for irrigation of golf courses, parks, school lands, business campuses, and highway medians, and for groundwater recharge, wetlands development; and industrial purposes. We have to start thinking about recycled water as a critical component of the water supply picture in California.

Californians and government agencies have recently affirmed their support for water recycling, first with the passage of the California water bond last March, and more recently with the approval of the CALFED water agreement which broadly sets a course for California's water future. Water recycling and reuse is a major element of both these new actions and policies.

The Federal government's support for water recycling was initially authorized in the Reclamation Wastewater and Groundwater Study and Facilities Act of 1992. The Bureau of Reclamation's so-called "Title XVI" program originally approved financial assistance for planning, design and construction of four water recycling projects in California. More projects were approved in 1996.

The legislation I introduce today builds upon these Congressional efforts, voter ballot initiatives and agency studies. Senator BARBARA BOXER has today introduced identical legislation in the U.S. Senate.

The bill authorizes a series of new Title XVI water recycling projects and directs the Secretary of the Interior to work with various water districts throughout the State on water recycling activities. Specific projects included in the bill are: Castaic Lake Water Agency; Clear Lake Basin Water Reuse Project; San Ramon Valley Recycled Water Project; Inland Empire Regional Water Recycling Project; San Pablo Baylands Water Reuse Project in Sonoma, Napa, Marin and Solano Counties; State of California Water Recycling Program; Regional Brine Lines (salt removal) in Southern California and in the San Francisco Bay and the Santa Clara Valley areas; Lower Chino Dairy Area Desalination Demonstration and Reclamation Project; and the West Basin Comprehensive Desalination Demonstration Program.

These projects will have the capacity to produce hundreds of thousands of acre-feet of useable water. Each acre-foot of recycled water produced by these projects will reduce the demand in California for imported water from the Bay-Delta and the Colorado River.

Unlike traditional Bureau of Reclamation water projects, these water recycling projects require a majority of funds to be locally provided. Consistent with Title XVI limitations on recycling projects as authorized in 1992 and 1996, the projects proposed in my bill require 75% local funding. Federal cost sharing is limited to 25%. Moreover, this bill specifies that none of the funds can be used for annual operation and maintenance costs. Those annual expenses are the responsibility of the local water districts or management agency.

I strongly believe that water recycling will continue to play an important and growing role in total water management strategies to provide a safe and sustainable water supply in California and in many other parts of the country. The water recycling projects authorized by the legislation I am introducing today are part of a long-term solution to some of California's most difficult challenges. Water recycling is not the only solution. But, water recycling and water reuse can play a significant part as these projects can be designed, built, and placed in service within a short time.

CONCERNING VIOLENCE IN MIDDLE EAST

SPEECH OF

HON. CAROLYN C. KILPATRICK

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 24, 2000

Ms. KILPATRICK. Mr. Speaker, I rise today in opposition to House Concurrent Resolution 426, Concerning the Violence in the Middle East.

It is truly disheartening to witness the renewed violence that has plagued Israel and the Palestinian territories for nearly thirty days. World leaders, especially President Clinton and United Nations Secretary-General Kofi Annan, have made numerous attempts to engage the Israeli and Palestinian leaders in negotiations toward an immediate cease-fire agreement that can realistically be implemented. Unfortunately, the latest emergency summit that took place in Egypt on October 16 had little impact on the cessation of violence or the pacification of hostilities.

The United States, as one of the foremost advocates of a sustainable Middle East peace agreement, must be very careful not to actively create conditions which defeat the very progress we are trying to achieve. H. Con Res. 426 suggests that Palestinian Authority Chairman Yasser Arafat and the Palestinian Liberation Organization (PLO) are the sole parties responsible for the current tragic state of affairs. By supporting this type of inaccurate portrayal, we damage our credibility as a neutral party genuinely seeking to bring about a peaceful solution to an extremely volatile situation.

On October 4, 2000, the United Nations Security Council passed Resolution 1322, condemning the surging violence by both Israelis and Palestinians, and the destruction of holy sites in the city of Jerusalem. This resolution passed the Security Council without a single opposing vote—the United States was the only nation to abstain. Due to language in the UN measure regarding the provocation of violence by Likud Party leader Ariel Sharon, and the excessive use of force against Palestinian civilians by Israeli troops, H. Con. Res. 426 expresses its desire for the President exercise UN veto power to "ensure that the Security Council does not again adopt unbalanced resolutions addressing the uncontrolled violence in the areas controlled by the Palestinian Authority." Yet H. Con. Res. 426 itself is undeniably unbalanced and fails to acknowledge any responsibility on the part of Israel.

The conflict in the Holy Land has endured far too long, resulting in the unnecessary loss of human life, creating a rift between ethnic and religious groups, and eroding the historic and aesthetic attributes of the area. A lasting peace agreement will require the commitment of both Israeli and Palestinian leaders and citizens. At this fragile moment in Middle East history, let us not assign blame to one group or another, but rather suggest shared responsibility. The goal of the U.S. is to foster mutual, unwavering effort on the part of both parties to desist from violence and to accept negotiation as the only means of political action.

Last month, I further demonstrated my commitment to the negotiation process by supporting H.R. 5272, the Peace Through Negotiations Act of 2000. This measure strongly encourages the Palestinian Authority not to undermine the prospects of peace by unilaterally declaring Palestinian Statehood. Before the United States can be accepted as an honest broker in these or any negotiations, it must demonstrate an even-handed approach with both parties. H. Con. Res. 426 undercuts this goal.

I extend my heartfelt condolences to the surviving family members of the individuals killed on both sides of the conflict. May the memory of those victims serve as a catalyst to end the cycle of violence.

MARKING THE 300TH ANNIVERSARY OF THE FOUNDING OF LEBANON, CT

HON. SAM GEJDENSON

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. GEJDENSON. Mr. Speaker, I rise today with pride to mark the 300th anniversary of the founding of Lebanon, Connecticut. Over the past three centuries, Lebanon has developed a rich history that is a source of pride for every resident and citizens across eastern Connecticut. As residents celebrate their past this year, they look forward to the many exciting opportunities for their community in the years ahead.

Lebanon was officially incorporated in October 1700. Covering more than 55 square miles, the community hosts some of the State's most productive dairy and poultry farms and spectacular open spaces. Lebanon is well-known throughout Connecticut for its rich and varied history.

The history of Lebanon is inexorably tied to the Revolutionary War. Arguably, Lebanon was at the center of Connecticut's efforts to support our quest for independence and freedom. The State's Revolutionary War Governor—Jonathan Trumbull—was a resident of Lebanon. He converted a building which had served as a general store into the State's "War Office." From this office, which still sits on the Lebanon Town Green, Governor Trumbull and the Council of Safety met frequently to direct the State's war effort. According to "Connecticut: A Fully Illustrated History of the State From the Seventeenth Century to the Present" by Albert Van Dusen, the Council, which consisted of many of the leading men of the day, including Samuel Huntington, William Williams and Deputy Governor Griswold, "put in untold hours of work at about 1,200 meetings, mostly held at the 'War Office.'" These men met at great risk to their personal safety throughout the War.

Governor Trumbull's extraordinary leadership and the resourcefulness and productivity of the people of my state earned Connecticut the distinction as the "Provisions State" during the War. The State provided everything from food and clothing to guns and ammunition for the Continental Army. During one of the darkest periods of the War, General Washington appealed to Governor Trumbull for supplies for the soldiers suffering through the winter at

Valley Forge when colonies in the central part of the country failed to provide promised rations. According to Van Dusen, Governor Trumbull ''immediately ordered Commissaries Henry Chamberlain and Peter Colt to take $200,000, earlier allocated to cattle purchases, and scour the countryside for live beef. The cattle were driven in herds by Champion and his son to Valley Forge. The first herd was devoured within 5 days by the ravenous soldiers.''

In addition to the many contributions of Governor Trumbull, the men of Lebanon played a crucial role in the War effort. More than 670 men from Lebanon served in the Continental Army beginning with the Battle of Bunker Hill through to victory at Yorktown. It is estimated that this figure represented about half of the total adult population of the community. Lebanon also played host to French forces under the command of Duke de Lauzun between November 1780 and June 1781.

Today, we stand more than two centuries removed from the end of the Revolution. However, the important role of Lebanon in one of the most defining moments in our nation's history remains clear on the landscape and in the spirit of the community. The historic buildings remain on the Town Green and the rich history is maintained through the work of the Lebanon Historical Society and the new Lebanon History Museum and Visitors Center. It remains alive in the hearts of hundreds of people who gathered last month to reenact a Revolutionary War encampment.

Over the past 300 years, Lebanon has grown, changed and prospered. Although agriculture remains important, the Town's economy has changed significantly with tourism becoming increasingly important. Lebanon retains much of its rural character and its rich history, incredible mile-long Town Green and natural resources make it an integral part of the Quinebaug and Shetucket Rivers National Heritage Corridor.

Mr. Speaker, I am proud to join with the residents of Lebanon in celebrating the community's 300th birthday. We are united in the knowledge that the next 100 years will be as productive and proud as the past three centuries.

IN MEMORY OF THEODORE M. BERRY

HON. ROB PORTMAN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. PORTMAN. Mr. Speaker, I rise today to pay tribute to Theodore M. Berry, a local hero who passed away on October 15, 2000. Over the past century, Ted had a profound impact on the Cincinnati area, and our nation, as a civic leader and civil rights advocate.

Ted was born in Maysville, KY, on November 8, 1905. Shortly thereafter, he moved to Cincinnati, graduating as the valedictorian from Cincinnati's Woodward High School in June, 1924. He went on to the University of Cincinnati Law School, where he paid his way by working at local steel mills. He graduated in 1931 and was admitted to the Ohio Bar in 1932.

In the 1930's and 1940's, Ted was a prominent leader at the NAACP Cincinnati branch, where twice he was elected president. In 1939, he was appointed Assistant Hamilton County Prosecutor. From 1947 to 1961, he served on the Ohio Committee for Civil Rights Legislation, focusing his attention on equal employment and fair housing issues. During this period, he also began a career as a Cincinnati City Council member.

Over the course of his life, Ted worked tirelessly to fight poverty, and, in 1964, he created Cincinnati's first Community Action Commission, which enabled Cincinnati to participate with President Lyndon Johnson's new Office of Economic Opportunity (OEO). A year later, President Johnson appointed Ted as head of OEO's Community Action Programs. Under Ted's leadership, innovative and effective programs such as Head Start were established. When he returned to Cincinnati, he became the city's first African-American mayor, serving from 1972 to 1975. Since then, he has reappeared in the public spotlight helping to advance the causes of numerous political and civic organizations.

Ted was honored by the Greater Cincinnati Chamber of Commerce as a Great Living Cincinnatian in 1984. In 1999, Cincinnati City Council approved funds to construct the Theodore M. Berry International Friendship Park along Cincinnati's riverfront. Last February, Applause! magazine honored Ted as the ''Person of the Century'' at the 10th annual Imagemaker Awards at the Arnoff Center for the Arts. In March, the Hamilton County Commissioners approved funds to construct the future Theodore M. Berry Way in Cincinnati.

Ted is survived by his wife, Johnnie Mae, and their three children: Theodore Berry, Jr., Faith Berry, and Gail Berry West. He was a dedicated public servant and strong advocate for civil rights, and, although he will be dearly missed, his accomplishments, leadership, and compassion will not be forgotten.

PAY TELEPHONES

HON. JAMES A. BARCIA

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. BARCIA. Mr. Speaker, I want to spend a few minutes today discussing a segment of the communications system that we often take for granted—pay telephones. We have all had experiences using pay telephones when we are away from home. Even in these days of wireless telephones, pay telephones are essential for many Americans. They are a great convenience when we are traveling, when we are away from the office, and, in many cases, when we have an emergency.

There are about 2 million pay telephones in the country today, about 1.5 million of which are owned and operated by the same companies that operate local telephone exchanges. Another 500,000 phones are owned and operated by independent pay telephone companies. For thousands of people in rural and low-income areas, pay telephones are a source of basic telephone service. About 6% of all households in the country do not have a telephone. In poor urban areas, 25% or more of households do not have a telephone, and up to 20% of rural households do not have telephones in some areas. For families in these households, pay telephones often provide basic telephone service.

Our national policy regarding pay telephones has evolved significantly over the last twenty years. Prior to 1984, pay telephones were a regulated monopoly owned exclusively by the local telephone exchanges. In 1984, the Federal Communications Commission ordered local exchanges to provide service with independent payphone companies that wanted to install their own payphones. This development introduced competition for the first time in the payphone industry. However, full competition did not develop because charges to payphone companies were still set high enough to subsidize other services.

In 1996, another development occurred. With the 1996 Telecommunications Act, Congress stated that it wanted to further competition in the payphone industry so that there would be widespread deployment of payphones. Rates paid by payphone companies to local exchange carriers were to be based on costs so that there would not be a cross-subsidization of other services. During the late 1980s, consumers had begun to experience the convenience of dialing ''800'' numbers at payphones without having to pay for them at the payphone. As the volume of these calls increased, it became clear that, as a matter of fairness, the payphone operator should receive some compensation for them. After all, the 1996 Act mandated that the payphone owner was to be fairly compensated for each and every call of this kind since it was his or her equipment that was being used to make the call.

Unfortunately, the goals of the 1996 Act have not been fulfilled. There has been substantial confusion about the definition of ''cost-based'' rates. While the FCC has taken some steps toward defining ''cost-based'' rates, it still has not given state regulatory commissions and local exchange carriers final guidance concerning the proper standard. The FCC's Common Carrier Bureau recently ordered Wisconsin carriers to file cost-based rates so that the FCC itself could review them. However, that order was stayed after an objection was filed. My concern is that a protracted proceeding before the FCC to determine the precise definition of ''cost-based'' could mean that payphone companies will pay substantially above costs for months or even years.

A related issue is the problem of dial around compensation. It is a great convenience for consumers to be able to dial ''800'' numbers without having to put coins in a payphone. However, it's only fair—and, in fact, it is the policy of the 1996 Act—that payphone owners are fairly compensated. These companies purchase, install and maintain the equipment and pay line rates for access to the local telephone exchange. The FCC has given some guidance as to which carrier is responsible for paying compensation, but the current system has proven to have a number of serious problems. Often, several companies are involved in carrying the signal from the caller to the final destination, and it can be difficult to determine

what company is responsible for paying the compensation. In many cases, all the carriers deny responsibility and payphone owners must initiate expensive litigation to receive any compensation. The FCC should move quickly to review its current approach to dial around compensation in order to resolve outstanding questions and to come up with a workable, effective system.

While these regulatory issues remain unresolved, the payphone industry and, ultimately, American consumers are being injured. Up to 300,000 payphone lines have been disconnected around the country in the last few years. Some of this may be due to the market forces from competition from wireless telephones. To the extent that market forces are reducing the number of pay telephones, that is the fair result of competition. However, it is likely that much of this reduction is due to the twin effects of payphone operators paying excessive costs for line rates and receiving inadequate compensation for dial around calls. This squeeze on payphone companies has led to the disconnection of telephones and in some cases companies dropping out of the market entirely.

In Michigan, there has been about a 25% reduction in the number of independent telephone companies in operation. The largest independent payphone company providing service in Detroit, with over 2000 phones, is in bankruptcy. I have heard story after story of payphones being disconnected, in rural areas, in urban playgrounds, and in other areas.

One of the particularly troubling aspects of this story is that we could have substantially better payphone service. The technology exists to provide Internet access, video services, and other services to consumers at pay telephones if the economic incentives allowed these developments. Today, in Europe, many of these services exist, and in a limited number of cases, they exist in the United States. However, our policy, although well intentioned, has had the effect of discouraging technological developments in the industry while individual companies struggle to survive.

I urge the FCC to look into these issues and take action to resolve these issues. Consumers in Michigan, indeed all over the country, will benefit from the Commission's efforts.

AMERICAN HOMEOWNERSHIP AND ECONOMIC OPPORTUNITY ACT OF 2000

SPEECH OF

HON. JAMES A. LEACH

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 24, 2000

Mr. LEACH. Mr. Speaker, following is a section-by-section analysis of S. 1452.

S. 1452, Manufactured Housing Improvement Act of 2000 with Amendments

SECTION-BY-SECTION

Section 1. Short Title and Table of Contents. States that the act may be cited as the ''American Homeownership and Economic Opportunity Act of 2000.''

Section 2. Findings and purpose. Congressional findings are that expanding homeownership opportunities should be a national priority, that there is an abundance of conventional capital available, that communities possess ample will and creativity to provide opportunities uniquely designed to assist their citizens to achieve homeownership, and that consumers should have access to lending opportunities at reasonable costs with knowledge behind lending decisions. Purposes of the act are to encourage homeownership by families not otherwise able to afford homeownership, to promote the ability of the private sector to produce affordable housing without excessive government regulation, to expand homeownership through tax incentives such as the home mortgage-interest deduction, and to facilitate the availability of capital for homeownership opportunities.

TITLE I—REMOVAL OF BARRIERS TO HOUSING AFFORDABILITY

Section 101. Short title. This title may be referred to as the ''Housing Affordability Barrier Removal Act of 2000.''

Section 102. Grants for regulatory barrier removal strategies. Authorizes $15 million for FY 2001 through FY 2005 for grants to States, local governments, and eligible consortia for regulatory barrier removal strategies. This is a reauthorization of the same amount under an already existing CDBG set-aside (Section 107(a)(1)(H)). Grants provided for these purposes must be used in coordination with the local comprehensive housing affordability strategy (''CHAS'').

Section 103. Regulatory barriers clearinghouse. Creates within HUD's Office of Policy Development and Research a ''Regulatory Barriers Clearinghouse'' to collect and disseminate information on, among other things, the prevalence of regulatory barriers and their effects on availability of affordable housing, and successful barrier removal strategies.

TITLE II—HOMEOWNERSHIP FOR WORKING FAMILIES

Section 201. Reduced downpayment requirements for loans for teachers and uniformed municipal employees. Allows reduced downpayment requirements for FHA-insured loans for teachers and uniformed municipal employees. Authority for the provision expires September 30, 2003.

Section 202. Home equity conversion mortgages. Allows for the refinancing of home equity conversion mortgages (HECMs) for elderly homeowners. Gives the Secretary discretion to reduce the single premium payment to an amount as determined by an actuarial study, to be conducted by the Secretary within 180 days of enactment, and to credit the premium paid on the original loan. Authorizes the Secretary to establish a limit on origination fees that may be charged (which fees may be fully financed). Waives counseling requirements if the borrower has received counseling in the prior five years and the increase in the principal limit exceeds refinancing costs by an amount set by the Department; provides a disclosure under a refinanced mortgage of the total cost of refinancing and the principal limit increase.

In cases where the reverse mortgage proceeds are used for long-term care insurance contracts, a portion of those proceeds may be used for up-front costs, such as initial service, appraisal and inspection fees. Requires HUD to waive the up-front mortgage insurance premium in cases where reverse mortgage proceeds are used for costs of a qualified long-term care insurance contract.

Directs the Department to conduct an actuarial study within 180 days of enactment of the effect creating a single national loan limit for HECM reverse mortgages.

Section 203. Law enforcement officer homeownership pilot program. Requires the HUD Secretary to develop a pilot program designed to assist law enforcement officers, including correctional officers, to purchase homes in locally designated high crime areas. No downpayment is required. The borrower must have served as police officer for at least 6 months. The provision is primarily targeted for high-crime areas. Provides that the Secretary shall not approve any application for assistance received under this section that is received after expiration of the 3-year period beginning when the Secretary first makes assistance available.

Section 204. Assistance for self-help housing providers. Reauthorizes the self-help housing providers through FY 2003, at such sums for FY 2001 and such sums as may be necessary for each of FY 2002 and 2003. Allows projects with 5 or more units to use their funds over a 3-year period. Allows entities to advance themselves funds prior to completion of environmental reviews for purposes of land acquisition.

TITLE III—SECTION 8 HOMEOWNERSHIP OPTION

Section 301. Downpayment assistance. Public Housing Authorities (PHAs) are authorized to provide down-payment assistance in the form of a single grant, in lieu of monthly assistance. Such down-payment assistance shall not exceed the total amount of monthly assistance received by the tenant for the first year of assistance. For FY 2000 and thereafter, assistance under this section shall be available to the extent that sums are appropriated.

Section 302. Pilot program for homeownership assistance for disabled families. Adds a pilot program to demonstrate the use of tenant-based section 8 assistance (section 8 vouchers) for the purchase of a home that will be owned by 1 or more members of the disabled family and will be occupied by that family and meets certain requirements. Requirements include purchase of the property within three years of enactment of this Act; demonstrated income level from employment or other sources (including public assistance), that is not less than twice the Section 8 payment standard established by the PHA; participation in a housing counseling program provided by the PHA; and other requirements established by the PHA in accordance with requirements established by the Secretary of HUD.

Section 303. Funding for pilot program. Authorizes such sums as may be appropriated for a grant program to supplement demonstration programs approved under the Section 8 homeownership demonstration program. The program has a 50% match requirement.

TITLE IV—PRIVATE MORTGAGE INSURANCE CANCELLATION AND TERMINATION

Section 401. Short title. Provides that this title may be cited as the ''Private Mortgage Insurance Technical Corrections and Clarification Act''.

Section 402. Changes in amortization schedule. Clarifies that private mortgage insurance (PMI) termination/cancellation rights for adjustable rate mortgages (ARMs) are based on the amortization schedule then in effect (the most recent calculation); treats a balloon mortgage like an ARM (uses most recent amortization schedule); bases cancellation/termination rights on modified terms if loan modification occurs.

Section 403. Deletion of ambiguous references to residential mortgages. Clarifies that borrowers' PMI cancellation and termination rights apply only to mortgages created after the effective date of the legislation (one-year after the date of enactment).

Section 404. Cancellation rights after cancellation date. Clarifies that the good payment history requirement in the bill is calculated as of the later of the cancellation date or, the date on which a borrower requests cancellation. Provides that if a borrower is not current on payments as of the termination date, but later becomes current, termination shall not take place until the first day of the following month (eliminates lender need to check and cancel PMI every day of the month). Clarifies that PMI cancellation or termination does not eliminate requirement to make PMI payments legitimately accrued prior to any cancellation or termination of PMI.

Section 405. Clarification of cancellation and termination issues and lender paid mortgage insurance disclosure requirements. Adds provision clarifying cancellation and termination issues related to terms ambiguous in law, including ''good payment history'', ''automatic termination'' and ''accrued obligation for premium payments''. Clarifies that PMI cancellation rights exist on the cancellation date, or any later date, as long as the borrower complies with all cancellation requirements. Clarifies that borrower must be current on loan payments to exercise cancellation.

Section 406. Definitions. Sets forth definitions of: a) refinanced; b) midpoint of the amortization period; d) original value; and e) principal residence.

TITLE V—NATIVE AMERICAN HOMEOWNERSHIP

SUBTITLE A—NATIVE AMERICAN HOUSING

Section 501. Lands Title Report Commission. Subject to amounts appropriated, creates an Indian Lands Title Report Commission to develop recommended approaches to improving how the Bureau of Indian Affairs (BIA) conducts title reviews in connection with the sale of Indian lands. Receipt of a certificate from BIA is a prerequisite to any sales transaction on Indian lands, and the current procedure is overly burdensome and presents a regulatory barrier to increasing homeownership on Indian lands.

The Commission is composed of 12 members with knowledge of Indian land title issues (4 appointed by the President, 4 by the President from recommendations made by the Chairman of the Senate Committee on Banking, Housing and Urban Affairs Committee, and 4 by President from recommendations made by the Chairman of the House Committee on Banking and Financial Services). Authorized at $500,000.

Section 502. Loan guarantees. Permanently authorizes the section 184 Loan Guarantee Program for Indian housing.

Section 503. Native American housing assistance. Makes the following amendments to the Native American Housing and Self-Determination Act of 1996 (NAHASDA):

Restricts Secretary's authority to grant waiver of Indian housing plan requirements, upon noncompliance due to circumstances beyond the control of the Indian tribe, to a period of 90 days. Allows Secretary to waive requirement for a local cooperation agreement provided the recipient has made a good faith effort to comply and agrees to make payments in lieu of taxes to the jurisdiction.

Sets forth requirement for assistance to Indian families that are not low-income upon a showing of need. Eliminates separate Indian housing plan requirements for small Indian tribes.

Provides Secretary with authority to waive statutory requirements of environmental reviews upon a determination that failure to comply does not undermine goals of the National Environmental Policy Act, will not threaten the health or safety of the community, is the result of inadvertent error and can be corrected by the recipient of funding. The intent is to address problems resulting from procedural, rather than substantive, noncompliance.

Authorizes tribal housing entities to provide housing on Indian reservations to full-time law enforcement officers, sworn to implement the Federal, State, county, or tribal law.

Revises provisions regarding audits and reviews by the Secretary by making applicable the requirements of the Single Audit Act to tribal housing entities; allowing these housing entities to be treated as non-Federal entities; and, permitting the Secretary to conduct audits. The audits will determine whether the grant recipient has carried out eligible activities in a timely manner; has met certification requirements; has an on going capacity to carry out eligible activities in a timely manner; and, has complied with the proposed housing plan.

Prescribes formula allocation for Indian housing authorities operating fewer than 250 units by requiring the amount of assistance provided to these tribes to be based on an average of their allocations from the prior five (5) fiscal years (fiscal years 1992 through 1997).

Amends hearing requirements to allow the Secretary to take immediate remedial action if the Secretary determines that the recipient has failed to comply substantially with any material provision of NAHASDA resulting in continued federal expenditures not authorized by law.

Upon noncompliance with the law due to technical incapacity, requires a recipient to enter into a ''performance agreement'' with the Secretary before the Secretary can provide technical assistance.

For section 8 vouchers currently being used by an Indian tribe, requires counting such vouchers under the NAHASDA block grant allocation formula to ensure that families currently participating in the Section 8 voucher program will continue to be funded.

Repeals requirement regarding the certification of compliance with subsidy layering requirements with respect to housing assisted with grant amounts provided under the Act.

SUBTITLE B—NATIVE HAWAIIAN HOUSING

Section 511. Short title. Provides that the subtitle may be cited as the ''Hawaiian Homelands Homeownership Act of 2000.''

Section 512. Findings. Finds that Native Hawaiians continue to have the greatest unmet need for housing and the highest rates of overcrowding in the United States, and that Congress finds it necessary to extend the Federal low-income housing assistance available under the Native American Housing and Self Determination Act of 1996 to those Native Hawaiians.

Section 513. Housing assistance. Provides the Secretary of HUD with authority to establish a program for the provision of block grants for affordable housing activities for Native Hawaiians, within the Native American Housing Assistance and Self Determination Act of 1996. The Secretary is to be guided by the program requirements of titles I, II and IV of the Native American Housing Assistance and Self-Determination Act in the implementation of housing assistance programs for Native Hawaiians under this title. The Secretary may make exceptions to, or modifications of, program requirements as necessary and appropriate to meet the unique situation and housing needs of Native Hawaiians. Sets forth definitions, the requirements associated with housing plans, and other program requirements.

Section 514. Loan guarantees. Provides for loan guarantees for Native Hawaiian Housing. Loans guaranteed by the Secretary pursuant to this title shall be in amounts not to exceed one hundred percent of the unpaid principal and interest that is due on an eligible loan. A loan is an eligible loan if that loan is made only to a borrower who is a Native Hawaiian family, the Department of Hawaiian Home Lands, the Office of Hawaiian Affairs, or a private nonprofit organization experience in the planning and development of a affordable housing for native Hawaiians.

TITLE VI—MANUFACTURED HOUSING IMPROVEMENT

Section 601. Short Title References. States that this title may be cited as the ''Manufactured Housing Improvement Act of 2000.''

Section 602. Findings and purposes. Current law provisions are replaced with a more detailed statement of the original intent of Congress when it enacted the Federal Manufactured Home Construction and Safety Standards Act. Adds a consensus standards development process to the purpose of the act. Expresses the continuing need for affordability and the need for objective, performance-based standards, while emphasizing the need for consumer protection.

Section 603. Definitions. Adds several definitions to Section 603 of current law concerning the consensus committee and the consensus standards development process (Section —4). Adds a definition for the monitoring function and related definitions for primary inspection agency, design approval inspection agency, and production inspection primary inspection agency duties, which had not been previously defined. The term ''dealer'' has been replaced throughout with the term ''retailer.''

Section 604. Federal manufactured home construction and safety standards. Section 604 of current law (P.L. 93–383) is revised to establish a consensus committee that would submit recommendations to the Secretary of HUD for developing, amending and revising both the Federal Manufactured Home Construction and Safety Standards and the enforcement regulations. These recommendations would be published in the Federal Register for notice and comment prior to final adoption by the Secretary. The committee shall be composed of 21 voting members, appointed by the Secretary, based on recommendations of administering organizations, who shall be qualified individuals (7 producers of manufactured housing, 7 users of manufactured housing, and 7 general interest groups and/or public officials), and one additional non-voting member to represent the Secretary on the consensus committee. The committee would function in accordance with the American National Standards Institute (ANSI) procedures for the development and coordination of American National Standards.

If the Secretary fails to take final action on a proposed revised standard, the Secretary shall appear before the housing and appropriation subcommittees and committees of the House of Representatives and the Senate and state the reason for failure.

Further, if the Secretary does not appear in person as required, the Secretary will be

prohibited from expending funds collected under authority of this title in any amount greater than that collected and expended in the fiscal year preceding enactment of the Manufactured Housing Improvement Act of 2000.

The revisions to section 604 would also clarify the scope of federal preemption to ensure that disparate state or local requirements do not affect the uniformity and comprehensive nature of the federal standards. At the same time, the bill would reinforce the proposition that installation standards and regulations remain under the exclusive authority of each state.

Section 605. Abolishment of the National Manufactured Home Advisory Council; manufactured home installation. Section 605 of existing law (P.L. 93–383) would be repealed, abolishing the National Manufactured Home Advisory Council, which is replaced by the consensus committee formed under Section —04. A new section 605 is added, entitled ''Section 605. Manufactured Home Installation,'' which give states five years to adopt an installation program. During this five-year period, the Secretary of the Department of Housing and Urban Development (HUD) and the Consensus Committee are charged with constructing a ''model'' manufactured housing installation program. In states that choose not to adopt an installation program, HUD may contract with an appropriate agent in those states to implement the ''model'' installation program.

Section 606. Public information. Amends current requirements governing cost information of any new standards submitted by manufacturers to the Secretary by requiring the Secretary to submit such cost information to the consensus committee for evaluation.

Section 607. Research, Testing, Development, and Training. Requires HUD Secretary to conduct research, testing, development and training necessary to carry out the purposes of facilitating manufactured housing, including encouraging GSE's to develop and implement secondary market securitization programs for FHA manufactured home loans, and reviewing the programs for FHA manufactured home loans and developing any changes to such programs to promote the affordability of manufactured homes.

Section 608. Prohibited Acts. Requires continued compliance with the requirements for the installation program required by Section 605 in any State that has not adopted and implemented a State installation program.

Section 609. Fees. Amends current section 620 by allowing the Secretary to use industry label fees for the administration of the consensus committee, hiring additional program staff, for additional travel funding, funding of a non-career administrator to oversee the program, and for HUD's efforts to promote the availability and affordability of manufactured housing. Prohibits the use of label fees to fund any activity not expressly authorized by the act, unless already engaged in by the Secretary, makes expenditure of label fees subject to annual Congressional appropriations review. Requires HUD to be accountable for any fee increase by requiring notice and comment rulemaking.

Section 610. Dispute Resolution. In order to address problems that may arise with manufactured homes, Section 610 gives the states five years to adopt a dispute resolution program for the timely resolution of disputes between manufacturers, retailers, and installers regarding the responsibility for the correction or repair of defects in manufactured homes that are reported during the one year period beginning on the date of installation. This also requires state issuance of appropriate orders for the correction or repair of defects in the manufactured homes that are reported during the 1-year period beginning on the date of installation under the dispute resolution program. In states that choose not to adopt their own dispute resolution program, HUD may contract with an appropriate agent in those states to implement a dispute resolution program.

Section 611. Elimination of annual report requirement. Eliminates existing annual reporting by the Secretary to Congress on manufactured housing standards.

Section 612. Effective date. Effective date of the legislation is the date of enactment, except that interpretive bulletins or orders published as a proposed rule prior to the date of enactment shall be unaffected.

Section 613. Savings provision. Existing manufactured housing standards are maintained in effect until the effective date of the Federal manufactured home construction and safety standards pursuant to the amendments made by this act.

TITLE VII—RURAL HOUSING HOMEOWNERSHIP

Section 701. Guarantees for refinancing of rural housing loans. Amends Section 502(h) of the Housing Act of 1949 to allow borrowers of Rural Housing Service single-family loans to refinance an existing direct or guarantee loan with a new guarantee loan, provided the interest rate is at least equal or lower than the current interest rate being refinanced; the same home is used as security; the principle is equal or lower than the refinanced amount plus closing costs, discount points not exceeding 2 basis points and, an origination fee prescribed by the Agriculture Secretary [HR 3834 (Andrews) Homeowners Financing Protection Act (passed the House under suspension on September 19, 2000).]

Section 702. Promissory note requirement under housing repair loan program. Increases amount of promissory note (instead of use of liens on property) amounts from $2,500 to $7,500 (adjusted from late 1970's amount to account for home repairs, e.g. roofing, heating systems, windows, etc.) without going through the formal loan process.

Section 703. Limited partnership eligibility for farm labor housing loans. Technical amendment that clarifies that limited partnerships are eligible for loans under Section 514 (Farm Labor Housing) in cases where the general partner is a nonprofit entity.

Section 704. Project accounting records and practices. Sets forth accounting and record keeping requirements, including maintaining accounting records in accordance with generally accepted accounting principles for all projects that receive funds under this program; retaining records available for inspection by the USDA Secretary for not less than six years, and other requirements.

Section 705. Definition of rural area. Extends designation of rural areas, for purposes of the Rural Housing Service housing programs, for a narrow category of communities until the 2010 census.

Section 706. Operating assistance for migrant farmworkers projects. Allows Section 521 operating assistance for farm labor housing complexes where ''mixed'' migrant and annual workers will live.

Section 707. Multifamily rental housing loan guarantee program. Allows Native Americans to become eligible borrowers under the multifamily loan guarantee program; authorizes a ''balloon payment'' as a financing option; allow fees from lenders to be used to help offset program costs; and repeals existing prohibition against the transfer of property title from the lender to the federal government as well as the prohibition against the transfer of liability from one borrower to another.

Section 708. Enforcement provisions. Provides criminal penalties and civil sanctions for violations of program requirements.

Section 709. Amendments to title 18 of the United States Code. Amends Title 18 of the U.S. Code—Money Laundering—to strengthen enforcement and prosecution of program fraud and abuse.

TITLE VIII—HOUSING FOR ELDERLY AND DISABLED FAMILIES

Section 801. Short Title. This title may be cited as the ''Affordable Housing for Seniors and Families Act.''

Section 802. Regulations. Provides that the Secretary of HUD shall issue regulations implementing the provisions of this title only after notice and opportunity for public comment.

Section 803. Effective Date. Provides that the provisions of the title are effective upon enactment unless such provisions specifically provide for effectiveness or applicability upon another date certain.

SUBTITLE A—REFINANCING FOR SECTION 202 SUPPORTIVE HOUSING FOR THE ELDERLY

Section 811. Prepayment and refinancing. Requires the Secretary to approve prepayment of mortgages for Section 202 properties if the sponsor (owner) continues the low-income use restrictions. Requires that upon refinancing, the Secretary make available at least 50% of annual savings resulting from reduced Section 8 or other rental housing assistance in a manner that is advantageous to tenants, which may include increasing supportive services, rehabilitation, modernization, and retrofitting of structures, and other specified purposes.

This allows sponsors to build equity in their project that can be used to refinance at lower interest rates. The refinancing may result in lower project based Section 8 if the sponsor elects lower debt service in addition to the lower interest rate. The savings can then be used for improvements to the facility or services for residents.

SUBTITLE B—AUTHORIZATION OF APPROPRIATIONS FOR SUPPORTIVE HOUSING FOR THE ELDERLY AND PERSONS WITH DISABILITIES

Section 821. Supportive housing for elderly persons. Authorizes such sums for the existing program of supportive housing for the elderly (section 202 housing) for FY 01 and ''such sums as may be necessary'' for FY 02, and FY 03.

Section 822. Supportive housing for persons with disabilities. Authorizes such sums for the existing program of supportive housing for the disabled (section 811 housing) for FY 01 and ''such sums as may be necessary'' for FY 02, and FY 03.

Section 823. Service coordinators and congregate services for elderly and disabled housing. Authorizes such sums for grants for service coordinators, who link residents with supportive or medical services in the community, for certain federally assisted multifamily housing projects for FY 01 and ''such sums as may be necessary'' for FY 02, and FY 03.

SUBTITLE C—EXPANDING HOUSING OPPORTUNITIES FOR THE ELDERLY AND PERSONS WITH DISABILITIES

PART 1—HOUSING FOR THE ELDERLY

Section 831. Eligibility of for-profit limited partnerships. Allows 202 sponsors to form

limited partnerships with for-profits, but the nonprofits must be the controlling partner. Through this partnership, the sponsors could compete for the low income housing tax credit. With this change, owners could build bigger developments and achieve scale economies. The units financed under Section 202 would be governed by those rules, and the tax credit units would be governed under those rules. States would still be making the decision who gets the LIHTC, and the limited partnerships would have to compete like everybody else.

Section 832. Mixed funding sources. Allows private non-profit housing providers to use all sources of financing, including Federal funds, for amenities, relevant design features and construction of affordable housing for seniors.

Section 833. Authority to acquire structures. Removes limitation allowing private non-profit housing providers to acquire only RTC-held properties. RTC went out of business. This provision allows 202 projects to acquire properties.

Section 834. Use of project reserves. Project reserves, a set-aside account funded through rent receipts for repairs to the building's structure or infrastructure over the years (roof, elevator, etc.), may be used to reduce the number of dwelling units in the 202 project. The use of these funds is subject to the Secretary's approval to ensure the use is designed to retrofit obsolete or unmarketable units.

During the cost containment phase of the Section 202 program, many efficiencies were built. In many cases, it is preferable to convert efficiencies to 1 or 2 bedroom apartments. In other instances, the project may want to reduce units to make room for a clinic or community space.

Section 835. Commercial activities. Makes clear that commercial facilities may be located and operated, in Section 202 projects, as long as the business is not subsidized with 202 funds. These facilities can benefit residents and bring some additional revenue (rent) to the project.

PART 2—HOUSING FOR PERSONS WITH DISABILITIES

Section 841. Eligibility of for-profit limited partnerships. Provides that for-profit limited partnerships are eligible to participate in the 811 program established under this Act. The nonprofit will be the controlling partner, and the limited partnership may compete for the LIHTC.

Section 842. Mixed funding sources. Allows private non-profit housing providers to use all sources of financing, including Federal funds, for amenities, relevant design features and construction of affordable housing for the disabled.

Section 843. Tenant-based assistance for persons with disabilities. Provides that tenant-based rental assistance provided under Section 811 of the Cranston-Gonzalez National Affordable Housing Act may be provided by a private nonprofit organization as well as by a public housing agency as under current law. Caps the amount of tenant-based assistance under Section 811 at 25% of the yearly appropriation for Section 811 housing to ensure that money remains available for construction of affordable housing stock for the disabled.

Section 844. Use of project reserves. Project reserves may be used to reduce the number of dwelling units in an 811 project to retrofit obsolete or unmarketable units. Allows flexibility to design the project in a way that makes it more comfortable & appealing for the residents.

Section 845. Commercial Activities. Clarifies that commercial facilities may be located and operated in Section 811 projects, as long as the business is not subsidized with 811 funds.

PART 3—OTHER PROVISIONS

Section 851. Service coordinators. Allows service coordinators to assist low-income elderly or disabled families living in the vicinity of an eligible federally assisted project. Requires HUD and HHS to develop standards for service coordinators in federally assisted housing to educate seniors about telemarketing fraud and facilitating prosecution of such fraud. This change will make the project a focal point of the community, address the isolation many seniors feel particularly in rural areas—and help seniors protect themselves against fraud.

SUBTITLE D—PRESERVATION OF AFFORDABLE HOUSING STOCK

Section 861. Section 236 Assistance. Allows owners of uninsured Section 236 projects to retain excess income. This money is needed for repairs to the aging projects. The FY 00 VA–HUD bill allowed uninsured Section 236 owners to retain excess income (which results when 30% of somebody's income exceeds the base rent established by HUD), but the authority had to be approved on an annual basis through the appropriations process. This provision puts the uninsured 236s on equal footing with the FHA insured projects, which are already allowed to retain excess income.

To the extent a project owner has remitted excess income charges to HUD since the date of enactment of the FY 1999 appropriations Act, the Department may return to the relevant project owner any such excess charges remitted. This would put these owners on an equal footing with those owners who had retained these excess charges and whom HUD has, through notice, permitted to retain such excess income.

SUBTITLE E—MORTGAGE INSURANCE FOR HEALTH CARE FACILITIES

Section 871. Rehabilitation of existing hospitals, nursing homes, and other facilities.

Currently, Section 223(f) of National Housing Act (NHA) provides mortgage insurance for purchase or refinancing of non-FHA multifamily housing projects and for refinancing of existing debt on non-FHA hospitals. Section 223(f) insurance is also broadly used for nursing homes, assisted living facilities, etc. Amends current law to allow for purchase as well as refinancing of such hospitals and includes integrated service facilities, which are defined in Section 872. Allows repairs and minor improvements to be included in financings, consistent with protocols in non-FHA financings. Clarifies program ambiguities such that savings include refinancing of short-term balloon loans.

Section 872. New integrated service facilities. Currently, Section 232 of NHA authorizes FHA insurance for nursing homes, intermediate care, board and care, and assisted living facilities. This section introduces a concept of an integrated service facility, and then makes these facilities eligible for mortgage insurance. An integrated service facility is defined as providing health care to sick, injured, disabled, elderly or infirm persons or services for the treatment and prevention of illness, or any combination thereof. It also removes a barrier to use of FHA insurance for some assisted living facilities by allowing the FHA to establish alternative underwriting standards when states lack licensing requirements. Another barrier to FHA insurance is removed by making the alternative Certificate of Need (CON) test for nursing homes, intermediate care facilities, and integrated service facilities more workable. Currently, FHA insurance is conditional upon the CON; however, several states have sunset CON programs or the agencies which would issue CONS. Moreover, an existing, but no longer appropriate, requirement that residents of nursing homes A are not acutely ill is stricken.

Section 873. Hospitals and Hospital-Based Health Care Facilities. Currently, Section 242 authorizes FHA insurance for hospitals and associated facilities. This section changes the definition of an eligible hospital to eliminate the test that denies eligibility where more than 50% of patient days are non-acute in nature. The 50% rule, especially in a continuum of care environment, creates a financing void for hospitals providing significant non-acute and other essential services now subject to the 50% rule. Modifies eligibility test used as an alternative to the CON requirement under the statute so that a sponsor applicant may commission an independent study in defined circumstances. Allows integrated service facilities to be Section 242 eligible when owned by a hospital sponsor.

TITLE IX—OTHER RELATED HOUSING PROVISIONS

Section 901. Extension of Loan Term for Manufactured Home Lots. Extends the loan terms for manufactured home lots financed by insured financial institutions from 15 years, 32 days to 20 years, 32 days.

Section 902. Use of Section 8 Vouchers for Opt—Outs. Amends the VA, HUD and Independent Agencies Appropriations Act of FY 2001 by changing the effective date when Section 8 vouchers may be used in situations where owners opt out of the program from 1996 to 1994.

Section 903. Maximum payment standard for enhanced vouchers. Amends the VA, HUD and Independent Agencies Appropriations Act of FY 2001 to require that HUD may not limit the value of enhanced vouchers as provided under the statute if such limit would adversely affect the assisted families to which enhanced vouchers are provided.

Section 904. Use of section 8 assistance by ''grand-families'' to rent dwelling units in assisted projects. Allows HOME funds (in rental units otherwise not eligible for HOME funds) to be used for facilities with units with low-income families having a grandparent residing with a grandchild, or in some cases, where great- and great-great grandchildren are residing in the unit, with neither of the child's parents residing in the household.

TITLE X—BANKING AND HOUSING AGENCY REPORTS

Section 1001. Short title. The title is cited as the ''Federal Reporting Act of 2000.''

Section 1002. Amendments to the Federal Reserve Act. Provides a new reporting requirement to replace the expired provisions relating to the semi-annual ''Humphrey-Hawkins'' reports requirements. Section 1002 requires the Chairman of the Federal Reserve Board to appear before Congress at semi-annual hearings to discuss monetary policy as well as economic developments and prospects for the future. The Chairman will appear before the House Banking Committee around February 20 of even numbered years and July 20 of odd numbered years, and before the Senate Banking Committee on February 20 of odd numbered years and July 20 of even numbered years. Either Committee may request the Chairman to appear after his scheduled appearance before the other.

Requires the Federal Reserve Board to submit, concurrent with each semi-annual hearing, a written report to both Committees discussing the same subjects, taking into account developments in employment, unemployment, production, investment, real income, productivity, exchange rates, international trade and payments, and prices.

Section 1003. Preservation of certain reporting requirements. This Section reinstates certain reports which expired in May 2000 pursuant to the Federal Reports Elimination and Sunset Act of 1995.

(1) President's economic report, together with the annual report of the Council of Economic Advisors. Due: During first 20 days of each regular session.

(2) President's report on impact of offsets on the defense preparedness, industrial competitiveness, employment, and trade of the US. Due: Annually (to Banking and Armed Services Committees) (This report discloses impact on the U.S. economy in cases where foreign governments, to justify the purchase of U.S.-made defense systems, require technology transfers or direct in-country investments. Such concessions ensure the sale but may impair future sales or enhance the production capacity of a potential foreign competitor to the U.S.)

(3) Commerce Department report on operations under the Public Works and Economic Development Act of 1965 (by the Economic Development Administration) Due: Annually. (The EDA provides grants for public works and other assistance to alleviate unemployment in economically distressed areas.)

(4) HUD's agenda of all rules and regulations under development or review. Due: Semiannually (to Banking Committee).

(5) HUD report on early defaults on FHA-insured loans. Due: Annually. (The report includes data on lenders and the numbers of loans they make—and defaults and foreclosures thereon—by census tract.)

(6) Two HUD Reports related to civil rights: (a) Progress in eliminating discriminatory housing practices. Due: Annually. (The report reviews the nature and extent of progress in eliminating housing discrimination practices, obstacles remaining, and recommendations for legislation or executive action.) and (b) Data on applicants, participants, and beneficiaries of the programs administered by HUD. Due: Annually. (The report provides data on race, color, religion, sex, national origin, age, handicap, and family characteristics of applicants or participants in HUD programs.)

(7) Two HUD reports related to lead-based paint hazards: (a) Assessment of the progress made in implementing the various programs authorized by the Act. Due: Annually. (This report covers research/studies into lead poisoning and recommendations for legislative or other action to improve HUD's performance in combating such hazards.); and (b) Progress of the Department in implementing expanded lead-based paint hazard evaluation and reduction activities. Due: Biennially. (This report is related to the one above and provides an assessment of HUD's progress in various lead-based paint abatement programs.)

(8) FHA annual report. Due: Annually. (The report provides an analysis of income demographic borrower information, specifically related to incomes not exceeding 100% of area median income (AMI), 80% of AMI, 60% of AMI; minority, central city and rural borrowers; and, HUD activities to ensure participation by these groups.)

(9) HUD annual report. Due: Annually. (This is an annual report by the Secretary to the President for submission to the Congress on all operations and programs under HUD's jurisdiction during the previous year.)

(10) HUD annual report. Due: Annually. (This is a general requirement for an annual report from the Secretary to the President on the activities of HUD for submission to Congress.)

(11) FEMA report on operations under the National Flood Insurance Act of 1968. Due: Biennially. (This report covers operations of the national flood insurance program offered to communities which enforce flood plain management measures.)

(12) HUD report on Indians and Alaska Native housing and community development. Due: Annually. (The report covers the housing needs of Indian tribes in the U.S. and HUD's activities in meeting such needs. It includes estimates of the costs of projected activities for succeeding fiscal years, statistics on the conditions of Indian and Alaska Native housing, and recommendations for new legislation.)

(13) HUD report on actuarial soundness of the Mutual Mortgage Insurance Fund. Due: Annually. (The report describes HUD actions to ensure the Fund maintains a capital ratio of at least 1.25 percent.)

(14) Treasury Department report on progress in enhancing human rights through U.S. participation in international financial institutions. Due: Quarterly (to Banking and International Relations Committees).

(15) Treasury Department reports: (a) Financial statement and report of transactions of the Exchange Stabilization Fund (ESF). Due: Monthly (to Banking Committee); and (b) Operations of the ESF. Due: Annually.

(16) OCC, FDIC, and Federal Reserve Board reports on activities of the consumer affairs division. Due: Annually. (These reports describe actions taken by the agencies to prevent unfair or deceptive acts or practices by banks and to address consumer complaints.)

(17) OCC Annual Report. Due: Annually.

(18) OTS report on minority institutions. Due: Annually. (This report relates to OTS actions to preserve minority ownership of minority financial institutions many of which serve lower income and minority communities.)

(19) Appalachian Regional Commission report of activities. Due: Annually. (The report covers Federal-State activities to support economic development in the 13 Appalachian states.)

(20) Export-Import Bank reports: (a) Export financing competition. Due: Annually. (This report reviews how well Exim's programs compete with those of other export credit agencies, and includes other ''sub-reports'' which will also continue, i.e. the Trade Promotion Coordinating Committee (TPCC) Strategic Plan, Advisory Committee comments on Exim's competitiveness, and Competitive Insurance Opportunities report on Exim deals with respect to countries that deny opportunities to US insurance companies.); (b) Tied aid credits. Due: Biannually. (This report covers the tied aid credit program under which grants are made to supplement financing for a US export when it appears predatory financing will be available from another country for a competitor's product.); and (c) Operations as of the close of business each fiscal year. Due: Annually (This report includes other ''sub-reports'' which would also be retained, i.e. environmental exports and small business exports. Three other sub-reports are listed for repeal under Section 1005.)

(21) FDIC report on operations of the Corporation. Due: Annually. (The report also includes information on the BIF and SAIF.)

(22) Federal Financing Bank report on activities of the Bank. Due: Annually. (The FFB lends to federal agencies to reduce the cost of borrowing, ensure coordination of borrowings with federal fiscal and debt management, and assure minimal disruption of private markets and institutions.)

(23) Federal Housing Finance Board Annual Report. Due: Annually.

(24) Federal Reserve survey of bank fees and services. Due: Annually. (The report covers discernible changes in cost and availability of bank services.)

(25) Federal Reserve assessment of the profitability of credit card operations of depository institutions. 15 U.S.C. 1637 Due: Annually. (The report also discusses trends in credit card interest rates.)

(26) Federal Reserve report on credit card price and availability information. Due: Semiannually. (The Board provides information on a sample of 150 card issuers twice a year.)

(27) Federal Reserve activities under the Equal Credit Opportunity Act. Due: Annually. (This information is included in the Board's annual report.)

(28) Federal Reserve report on administration of and recommendations as to changes in the Truth in Lending Act. Due: Annually. (The report provides information on compliance with TILA regulations.)

(29) Federal Reserve Board of Governors report of activities. Due: Annually.

(30) Federal Reserve report on policy actions of the Federal Open Market Committee and the Board. Due: Annually. (This is included in the Fed's annual report.)

(31) Federal Trade Commission's reports on administration of the Fair Debt Collection Practices Act. Due: Annually. (The report covers elimination of abusive debt collection practices.)

(32) National Credit Union Administration's report on operations and financial information. Due: Annually.

(33) Treasury Department report on activities and audit of financial statement of the Resolution Funding Corporation. Due: Annually. (REFCORP was established by FIRREA to raise funding for RTC resolution of insolvent S&Ls. Funds are appropriated to Treasury to pay interest on obligations issued by REFCORP.)

(34) Neighborhood Reinvestment Corporation's annual report. Due: Annually. (The corporation was set up to continue the work of the Urban Reinvestment Task Force in establishing neighborhood housing services and providing grants and technical assistance to facilitate reinvestment.)

(35) Voluntary agreements under the Defense Production Act. Due: At least annually. (This report is due to the Congress and the President from any individual(s) designated by the President, describing voluntary agreements and plans of action in effect for preparedness programs and expansion of production capacity and supply.)

(36) Justice Department report on data collection re banks and banking. Due: Quarterly. (This report details civil and criminal investigations and prosecutions relating to banking law offenses.)

(37) Federal Housing Administration Advisory Board report on assessment of the activities of the Federal Housing Administration; effectiveness of the Mortgagee Review Board. Due: Annually. (This report covers the soundness of FHA's underwriting procedures and other activities relating to the FHA's ability to serve nation's homebuyers and renters, as well as the effectiveness of the Mortgagee Review Board which takes action against mortgagees in violation of the

Fair Housing Act or other statutory requirements.)

Section 1004. Coordination of Reporting Requirements. Subsection (a) requires the FDIC's annual report to include the agency's annual consumer affairs report.

Subsection (b) requires the annual report of the Federal Reserve Board of Governors to include the Fed's annual report of activities under the Equal Credit Opportunity Act, the Board's annual consumer affairs report, the annual report on administration of the Truth in Lending Act, and the Fed's annual report on policy actions of the Federal Open Market Committee and the Board.

Subsection (c) requires the OCC annual report to include the agency's annual consumer affairs report.

Subsection (d) requires the Exim Bank's annual report on export financing competition to include the tied aid report, and makes the latter an annual rather than semi-annual report.

Subsection (e) requires HUD's annual report to include the Department's two annual reports required under the Civil Rights Act relating to progress in eliminating housing discrimination and data on applicants and participants in HUD programs, the Department's annual and biennial reports on lead based paint, the Department's annual report on all HUD programs and operations, and HUD's annual report on housing programs related to Indians and Alaskan Natives.

Subsection (f) requires the annual report of the Federal Housing Administration to include the annual report on early defaults on FHA-insured loans and the annual report on the actuarial soundness of the Mutual Mortgage Insurance Fund.

Subsection (g) amends the International Financial Institutions Act to change Treasury's report on promoting human rights through international financial institutions from a quarterly report to an annual report.

Section 1005. Elimination of certain reporting requirements. Provides for the repeal of certain Export-Import Bank reports. One is a report from the President requesting legislation if the amount of direct loan authority or guarantee authority available to the Export-Import Bank for the fiscal year involved exceeds the amount necessary. This report is being repealed because it is a corollary to the President's annual report on sufficiency of Exim authority which expired pursuant to the sunset. There are four ''sub-reports'' to Exim's annual report that are also to be repealed: (1) a report on specific Exim's programs and activities to promote nonnuclear renewable energy resources and description of Exim's actions to assist small business which is being repealed because this information is already included in other reports; (2) a report on Exim's actions on maintaining ''key linkage industries'' which is unnecessary because Exim's annual report covers exports for various industries; (3) a report on Exim's measures to supplement financing for agricultural commodities which was enacted 20 years ago but which is no longer needed with Exim continuing to be involved in this area; and (4) a report on Exim's programs on the export of services which is also covered in the annual report since it is part of Exim's activities.

This section also provides for the repeal of a semi-annual FDIC report on the agency's efforts to maximize the efficient use of private sector contractors to manage assets held by the agency. There is little need for the report today since assets have declined significantly since 1991. The 1999 report showed the agency had only about 3% of the assets in liquidation it had 7 years earlier.

TITLE XI—NUMISMATIC COINS

Section 1101. Short Title. Specifies that the Section be known as the ''United States Mint Numismatic Coin Clarification Act of 2000.''

Section 1102. Clarification of Mint's Authority. Specifies that the United States Mint (''Mint'') need not issue silver ''proof'' collector versions of the new golden-colored one-dollar coin, and adds the word ''platinum'' before the word ''bullion'' in law elaborating Mint authority to strike platinum bullion coins.

Section 1103. Additional Report Requirements. Adds a supplemental requirement to the Mint's annual audited financial statements to show the actual cost of producing and distributing circulating coins.

TITLE XII—FINANCIAL REGULATORY RELIEF

Section 1200. Short Title. This title may be cited as the ''Financial Regulatory Relief and Economic Efficiency Act of 2000.

Section 1201. Repeal of Savings Association Liquidity Provision. Repeals unnecessary provisions relating to savings association liquidity requirements.

Section 1202. Non-controlling Investments by Savings Association Holding Companies. Allows a savings and loan holding company to acquire a five to twenty-five percent non-controlling interest of another SLHC or savings association, subject to the approval of the Director of the OTS.

Section 1203. Repeal of Deposit Broker Notification and Record Keeping Requirement. Repeals requirement that brokers file a written notice with the FDIC before soliciting or placing deposits with an insured depository institution.

Section 1204. Expedited Procedures for Certain Reorganizations. Simplifies procedures for a national bank reorganizing into a bank holding company.

Section 1205. National Bank Directors. Permits national banks to elect directors to terms of up to 3 years on a staggered basis. Permits Comptroller to remove the limitation on the number of board members.

Section 1206. Amendment to Bank Consolidation and Merger Act. Permits national bank, upon approval of Comptroller, to merge or consolidate with its subsidiaries or nonbank affiliates with no increase in powers for the national bank.

Section 1207. Loans on or Purchases by Institutions of their own Stock. Repeals prohibition on a bank owning or holding its stock, but retains prohibition on making loans or discounts on the security of its own stock.

Section 1208. Purchased Mortgage Servicing Rights. Authorizes the appropriate Federal banking agencies to jointly simplify capital calculations by not requiring banks or thrifts to distinguish between types of mortgage servicing rights. This would allow regulators to value marketable mortgage servicing assets in capital determinations up to 100% of their fair market value rather than the current level which is limited to 90% of fair market value.

Section 1211. Call Report Simplifications. Provides for the modernization of the call report filing and disclosure system.

Section 1221. Elimination of Duplicative Disclosure of Fair Market Value of Assets and Liabilities. Clarifies that banking agencies need no longer pursue further development of the supplemental disclosure method. Even so, Section 36 of FDIA and its supporting regulations provide agencies with discretion to seek additional information in regulatory reports and annual reports regarding fair market value.

Section 1222. Payment of Interest in Receiverships With Surplus Funds. Gives the FDIC the authority to establish a uniform interest rate with regard to receiverships.

Section 1223. Repeal of Reporting Requirement on Differences in Accounting standards. Amends the requirement for each agency to produce an Annual Report on ''Agency Differences in Reporting-Capital Ratios and Related Accounting Standards,'' Instead, this provision directs the Federal banking agencies to jointly produce one report.

Section 1224. Agency Review of Competitive Factors in Bank Mergers Act Filings. Eliminates the requirement that each federal banking agency request a competitive factors report from the other three federal banking agencies as well as the Attorney General. The proposed provision would decrease that number to two, with the AG continuing to be required to consider the competitive factors of each merger transaction. The provision also requires the responsible banking agency to take into account appropriate competitive measures when considering the competitive effect of mergers.

Section 1231. Federal Reserve Board Buildings. Allows the Federal Reserve Board to have more than one building.

Section 1232. Positions of Board of Governors of Federal Reserve System on the Executive Schedule. Raises the pay of the Chairman of the Federal Reserve Board from Level II of the Executive Schedule to Level I (approx. $14,800) and the Board Members from Level III to Level II (approx. $10,500).

Section 1233. Extension of Time. Extends deadline for new FHLB capital rules from 12 months to 18 months.

Section 1241. Technical Correction Relating to Deposit Insurance Funds. Makes technical correction to FDIA.

Section 1242. Rules For Continuation of Deposit Insurance For Member Banks Converting Charters. Makes technical changes with regard to a cross-reference cite.

Section 1243. Amendments to the Revised Statutes.

503(a) Provides that the Comptroller may waive the U.S. citizenship requirement for up to a minority of a national bank's directors. The Economic Growth and Regulatory Paperwork Reduction Act (EGRPRA) inadvertently deleted the long-standing authority of the Comptroller to waive the citizenship requirement for up to a minority of directors of national banks that are subsidiaries or affiliates of foreign banks.

503(b) Updates Section II to reflect that national banks no longer issue national currency, while maintaining the provision that prohibits the Comptroller from owning interest in the national banks they regulate.

503(c) Repeals Section 5138 of the Revised Statutes (first enacted in 1864), which imposes minimum capital requirements for national banks. This minimum capital requirement (ranging from $50,000 to $200,000) is obsolete, since Congress granted the Federal banking agencies the regulatory authority to establish minimum capital requirements in 1983.

Section 1244. Conforming Change to the International Banking Act of 1978. Allows branches and agencies of foreign banks that satisfy the asset test imposed on domestic banks to be examined on an 18-month cycle instead of the 12-month cycle.

TRIBUTE TO THE HONORABLE TOM EWING ON HIS RETIREMENT FROM CONGRESS

SPEECH OF

HON. J. DENNIS HASTERT

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 24, 2000

Mr. HASTERT. Mr. Speaker, it's sad to part ways with TOM. He's an old friend who I've known over a span of more than 20 years. He's someone I've worked with in representing the people of our state of Illinois, both in Congress and our state legislature. He's someone who helped me rally the troops when I was chief deputy whip, and he's someone who supported me for Speaker of the House. I have great respect for TOM.

Since he was elected in 1991, TOM has worked for the families in Illinois' 15th District. TOM, a farmer himself, stood up for Illinois farmers' interests as Chairman of the House Subcommittee on Risk Management and Specialty Crops and Research. He fought for the Republican principles he represents so that he could make American lives better—a balanced budget, lower taxes, fair treatment for small businesses, welfare reform and Social Security and Medicare reform.

TOM wanted to retire so he could spend more time with his wife, Connie, his six children and his grandchildren. I hope his future years with them are filled with much happiness. I wish him the best of luck and thank this honorable and decent man for everything he has done for both the people of Illinois and the men and women of this country. I know our friendship will continue even after he goes back home.

25TH ANNIVERSARY OF NAEMT

HON. CURT WELDON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. WELDON of Pennsylvania. Mr. Speaker, today I rise to highlight an important milestone for America's Emergency Medical Services systems and to voice my continued support for the nation's EMTs and Paramedics.

This year marks the 25th anniversary of the National Association of Emergency Medical Technicians (NAEMT). For 25 years NAEMT has represented the interests of America's 600,000 EMTs and Paramedics, while witnessing the evolving role of EMS in this country. No longer are EMS personnel simply ''ambulance drivers,'' but instead they provide quality medical care for the sick and injured, including advanced life support with such interventions as intravenous cannulation, cardiac defibrillation, endotracheal intubation, and medication administration. But EMS personnel today do more than just clinical medicine. Whether it be a free blood pressure and blood sugar screening hosted by the local EMS agency in the rural town of Eveleth, Minnesota or the initiation of a defibrillator training program for community members in Omaha, Nebraska, EMTs and Paramedics across America exhibit a special dedication to the people of their communities. I applaud America's EMS personnel for their 25 years of outstanding service.

The aging population and concerns about healthcare for the 21st century are both issues we are fervently debating in Congress right now. EMS, as part of the allied healthcare system, is not immune from the effects of these emerging issues. Instead, these issues are rapidly increasing the roles of EMS personnel. At the NAEMT conference ''Outlook 2000'' in Reno, Nevada on November 8–11, America's EMTs and Paramedics will boldly step forward and accept these new challenges.

Mr. Speaker, I am convinced that today's EMTs and Paramedics will continue to proudly serve the people of this nation and will confront future challenges not with trepidation, but with the same confident altruism that led them to first develop America's EMS systems a quarter century ago.

PERSONAL EXPLANATION

HON. BRIAN P. BILBRAY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. BILBRAY. Mr. Speaker, on October 24 I was in my district and was absent for rollcall votes No. 541, No. 542, and No. 543. Had I been present, I would have voted: ''yea'' on H. Res. 634 (rollcall vote No. 541); ''yea'' on H. Con. Res. 414 (rollcall vote No. 542); and ''yea'' on H.R. 4271 (rollcall vote No. 543).

NATIONAL LAW ENFORCEMENT MUSEUM ACT

SPEECH OF

HON. JERRY F. COSTELLO

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 24, 2000

Mr. COSTELLO. Mr. Speaker, as a co-sponsor of this legislation, I rise today in support of S. 1438, the National Law Enforcement Museum Act, which honors the men and women who serve our nation as law enforcement officers.

America's law enforcement officers are one of our most valuable resources. Almost one million individuals nationwide perform an incredibly important task as they put their lives in danger on a daily basis to protect and serve the American people. As a former police officer, and the father of a former police officer, I know the inherent risk involved in the profession and salute these men and women for their efforts.

This legislation will allow the National Law Enforcement Officers Memorial Fund to go forward with plans to build the most comprehensive law enforcement museum and research facility in the world. The museum will serve to educate and inform the public of the risks and duties that law enforcement officers face on a daily basis.

Mr. Speaker, I urge my colleagues to join me in supporting the National Law Enforcement Museum Act. America's law enforcement officers are highly deserving of the praise and recognition that the museum will bring them.

PERSONAL EXPLANATION

HON. JIM NUSSLE

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. NUSSLE. Mr. Speaker, on Tuesday, October 24, 2000, I was unavoidably detained by weather problems in the Midwest and missed rollcall vote #541–#543. Had my votes been recorded, they would have been in the following manner:

Rollcall Vote #541 (On agreement to H. Res. 634) ''yea''.

Rollcall Vote #542 (To suspend the rules and pass H. Con. Res. 414) ''yea''.

Rollcall Vote #543 (To suspend the rules and pass H.R. 4271) ''yea''.

NATIONAL LAW ENFORCEMENT MUSEUM ACT

SPEECH OF

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 24, 2000

Mr. LANTOS. Mr. Speaker, I rise today in strong support of S. 1438, the National Law Enforcement Memorial Museum Act. This important piece of legislation would give all Americans a place to honor and commemorate the members of our nation's law enforcement agencies and provide a museum for those who have made the supreme sacrifice in the line of duty.

Mr. Speaker, during our nation's history, nearly 15,000 federal, state, and local law enforcement officers have lost their lives in the line of duty. According to the most recent FBI statistics, almost 63,000 officers are assaulted each year, and this results in more than 21,000 injuries. I am appalled to report that on average, one police officer is killed somewhere in the United States every 54 hours.

Everyday some 740,000 law enforcement professionals are asked to put their lives on the line to protect the safety of others. We owe all of these officers a huge debt of gratitude. I believe that the time has come to honor all law enforcement officers and to pay particular honor to their fallen colleagues for their outstanding service and sacrifice made for our country.

Mr. Speaker, this important legislation will establish a comprehensive law enforcement museum and research repository. The museum will permit researchers, practitioners, and the general public to have access to this premiere source of information on issues related to law enforcement history and safety.

As my colleagues are aware, in 1984 we mandated the establishment of the National Law Enforcement Officers Memorial. This memorial was dedicated in 1991 just a few blocks from this Capitol Building. The legislation we are considering today calls for the construction

for the National Law Enforcement Museum near the current memorial, a proper place for this important museum.

Mr. Speaker, the time has come to finish what we began in 1984, and I urge my colleagues to join me in voting for this important legislation.

COMMODITY FUTURES MODERNIZATION ACT OF 2000

SPEECH OF

HON. THOMAS W. EWING

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 19, 2000

Mr. EWING. Mr. Speaker, the Commodity Exchange Act now bans the offer and purchase of single stock futures products in the United States. The bill would lift that ban, subject to joint CFTC and SEC regulation, effective in one year for public customers and 8 months for institutional investors. U.S. investors today also are barred from buying single stock futures traded on foreign exchanges. Section 221(j) of the bill includes an amendment to the Commodity Exchange Act that would immediately allow U.S. investors to buy single stock futures—even those based on U.S. stocks—that are traded on foreign exchanges. This disparate treatment of U.S. and foreign exchanges has been pointed out by numerous futures and securities exchanges, and other financial industry representatives.

If U.S. customers are going to be allowed to purchase futures on equities traded overseas, the products should be subject to the same timing restrictions and oversight that is applicable to domestic security futures products. Section 221(i) would allow foreign exchanges to offer in the U.S. and U.S. investors to purchase, security futures products only under terms and conditions acceptable to the SEC and CFTC. Section 22(j) of the bill thus may conflict with Section 221(i) of the bill. This issue needs to be addressed before the bill is sent to the President.

OLDER AMERICANS ACT AMENDMENTS OF 2000

SPEECH OF

HON. DONNA M. CHRISTENSEN

OF THE VIRGIN ISLANDS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 24, 2000

Mrs. CHRISTENSEN. Mr. Speaker, I support H.R. 782, the Older Americans Act Amendments and I commend its sponsors for getting it to the floor of the House today. This program has not been reauthorized since it expired in 1995, but continued only through annual appropriations.

Today when we pass this reauthorization measure, we can finally say to our Senior citizens that we care about their concerns, enough to provide the support and assistance they need.

Mr. Speaker I especially applaud the bills provisions with regard to older people of color, who are often poorer, lack health care services and experience greater difficulties having their needs met.

The seniors in my district have benefited greatly from this act in the past and from the annual appropriations to continue the services—from the elderly nutrition programs to the home care for the frail elderly and the senior community service employment program. They are very proud of the variety of needed services they give to the community through this latter program.

We are also pleased that this reauthorization includes a national family caregiver support program. Many families across the country will be helped through this important measure.

Mr. Speaker, this reauthorization is long overdue and I am pleased to join my many colleagues in supporting it.

TRIBUTE TO THE HONORABLE DONALD P. LEMM, MAYOR OF BELLWOOD, ILLINOIS, ON THE OCCASION OF HIS RETIREMENT

HON. DANNY K. DAVIS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. DAVIS of Illinois. Mr. Speaker, Donald P. Lemm has lived in Bellwood, Illinois all of his life, he and his late wife Ida had four children and five grandchildren. He and his current wife Joy, live at 517 51st Avenue. Mayor Lemm is a graduate of DePaul University with a degree in business administration and accounting. He is a member of the VFW and served in Korea with the 71st Station Hospital as Sergant Major.

Prior to becoming Mayor, Donald P. Lemm was a CTA Executive for 40 years, serving in the capacities of Training Specialists, Methods Analysts, Superintendent of Bus and Rail Transportation and Retired as Manager of Insurance and pensions. He also served as Administrative Assistant to the Chairman of the CTA Board and was retained by the CTA as a consultant for three years after retirement.

Mayor Lemm is active in St. Simeon Parish, has served several times as President of the Holy Name Society, is a member of the St. Simeon's Contemporary Choir and St. Simeon's Traveling Troupe, is a Lector and minister of the cup and has served as a member of the Parish Finance/Planning Committee. Prior to becoming Mayor, Donald P. Lemm served for sixteen years as village clerk. As Mayor, he has led the village to greater property values, added business, a more diverse and professional workforce, and a more open atmosphere for village residents.

Mayor Lemm, has served as chairman of the West Suburban Neighborhood Preservation Agency and is a Board Member of such groups as the Boys and Girls Club of Bellwood and Hillside, the Council of Mayors, West Central Municipal Conference (V.P.), West Cook Solid Waste Agency and many more.

Over the years Mayor Donald P. Lemm has vividly demonstrated what it means to be a true public servant. He has consistently put the interest of his community above his personal agendas, he has not played politics with the peoples' needs, he has been a true representative of the people's interest and balanced manager of their affairs. Therefore, I am pleased to congratulate him on an excellent public career and wish him and his family well in retirement.

TRIBUTE TO LT. HAZEL WHITE, ON THE OCCASION OF HER RETIREMENT

HON. JOE BACA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. BACA. Mr. Speaker, I would like to honor California Department of Corrections Lieutenant Hazel White, who will be retiring on October 31, 2000, having completed 35 years of state service.

Lieutenant White began her career with the Department of Corrections in 1965.

As Camp Commander at Camp Prado, CC #28, she represents the institution with professionalism and distinction, serving as mentor, role model, and example.

Her diligence in handling matters has been an incentive for the staff at Camp Prado and staff from other camps to follow in her footsteps by utilizing professionalism in dealing with all issues. She has been sensitive to issues involving other CDC staff, the inmates and their families. Hazel reminds all who work with her of the importance of working together as a team, by her own diligence and actions.

Throughout the course of her distinguished career, Hazel has been assigned numerous special tasks and projects, including Rape and Assault prevention, and auditing various institutions. Her peers and supervisors have commented often on her enthusiasm and self-motivation.

Her continuous rating of outstanding in performance reports, and numerous awards and commendations issued to her from her superiors speak for themselves regarding her achievements throughout the years, not only as Camp Commander and Lieutenant but as officer and sergeant.

A devoted wife to Charlie White, a retired CDF Fire Captain, Hazel has three adult daughters, and she is also a devoted grandmother. She has been very giving to the community, participating in local youth sporting activities.

People comment on her quick laugh, her sense of humor, and her persistent optimism about the world.

In short, she is a model of excellence we can all follow, at work and in our community. It is my hope that she enjoys a productive, happy, and long retirement. I wish her all of our hopes, all of our thoughts, all of our good prayers, as she embarks upon this new period in her life.

SALUTING JACINTO ACEBAL FOR RECEIVING THE UNITED STATES POSTAL SERVICE LIFETIME ACHIEVEMENT AWARD

HON. ILEANA ROS-LEHTINEN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Ms. ROS-LEHTINEN. Mr. Speaker, it is with great pleasure that I congratulate a friend and constituent of my Congressional district, Jacinto ''Ace'' Acebal, on receiving the Dot Sharpe Lifetime Achievement Award.

This national award for diversity achievement is presented by the United States Postal Service to outstanding postal employees who have demonstrated contributions over a substantial period of their postal careers, including community and civic involvement.

Jacinto joined the United States Postal Service as a letter carrier and during his career has been promoted to Supervisor of Customer Service, Equal Employment Opportunity Counselor Investigator, Human Resource Specialist, and most recently, Hispanic Programs Specialist. As a result of the work that he has accomplished in his latest position, there are more Hispanics on the United States Postal Service south Florida district registers, and the hiring of Hispanic has increased from 35% to 50.4%.

Ace has not only had a exceptionally successful career with the United States Postal Service and been one of our community's most involved and caring members, he has also demonstrated remarkable courage and patriotism. He joined the United States Army, volunteered to go to Vietnam and shortly thereafter requested to be assigned to combat duty. Jacinto was recognized as the most decorated Cuban American in the War having obtained eighteen medals during his one year service.

Here at home, Ace has always exhibited a willingness to volunteer for causes benefitting the young and old, postal employees, civilians, veterans, and especially minorities. He is an active citizen who has contacted me and other Members of Congress on matters such as the importance of saving Social Security and raising awareness of veterans' issue. It is fitting that he should receive the Dot Sharpe Lifetime Achievement Award.

I am proud to know individuals like Jacinto and I ask my Congressional colleagues to join me in congratulating Jacinto on his latest achievement.

MEMORIAL TRIBUTE TO THE LATE CONGRESSMAN SIDNEY YATES

HON. DAVID D. PHELPS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. PHELPS. Mr. Speaker, I never had the privilege to serve with the late Congressman Sid Yates, but I feel like I have known him through the positive impact he had on the State of Illinois and the Nation. He truly stood for all of the ideals that made this country great.

FOR THE RELIEF OF PERSIAN GULF EVACUEES

SPEECH OF

HON. NICK J. RAHALL II

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 24, 2000

Mr. RAHALL. Mr. Speaker, I rise in strong support of H.R. 3646, a bill I introduced to grant permanent immigrant status to those families who were evacuated from Kuwait for safety reasons by the United States Government prior to United States military intervention against Iraq's invasion of Kuwait in 1990.

These families have been cleared by INS and the FBI, and have been found to be hard-working, self-sufficient individuals, who have been in limbo for nearly a decade while awaiting adjustment of their status.

None of these individuals have ever been a ward of the State, but have found jobs and resources necessary to make themselves completely self-supporting citizens of this country.

I wish to express my deep gratitude to my colleagues, Immigration Subcommittee Chairman LAMAR SMITH, and Judiciary Committee Chairman HENRY HYDE, and their hard working staff, for the effort that they have made to bring this bill to fruition.

It was a long, hard journey of cooperation and coordination among subcommittee and full committee staff, the Immigration and Naturalization Service, and the Federal Bureau of Investigation, whose job it was to do an in-depth investigation of the Persian Gulf evacuees during their 10 year hiatus in the United States, and to find them worthy of permanent status.

All these efforts, individually and collectively have brought us to today's passage of H.R. 3646, granting permanent immigrant status to those people who have come to be known as Persian Gulf evacuees.

Again, I thank my colleagues for their support of this important legislation to assist these families in securing the right to remain in the United States after our government evacuated them from Kuwait at the start of the Persian Gulf war, to ensure their safety.

PERSONAL EXPLANATION

HON. XAVIER BECERRA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. BECERRA. Mr. Speaker, on October 24, 2000, I was detained with business in my district, and therefore unable to cast my votes on rollcall numbers 541 through 543. Had I been present for the votes, I would have voted ''yea'' on rollcall vote 542, and ''nay'' on rollcall votes 541 and 543.

PERSONAL EXPLANATION

HON. W.J. (BILLY) TAUZIN

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. TAUZIN. Mr. Speaker, I was recorded as a ''yea'' on rollcall vote No. 382. It was my intention to vote ''nay''.

THE ARIZONA WATER SETTLEMENTS ACT OF 2000

HON. ED PASTOR

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. PASTOR. Mr. Speaker, I am proud to be a sponsor of the Arizona Water Settlements Act of 2000, H.R. 5529. This legislation, which was introduced yesterday with the support of the entire Arizona House Delegation, will resolve several long-standing issues pertaining to the repayment obligations and water allocation related to the Central Arizona Project. Although outstanding issues remain, significant progress has been made. It is my hope that the introduction of this bill will encourage all parties involved to quickly finalize the few remaining issues of the agreement, as well as show the Delegation's strong commitment to seeing this process through.

Among the issues yet to be firmly resolved is that of the procedures though which Tribes may bring land acquired after the settlement date into ''trust.'' It is my understanding that although the Tribes have been working closely with the State parties, and that a tremendous amount of work has already been accomplished, the final details have yet to be agreed upon. Settling this issue will require a delicate balance of interests, and the outcome will impact not only the parties to this settlement, but other tribes as well, including the Pascua Yaqui and Tohono O'Odham in the district I represent. In fact, all of Indian Country will be looking to this provision because it could very well affect all future Native American water and land dispute settlements. Therefore, this matter must be finalized in a manner that sets an acceptable precedent if the final agreement is to maintain the broad support enjoyed by this preliminary legislation.

There are other important and difficult issues yet to be resolved, including the utilization of settlement funds. Nevertheless, I am extremely encouraged that all the parties are so close to an agreement and focused on cooperation. I commend all the parties involved for their determination to make this happen and their commitment to negotiate their differences for the benefit of all Arizonans. This agreement is a cornerstone of the foundation on which Arizona will thrive in the future. I am proud to support the new Act, and I look forward to enacting final legislation on this issue early in the 107th Congress.

RETIREMENT OF HON. TILLIE FOWLER

SPEECH OF

HON. JIM DAVIS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 24, 2000

Mr. DAVIS of Florida. Mr. Speaker, tonight I would like to pay tribute to Congresswoman TILLIE FOWLER. TILLIE's record of service has made the 4th Congressional District of Florida and the entire state proud.

Not long ago, a close friend of mine, who is also one of Congresswoman FOWLER's constituents, told me a story about TILLIE that captures her character perfectly. He said that he was shopping in the grocery store one day and recognized his Congresswoman in one of the aisles. Taking a chance, he walked up to TILLIE and introduced himself. Soon, my friend discovered that even in the midst of grocery shopping, his Member of Congress is kind, compassionate and down-to-earth and treats her constituents with the respect and attention they deserve.

Those in Congress who have had the privilege to get to know TILLIE recognize that she has as much respect for this institution as she does for the people she represents. She is thoughtful in her actions and independent in her decisionmaking. TILLIE's integrity and dedication to her work stands as an example for her colleagues on both sides of the aisle.

Finally, on behalf of all the citizens of Florida, I would like to thank TILLIE for her service to our great state. TILLIE's efforts on behalf of all Floridians is evidence of her love for our great state. I know I speak for everyone in sending her my best wishes for all her future endeavors.

RECOGNITION OF U.S. OLYMPIC MEDALISTS DELISHA MILTON

HON. JACK KINGSTON

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. KINGSTON. Mr. Speaker, today I rise to recognize DeLisha Milton as a gold medalists in the 2000 Summer Olympics. We should all applaud her hard work and determination in representing our country in the Olympic Games.

DeLisha Milton of Riceboro, Georgia, won the gold medal in the women's Olympic basketball tournament. The defending gold medalists U.S. Women's Basketball Team (8–0) made it look easy when they won the game 76–54 victory over host Australia to finish first in the tournament. The win marked the 34th triumph in 37 Olympic games from the Americans since women's basketball became an Olympic sport in 1976.

Milton was a key member of the United States team that won all nine of its games and captured the gold at the 1998 World Championship. She averaged 7.1 points and 4.2 rebounds per contest in the tournament. The previous year, Milton helped the U.S. triumph at the World University Games.

Milton completed a standout collegiate career in 1997. As a senior, she led Florida to the quarter finals of the NCAA tournament and earned Southeastern Conference Player of the Year honors. Averaging 19.4 points and 8.8 rebounds per game, Milton was a first-team All American selection and also won the Wade Trophy, awarded annually to the Nation's top senior in women's basketball.

Please join me again in applauding DeLisha Milton on earning the gold medal in the 2000 Olympic Games. Through her hard work and determination she has excelled at the game of basketball. She is a fine young woman with high morals. Our society today needs more people like her that work extremely hard to represent our country. This young woman not only achieved an Olympic medal she proved that the American youth are indeed the best!

'STANKY AND THE COAL MINERS' CELEBRATE 55TH ANNIVERSARY

HON. PAUL E. KANJORSKI

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. KANJORSKI. Mr. Speaker, I rise today to pay tribute to John "Stanky" Stankovic of Nanticoke, Pennsylvania, who has been entertaining people of all ages with his polka magic for 55 years. In 1945, at the age of 9, Stanky and some friends landed a job playing polka music at a three-day wedding in Nanticoke.

From that beginning, Stanky and the Coal Miners, as he and his band are known now, have gone on to play all over the world with scores of famous people. He has learned or written more than 500 songs, most of which are featured in the band's 21 albums and six videos.

He learned to play the accordion from his father, Joe Stankovic, a Czech immigrant who came to America at age 16 and went straight to work in the coal mines. When Stanky was a young man, he was more interested in being a professional baseball player. However, his father wisely made sure he practiced his music one hour a day before going out to play, and audiences around the world have benefited from Stanky's ultimate career choice. For example, in 1988, Stanky and the Coal Miners played to a crowd of a million people in Tiananmen Square in Beijing, China.

While the membership of the Coal Miners has changed many times over the years, Stanky's own family now forms the core of the band. Playing regularly with him are his wife, Dottie; his daughters, Kim Bukowski and Debra Horoschock; his son-in-law, Vince Horoschock; and his granddaughters, 3-year-old Alexandra Bukowski and 2-year-old Ashley Horoschock. Other members include drummers Norbert Wisniewski, Tom Novakowski and Dave Burns and trumpeter Mark Steinkircher.

Stanky and Dottie also host and produce the popular "Pennsylvania Polka" program on WVIA, Northeastern Pennsylvania's public television station. The show has aired for 20 years, allowing him to reach a wider audience of fans. While Stanky travels the world, he always remembers the region he calls home and the people who love his music. When he is in Northeastern Pennsylvania, Stanky also devotes one or two days a week to playing concerts at local rest homes.

Mr. Speaker, I send my congratulations to Stanky and the Coal Miners in this, the year of their 55th anniversary, and I also send my best wishes for continued success.

TRIBUTE TO REPRESENTATIVES THOMAS EWING AND JOHN PORTER

HON. DANNY K. DAVIS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. DAVIS of Illinois. Mr. Speaker, I rise to pay tribute to two retiring members of the Illinois Delegation who have faithfully and effectively served their constituents and the citizens of this Nation.

Firstly, Representative THOMAS W. EWING, who spent 17 years in the Illinois General Assembly and rose to the positions of Assistant Republican Leader and Deputy Minority Leader, before he left to come to Congress.

In Congress, Representative EWING has focused much of his attention on issues relating to agriculture, crime prevention, education, economic growth and healthcare. It has been a pleasure working with Representative EWING and I wish him well as he returns to the very pleasant, peaceful and friendly community in and around Pontiac, Illinois.

And now Mr. Speaker, I turn my attention to Representative JOHN EDWARD PORTER, who is completing his 11th term as a member and is very astute, sensitive and effective Chairman of Labor, HHS-Education Appropriations Sub-Committee. He is founder and Co-Chairman of the Congressional Human Rights Caucus. He has been cited many times by various budget watchdog groups and has stood in the vanguard on environmental issues. Representative PORTER has been a strong supporter of biomedical research, a real friend of Community Health Centers and has stood tall against the continuous spread of HIV–AIDS.

The Core Center of Chicago stands today as a model to fight these dreaded diseases. And is a testament to the support which JOHN PORTER gave to its efforts. One of the things that I like best about JOHN is his ability to convey optimism even when the cupboard is practically bare. It's been a pleasure working with Mr. PORTER, I thank him for his sensitivity to the issues facing America and especially my district and wish him well in retirement.

TRIBUTE TO THE HONORABLE TOM EWING ON HIS RETIREMENT FROM CONGRESS

SPEECH OF

HON. JOE KNOLLENBERG

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 24, 2000

Mr. KNOLLENBERG. Mr. Speaker, I rise to salute my friend and colleague, Congressman

TOM EWING. Like the rest of the Members of the House, I can say that TOM will be sorely missed when he leaves this body.

Before I go any further, I must point out that TOM, myself, and Representative BILL BARRETT all bear a resemblance to one another. It is not uncommon for colleagues to confuse us for one another.

Colleagues often say such things as, ''Great job in the chair'' or ''Saw you on television—good job'' or some have approached me with an agriculture issue. The thing is, I wasn't even close to the chair, on television, or on a committee that deals with ag issues.

In fact, I have been mistaken for TOM or BILL—and vice versa—so many times that it has become somewhat of an inside joke among the three of us.

Actually, it has gotten so out of hand that people have started confusing whose wife is with whom. Now I've been married to my wife Sandie for 38 years, but TOM and BILL continually have people mistakenly ask them how their ''wife'' Sandie is.

Of course, these people are making an honest mistake but, naturally, the three of us have only perpetuated it—sometimes when these people ask me how Connie or Elsie are doing, I'll kid around and answer them. And these guys are all too ready to return the favor when people ask them about Sandie.

It's gotten so regular that one time TOM and BILL saw Sandie approaching in one of the hallways and TOM quipped to BILL, ''Look BILL, here comes our wife.''

Since TOM and BILL are moving on, I won't have anyone to get confused with anymore. I might start to get lonely.

On a more serious note, TOM has been a good friend and a valuable Member of the House of Representatives. His experience—first as a lawmaker in the Illinois State House and then in this body—will be missed. His advice and level perspective will be notably absent.

Sandie and I wish you and Connie health, happiness, and love as you enter the next phase of your lives.

CONGRATULATING VICTORIA CLARK ON HER ACHIEVEMENTS IN SCIENCE

HON. SAXBY CHAMBLISS

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. CHAMBLISS. Mr. Speaker, I want to congratulate Victoria Clark, a Ware County High School freshman, for receiving top honors in the state of Georgia in the field of science. She has become a finalist in the Discovery Young Scientist Challenge and is competing with 40 students nationwide for a college scholarship.

Miss Clark was recognized as a state winner because of the outstanding science project she entered in the state competition. The project she has been working on focuses on a way to detect early signs of age-related macular degeneration, which is incurable and hereditary. This disorder is the leading cause of blindness. Her research has explored the prospective of using a color hue test to discover the disease early on.

Miss Clark was an eighth grade student when her project was chosen to compete at the state level. She won first place at the Georgia Science and Engineering Fair in April. She was chosen for the national competition from among 1,600 other middle school students in 23 states who entered the competition.

Victoria Clark is a wonderful student and has been recognized many times before for her scholastic aptitude, especially in science. She is also a well-rounded young person and a contributing citizen of Waycross, Georgia. She is working for the betterment of her community, and with this project, she is contributing not only to her own success, but to finding a cure which threatens people the world over.

Mr. Speaker, I want to congratulate and honor Victoria Clark. She is a bright young person who is helping people by improving the detection of this life altering disease. Her research is amazing and has been recognized as such by teachers and scientists alike. For one so young, too, her accomplishments are exceptional. She serves as an example to all of us of what young people can do for others if given the opportunity.

RECOGNIZING ROBERT R. MCMILLAN AND HIS CONTRIBUTIONS TO RELATIONS WITH PANAMA

HON. PETER T. KING

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. KING. Mr. Speaker, I rise today to recognize the high priority that should be placed on improving our relationship with Panama. Beyond the interest in the Panama Canal, where the traffic destined to or from the United States amounts to some 65% of total Canal tonnage, U.S. investment in Panama ranks third in Latin America. Panama has many investment opportunities and is fast becoming a strong tourist destination. Large numbers of Panamanians are fluent in English, and the U.S. dollar is the official currency of the nation making Panama attractive to private investments. It is extremely important, in the interests of both the United States and Panama, to keep strong personal and economic ties between the countries.

One Long Islander is trying to make a difference in those relations. Robert R. McMillan has just been elected Chairman of the United States-Panama Business Council—an organization devoted to the continuance of close relations between our two nations. I want to congratulate him on his election and wish him the best in his new endeavors.

H.R. 5430: THE CONSUMER ONLINE PROTECTION ACT

HON. GENE GREEN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. GREEN of Texas. Mr. Speaker, American consumers are flocking to the Internet in unprecedented numbers seeking to transact business and tap the nearly limitless informational databases. The explosion in Internet usage, however, is not without problems. Unlike shopping in a mall or browsing through a library where individuals travel anonymously through the merchandise racks and library stacks, the Internet is increasing becoming less and less anonymous. Direct marketing firms are now trying to identify individuals as they surf the web to isolate where they visit and what they are viewing.

While just knowing where individuals are traveling to on the Internet has some value it is the next step in data collection that is most disconcerting. Companies are now attempting to complete the step by attaching your personal information to your web site visits. It is this type of activity that has truly frightening implications because it lifts the veil of anonymity that consumers enjoy in the traditional bricks-and-mortar marketplace. Powerful computer programs have been developed that can compile personal information at a level and completeness usually associated with the knowledge of an immediate family member.

For that reason, I have introduced H.R. 5430, the Consumer Online Protection Act of 2000. H.R. 5430 seeks to return some of the anonymity back to consumers while they are online by prohibiting the correlation of personal information to web visits. In addition, the legislation requires the Federal Trade Commission (FTC) to promulgate rules specifying that all operators of a Web site or online service provide clear and conspicuous notice of their privacy policy in clear non-legalistic terms. H.R. 5430 also requires a Web site or online service to provide consumers with an opt-out to prevent the use of their personal information for any activity other then transactional. Finally, the privacy policy must clearly state how any collected information will be shared or transferred to an external company or third party.

Taken in combination, these requirements will provide consumers with the knowledge and control they need to prevent the dissemination of personal information provided to an online entity. What I am seeking to prohibit is a third party creating a complete profile of individuals and families to sell or share without prior affirmative consent. While I understand that there are many differing approaches to the issue of Internet privacy, I believe this legislation addresses a critical component and I look forward to moving this legislation in the 107th Congress.

THE DEATH IN CUSTODY REPORTING ACT OF 2000

HON. ASA HUTCHINSON

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. HUTCHINSON. Mr. Speaker, I rise to commend the work of this Congress in passing H.R. 1800, the "Death in Custody Reporting Act of 2000." This bipartisan legislation was passed unanimously by both the House and the Senate and will bring much-needed accountability to the operation of our nation's prisons and jails. Passage of this legislation brings to an end a seven year effort to increase public trust in our criminal justice system.

Each year, an estimated 1,000 men and women die questionable deaths while in police custody or in jail. Many of these deaths are listed as suicides, but such conclusions are often tainted by inadequate recordkeeping, investigative incompetence, and contradictory physical evidence. In addition, many of these individuals have been arrested for relatively minor offenses—reducing the likelihood that they would take their own lives.

Suspicious deaths occur throughout the country and require our immediate attention. One teenage boy who was found dead by hanging in an Arkansas jail had been arrested for failing to pay a fine for underage drinking. Another individual in an Arkansas jail was found suffocated by toilet paper that had been stuffed down his throat. According to press reports, no records existed as to why he was in custody.

In any other atmosphere, unnatural deaths under questionable circumstances would not only be reported, but would raise serious concerns. State and local jails and lockups should be no different. This legislation will provide openness in government and will bolster public confidence and trust in our judicial system. In addition, it will serve as a deterrent to future misconduct as wrong-doers will know that their actions will be monitored.

Mr. Speaker, I also want to acknowledge the work of Mr. Mike Masterson, a veteran reporter and editor, who began investigating suspicious prison deaths some 5 years ago as the investigative projects editor at the Asbury Park Press. His comprehensive review of these cases, which was published by the Asbury Park Press in February 1995, led to increased public awareness of this issue and prompted my support for the idea of collecting better data on these deaths. While Mr. Masterson served only briefly at the Asbury Park Press, he continued writing about this issue during his tenure as editor of the Northwest Arkansas Times in Fayetteville, Arkansas. I am grateful indeed for Mr. Masterson's long-time support and dedication to this issue.

Finally, I want to thank my colleagues, Representative BOBBY SCOTT and Senator TIM HUTCHINSON for their support. These gentlemen began this debate many years ago and I am grateful for their foundational work on this issue.

PERSONAL EXPLANATION

HON. MICHAEL K. SIMPSON

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. SIMPSON. Mr. Speaker, on rollcall No. 534, final passage of S. 2796, the Water Resources Development Act of 2000; I was inadvertently detained. Had I been present, I would have voted "yea."

INTRODUCTION OF THE RETIREMENT ENHANCEMENT ACT OF 2000

HON. ROBERT E. ANDREWS

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. ANDREWS. Mr. Speaker, today I introduce the Retirement Enhancement Act of 2000. The Retirement Enhancement Act of 2000 consist of two bills one amending the Employee Retirement Income Security Act (ERISA) and the other amending the Internal Revenue Code (IRC). These bills are the product of my work as the Ranking Member of the Subcommittee on Employer-Employee Relations, which earlier this year held a number of bipartisan hearings to consider updating ERISA. Throughout the hearings, the Subcommittee Chairman, Representative JOHN BOEHNER, and I, maintained a common agenda of seeking to strengthen a private pension system that is already very strong as a result of ERISA. We both recognized ERISA's achievement in moving from a system where insecure pensions were somewhat common, to a situation where insecure pensions are exceedingly rare. Witnesses were selected to testify at the hearing that could assist us in looking for ways the Congress could make the pension holdings of Americans expand and grow even more secure.

The subcommittee heard from representatives of pension participants, employers, and financial advisors. They presented us with a variety of proposals to improve the retirement security of American workers. Taking the best of these contributions, and coupling them with other pension provisions that I have either advocated or supported in the past, I drafted this comprehensive pension reform legislation.

Joining with me as cosponsors of the Retirement Enhancement Act of 2000 are numerous members of the Committee on Education and the Workforce, including Representatives CLAY, KILDEE, OWENS, PAYNE, MINK, WOOLSEY, ROMERO-BARCELO, FATTAH, TIERNEY, KIND, SANCHEZ, FORD, KUCINICH and HOLT. They share my belief that enactment of these bills will ensure that all workers and retirees receive their promised benefits.

Since the enactment of ERISA, the number of Americans who participate in a pension plan has grown from 38.4 million in 1975 to almost double that today. While this growth is considerable, it still leaves about half the workforce without access to a pension plan through their employer. Both the General Accounting Office and Congressional Research Service have recently completed studies analyzing pension coverage in the United States. The studies found that about 53 percent of workers, roughly 68 million people, lacked a pension without coverage worked for an employer that did not sponsor a plan, while 14 percent lacked coverage because their company's plan did not include them.

These bills seek to eliminate the remaining weaknesses in ERISA and lay the groundwork to help those not covered by an employer pension. These bills seek to improve pension coverage and adequacy. Pension coverage for all workers is very important and we should all support the effort to achieve this goal. Under these bills, employers that sponsor plans would be required to offer pension coverage to all employees who meet current minimum eligibility requirements such as completion of one year of employment. These bills also improve coverage for part-time workers who represent one of the largest groups without pension coverage. As the workforce changes to include many temporary and contract workers, Congress must also help to improve pension coverage for this part of America's workforce. With the ever-changing workforce it is also important that we decrease the vesting period for workers in defined contribution plans. For workers who will have many employers during their working lives, we need to ensure that they will earn pension benefits that will benefit them in retirement.

The Retirement Enhancement Act seeks to expand pension availability to those workers without it. One of the innovative ways in which it would do so is to create a model small employer group pension plan into which small employers could buy in with minimal administrative responsibilities. The Departments of Labor and Treasury would work with associations or financial institutions to advertise these model plans so that employers would know that easy and accessible pension options exist.

The Retirement Enhancement Act of 2000 includes important pension protections for women. These bills establish a 75 percent joint and survivor annuity option that would provide surviving spouses greater benefits in retirement. It protects divorced spouses' pension rights and improves spousal information rights. These bills would also allow for time taken off from work under the Family and Medical Leave Act to count toward pension participation and vesting requirements.

The act improves ERISA's safeguards for the investment of pension plan monies. It creates an expedited prohibited transaction exemption approval process under which plans would be able to more easily and quickly provide participants with new investment products. It does so, however, without weakening participant protections. These bills also make clear that employers may offer access to investment advice to participants with limited liability provided such advice is by qualified advisors and they are subject to the fiduciary responsibility requirements. This will be extremely helpful to those workers in defined contribution pension plans who bear the primary responsibility for their pension plan investment decisions.

The Retirement Enhancement Act of 2000 improves access to pension information and

strengthens enforcement mechanisms. It would require that plan participants regularly receive statements apprising them of the status of their earned pension benefits. Pension plans would also have to provide more detailed financial information about their earnings and investments. These bills would improve the current pension auditing system by requiring accountants to conduct full scope audits and report irregularities to the Department of Labor.

The bills create an alternate dispute resolution system to resolve benefit disputes. The Department of Labor, along with dispute resolution organizations, would develop an early neutral evaluation program. This would allow for participants to receive benefits in a timely manner instead of after years of litigation. The bills also strengthen ERISA's remedies to ensure that participants have meaningful access to court, and that the courts can remedy violations of the law.

Finally, the Retirement Enhancement Act of 2000 requires the timely distribution of defined contribution cash-out amounts, which would have to be made within 60 days of an employee's termination. It permits employees to work longer without being required to start pension receipt by delaying the minimum distribution of benefits from age 70½ to 75. Furthermore, for workers who are involuntarily terminated, it permits them to borrow against their pension earnings in order pay for health or job training expenses.

Mr. Speaker, it is now time for the Congress to build on what was started with the enactment of ERISA in 1974, and take additional steps to ensure retirement security for our workforce. Advances in medical technology, environmental protection, nutrition, and improved living standards give us reason to believe that Americans are going to live longer lives. Whether the quality of these lives, after retirement, is good or not, will depend upon the existence, nature, and security of each person's pension plan. Because employers are rapidly shifting to the use of employee-directed pension accounts, more and more workers will be making decisions that are critical to their future financial health. I believe that the Retirement Enhancement Act of 2000 will help make those decisions easier, and make the benefits of those decisions more secure. I look forward to working with my colleagues and the pension community to continue to improve these bills and advance their consideration during the next Congress.

Mr. Speaker, I submit the following summary and letters of support from AARP, AFL–CIO, the Pension Rights Center, and the Women's Institute for A Secure Retirement to be included in the RECORD.

SUMMARY OF THE RETIREMENT ENHANCEMENT ACT OF 2000 SPONSORED BY CONGRESSMAN ROBERT E. ANDREWS

EMPLOYEE RETIREMENT INCOME SECURITY ACT (ERISA) AMENDMENTS

TITLE I. IMPROVED PENSION VESTING AND PARTICIPATION:

(1) PENSION COVERAGE FOR ALL EMPLOYEES—Employers that sponsor plans would be required to offer pension coverage to all employees who meet minimum eligibility requirements in a single line of business (age 21 or older, one year of service).

(2) IMPROVE COVERAGE FOR PART-TIME WORKERS—Reduce from 1000 to 750 or more hours a year the minimum service requirement and provide pro-rata credit for part-time workers.

(3) 3 YEAR VESTING FOR DEFINED CONTRIBUTION PLANS—The maximum pension vesting period for defined contribution plans would be reduced to 100% after 3 years or 20% a year phased in over 5 years.

(4) ENCOURAGE CREATION OF SMALL EMPLOYER GROUP PENSION PLANS—Model small employer group pension plans would be created in which small employers could buy in with minimal administrative responsibilities. The Departments of Labor and Treasury would contract with associations or financial institutions to advertise the model plans.

TITLE II. IMPROVED PENSION PROTECTIONS FOR WOMEN

(1) ELIMINATE INTEGRATION WITH SOCIAL SECURITY AND OTHER BENEFITS—Prospectively prohibit the reduction of pension benefits by integrating them with Social Security or workers' compensation benefits and adjust pre-1989 benefits for current employees.

(2) EXTEND SPOUSAL CONSENT TO DEFINED CONTRIBUTION PLANS—Provide spouses in defined contribution plans with the right to consent to plan distributions.

(3) PROVIDE A 75% JOINT AND SURVIVOR ANNUITY OPTION—Provide a 75% joint and survivor annuity option to participants in plans which currently offer a 50% annuity and other annuity forms (survivor would receive 75% of joint spousal benefit).

(4) PROTECT DIVORCED SPOUSES' PENSION RIGHTS—Divorce decrees would be required to specify how pension benefits are to be allocated or if allocation waived.

(5) COUNT FAMILY AND MEDICAL LEAVE FOR VESTING—Family and medical leave would count towards pension participation and vesting.

(6) IMPROVE SPOUSAL INFORMATION RIGHTS—Provides spouses with information about survivor annuities and elective contributions.

(7) EXTEND PRIVATE SECTOR PROTECTIONS TO CIVIL SERVICE AND MILITARY RETIREMENT—Extend private sector spouse and divorce protections to civil service and military retirement systems (i.e. civil service—presume spouse is beneficiary, and military—permit surviving spouses to receive higher benefits if they delay retiring until Social Security eligibility age.)

TITLE III. IMPROVED INVESTMENT STANDARDS

(1) CREATE AN EXPEDITED PROHIBITED TRANSACTION APPROVAL PROCESS—Create an expedited interim DOL approval process under which plans would be able to engage in financial transactions that require prohibited transaction exemption if the financial entity provides the plan with a letter of credit and meets other fairness requirements.

(2) CLARIFY INVESTMENT ADVICE RULES—Codify Department of Labor interpretive bulletin provisions in order to make clear that employer liability is limited to selection and oversight of advisor and provide standards for qualified investment advisors.

(3) PERMIT EMPLOYEE INVOLVEMENT IN PENSION INVESTMENTS—Permit participants in defined contribution plans in which employees make contributions to participate in investment and other plan decisions.

(4) ENCOURAGE DIVERSIFICATION OF PENSION ASSETS—Permit employees to request diversification of employer contributions. Plans may phase in over a reasonable period of time not to exceed 3 years. ESOPs and stock bonus plans exempted.

(5) IMPROVE PARTICIPANT ACCESS TO INVESTMENT INFORMATION—Participants may, upon written request, receive information on specific plan investment transactions and proxy votes.

(6) PROVIDE INVESTMENT RETURN INFORMATION—Plans would be required to include reporting of net return and administrative fees in benefit reports to participants.

TITLE IV. IMPROVE PENSION INFORMATION AND ENFORCEMENT

(1) PROVIDE PARTICIPANTS WITH PERIODIC BENEFIT STATEMENTS—Participants in single employer defined benefit plans every 3 years and participants in defined contribution plans annually would receive a statement of their expected benefits. Multi-employer plan participants would receive statements on request.

(2) PROVIDE ACCURATE FINANCIAL STATUS INFORMATION—Pension plan sponsors would be required to accurately report their financial status to participants in order to correct misinformation generated by Financial Accounting Standards Board (FASB) requirements.

(3) IMPROVE PENSION PLAN AUDITING—Accountants would be required to conduct full scope audits and report financial irregularities to the Department of Labor.

(4) IMPROVE PENSION PLAN DATA COLLECTION—The Department of Labor would be directed to collect sufficient statistical and survey information and biennially report to Congress and the public on pension coverage and adequacy.

(5) PROVIDE ACCESS TO ALTERNATIVE DISPUTE RESOLUTION—The Department of Labor, in consultation with dispute resolution organizations, would develop an early neutral evaluation program to aid resolution of pension grievances.

(6) IMPROVE COURT ENFORCEMENT OR WRONGFUL BENEFIT DENIALS—Permit courts to review benefit denials de novo and award prevailing plaintiff's attorneys' fee and costs (including expert witness costs) and appropriate relief.

(7) PERMIT PBGC TO TRACK LOST PENSIONS—Authorizes the PBGC to assist defined contribution plans in locating missing participants.

TITLE V. IMPROVING PENSION PROTECTIONS FOR THE CHANGING WORKFORCE

(1) PERMIT LOANS TO PAY HEALTH OR JOB TRAINING EXPENSES—Involuntarily terminated employees would be able to borrow against some of the pension benefits and IRA fund to pay health care expenses, including COBRA premiums, and job training expenses.

(2) AUTOMATIC ROLL-OVER OF PENSION MONIES—Provides that lump sum pension cash-out prior to retirement will be automatically rolled over to another qualified pension plan unless the participant elects to receive a lump sum cash-out.

(3) TIMELY DISTRIBUTION OF BENEFITS—Defined contributions plans which are immediately valuable would be required to pay lump sum distributions within 60 days of employee termination.

(4) PHASE-IN BENEFIT REPAYMENTS—permit participants who have received benefit overpayments to request repayment over a phased in period, up to 5 years, and permit fiduciaries to waive repayment in hardship cases.

INTERNAL REVENUE CODE AMENDMENTS

(1) EXPAND PARTICIPANT PROTECTIONS IN STATE AND LOCAL PLANS.—Create reporting and disclosure and enforcement requirements for public plans, including review boards to oversee plan changes.

(2) NARROW 401(K) PLAN EXEMPTIONS—The 401(k) non-discrimination safe harbor exemption would be narrowed so that the exemption only applies if an employer enrolls all eligible employees in the plan.

(3) SIMPLIFY SIMPLE EMPLOYEE PENSIONS (SEPs)—Make SEPs simpler by permitting 3 year vesting, increasing contribution limits, and eliminating other administrative requirements.

(4) INCREASE MINIMUM DISTRIBUTION AGE—Permit retirees to delay pension receipt from 70½ to 75.

(5) IMPROVE MULTI—EMPLOYER PLAN PROTECTIONS—Eliminate unfair restrictions on multi-employer plan pension benefits and increase PBGC guaranteed benefit levels for multi-employer plans.

(6) HARMONIZE STATE AND LOCAL PENSION PLAN TREATMENT—Provide comparable benefit rollover treatment for 457 state and local plans as is provided to private section plans.

(7) PROHIBIT ANTI—UNION EXCLUSIONS-Prohibit employers from excluding unionized employees from 401(k) plan participation if the employees have no other plan.

AARP

Washington, DC, October 24, 2000.

Hon. ROBERT ANDREWS,
U.S. House of Representatives, Washington, DC.

DEAR REPRESENTATIVE ANDREWS: AARP applauds your leadership in introducing the Retirement Enhancement Act of 2000. Your bill would build upon efforts to improve coverage and benefit adequacy in our pension system.

While Social Security and Medicare remain the foundation of retirement security, other components of the retirement framework must be improved. In particular, we must begin to address the continued holes in pension coverage, adequacy and portability. Pension coverage rates have been stagnant for the last twenty-five years, with just under half the workforce covered by a pension. In addition, the shift to defined contribution plans, such as 401(k) plans, has created new challenges for achieving equity and adequacy.

Under current law, employers are permitted to exclude a large percentage of workers for coverage under any plan the employer offers. Your bill would help address the need for greater pension coverage by improving the minimum coverage rules. In addition, your bill would encourage the creation of plans in the small business sector, which is especially important given the lack of coverage in this part of the workforce.

Your bill would also attempt to improve benefit adequacy by eliminating integration of pensions and Social Security, a practice which disproportionately reduces benefits for lower wage workers. Your bill would also seek to improve equity for women by improving spousal rights and benefits. Given that the average benefit for women is only about half the amount of the average benefit for men, as well as women's longer life expectancy, improvements are essential if we are to improve the economic security of women as they age.

AARP supports your effort to improve the information available to plan participants by requiring that plans provide periodic benefit statements. While many employers routinely provide such statements, participants should be automatically entitled to information about the amount and security of their benefits. Your bill would also attempt to address some of the problems associated with plan distributions by providing for automatic rollovers of benefit amounts from a plan to another retirement vehicle. This change is crucial to helping ensure that retirement money is actually preserved for retirement.

AARP commends you for your efforts to address some of the shortcomings in the current pension system. If pensions are to become a more universal and more adequate source of retirement income security, then changes are needed. AARP looks forward to working with you and others in Congress to further improve the pension system. If you have any further questions, please feel free to call me, or have your staff call David Certner of our Federal Affairs staff at 202–434–3760.

Sincerely,

MARTIN A. CORRY,
Director, Federal Affairs.

AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS,

Washington, DC, October 2, 2000.

Hon. ROBERT E. ANDREWS,
U.S. House of Representatives,
Washington, DC.

DEAR REPRESENTATIVE ANDREWS: The AFL–CIO commends your efforts to improve the retirement security of America's working families by introducing the Retirement Enhancement Act of 2000. This important legislation will expand coverage, strengthen workers' rights, and improve benefit security at a time when too many workers lack adequate pension benefits on their jobs and those who are fortunate enough to have pensions, increasingly find them at risk.

Among the bill's many provisions that will mean a better retirement future for working families are important worker protections that would:

Limit an employer's ability to unfairly divide its workforce and deny workers pension coverage;

Ensure that workers will have a real voice in the management of their 401(k) and other defined contribution pensions;

Extend important disclosure and enforcement protections to workers who participate in pension plans sponsored by state and local government employers;

Make critical improvements to the insurance protections for workers participating in multiemployer plans, bringing them more in line with corporate single employer plans.

The AFL–CIO supports the Retirement Enhancement Act of 2000 and thanks you for raising this vitally important issue.

Sincerely,

PEGGY TAYLOR,
Director, Department of Legislation.

PENSION RIGHTS CENTER,

Washington, DC, October 12, 2000.

Hon. ROBERT E. ANDREWS,
Rayburn House Office Building, Washington, DC.

DEAR CONGRESSMAN ANDREWS: The Pension Rights Center is pleased to express our strong support for the Retirement Enhancement Act of 2000.

Your legislation would encourage the creation of new private retirement plans that would provide pensions fairly for workers, and would end many of the inequities that affect so many employees who are now participating in plans. The Retirement Enhancement Act would also address too-long-overlooked problems affecting homemakers in both the private and federal retirement systems, and would help even the playing field for private sector participants and beneficiaries seeking to enforce their pension rights.

The Pension Rights Center is a nonprofit consumer organization dedicated to promoting retirement income security. For the past 24 years, the Center has worked with retiree, women's and employee organizations to secure a wide range of reforms to improve the nation's pension programs. We commend you for introducing this critically important legislation, which holds the promise of assuring millions of working Americans that they will have enough money to pay their bills when they are too old to work.

Sincerely yours,

KAREN W. FERGUSON,
Director.

WOMEN'S INSTITUTE FOR A SECURE RETIREMENT,

Washington, DC, October 6, 2000.

Hon. ROBERT ANDREWS,
U.S. House of Representatives,
House Education and Workforce Committee, Rayburn House Office Building, Washington, DC.

DEAR REPRESENTATIVE ANDREWS: We applaud the introduction of the Retirement Enhancement Act of 2000 (REA 2000) because it addresses the current alarming situation—a situation where millions of women are retiring into eventual poverty, despite a lifetime of work. This bill will improve the long-term economic security of women, by removing many of the barriers that have made it impossible for many women (and men) to achieve a secure retirement without the benefit of an employer-sponsored pension plan. In addition, this legislation increases protection for women during the times when they are most economically vulnerable—during divorce and widowhood.

The Women's Institute for a Secure Retirement (WISER) is a nonprofit organization that seeks to ensure that poverty among older women will be reduced by improving the opportunities for women to secure retirement benefits. WISER works with community based organizations, advocates and policymakers to provide a key link between federal policy and individual women.

Although women are entering the workforce in record numbers, their access to retirement benefits has not followed at the same level. A recent report indicates that women comprise 69% of retired persons living below the poverty threshold without pension income. In addition, because women earn less than men—75% of working women earn $30,000 a year or less—which impacts the amount they can save for their own retirement.

Again, we support REA 2000, which reflects many of the provisions contained in WISER's Pension Action Agenda to improve pension and healthcare benefits for women.

Sincerely,

M. CINDY HOUNSELL,
Executive Director.

INDIA PRACTICING STATE TERRORISM IN PUNJAB AND KASHMIR

HON. DAN BURTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. BURTON of Indiana. Mr. Speaker, there have been several disturbing reports lately coming out of India on its human rights violations in Punjab, Kashmir, and elsewhere. These reports demonstrate that India is still heavily involved in terrorism.

On September 16, 2000, Indian author Pankaj Mishra wrote an article in the New York Times about how India has lost its way in terms of democracy and human rights. He wrote that "the Hindu nationalists remain attached to a stern 19th century idea of nationalism, which dilutes traditional social and cultural diversity and replaces it with one people, one culture and one language." This is a climate of intolerance that no government, especially one claiming to be "democratic," should be promoting. He noted that the Indian government "has used brute force in Punjab, the northeastern states, and now Kashmir to suppress disaffected minorities."

This "preference for force over democracy," as Mishra calls, it is also explained in material published by the Human Rights Network in New York. It cites the tens of thousands of Sikhs who are being held as political prisoners in "the world's largest democracy," as well as the massacre of 35 Sikhs in Chithi Singhpora, Kashmir, during the President's visit to India in March. The organization also documents the government's arrest of human-rights activist Rajiv Singh Randhawa, who was the only eyewitness to the police kidnapping of Jaswant Singh Khalra, and other incidents. Khalra, the General Secretary of the Human Rights Wing, was subsequently murdered while in police custody. The police picked up Mr. Randhawa in June of 2000 when he tried to give British Home Minister Jack Straw a petition on human rights.

The Indian government has murdered over 250,000 Sikhs since 1984, according to the Politics of Genocide by Inderjit Sigh Jaijee. More than 200,000 Christians in Nagaland, over 70,000 Muslims in Kashmir, and tens of thousands of other minority people are also being killed at the hands of the Indian government. The U.S. Commission on International Religious Freedom has cited India for "denial of religious freedom to her people."

It is incumbent upon the United States as the moral and democratic leaders of the world to do whatever we can to spread freedom to every corner of the world. We must impose penalties on India for its violations of religious freedom, as the law demands. We should declare India a terrorist state, as 21 Members of this House urged the President to do in a letter earlier this year. We should stop most foreign aid to India until everyone within its borders enjoys the basic human rights that define a democratic country. And we should urge India to hold free and fair plebiscites under international monitoring in Punjab, in Kashmir, in Nagaland, and wherever there is a freedom movement to determine the political future of these states in the democratic way. Canada has held periodic votes in Quebec on its political status. In America, we have done the same for Puerto Rico. When will India follow the lead of the real democracies in the world and allow people to decide their own future by the democratic means of voting.

All of this information and more can be found in the report of the Human Rights Network, the Mishra article in the New York Times, and an open letter to Indian Prime Minister Vajpayee from the National Association of Asian Indian Christians in the USA. I submit these documents into the RECORD.

[From the Human Rights Network, Sept./Oct. 2000]

INDIA'S BRUTE FORCE IN PUNJAB, KASHMIR & NORTHEASTERN STATES

Mr. Pankaj Mishra's article in the New York Times (9/16/2000) is refreshing in its boldness and articulate in its contents and style. It is also a wake up call for India's ruling regime under Prime Minister Atal Bihari Vajpayee. It underscores the fact that during the last two decades 'the central government . . . has used brute force in Punjab, the northeastern states, and now in Kashmir to suppress disaffected minorities.' He warns that "the preference for force over dialogue could end up undermining India's fragile democracy." This is in complete contrast with the Prime Minister's sermons on peace and harmony, both at the United Nations Millennium Summit as well as in Washington, D.C. We would like to remind the Prime Minister that his claim of rosy picture in the so-called democratic and secular India masks the painful truth, and draw his attention to the following:

1. Tens of thousands of Sikh prisoners of conscience—men and women—are languishing in Indian jails without a charge or a fair trial. Many have been in illegal custody since 1984.

2. Most independent observers and human rights organizations have blamed the Government sponsored militant groups for the mass murder of the Sikhs in Kashmir (India) during President Clinton's visit in March, 2000. In the absence of an independent investigation by the UN Human Rights Commission, the Sikh nation holds the Indian Government, under Prime Minister Vajpayee, responsible for this barbarian act of mass murder of the Sikhs.

3. Indian security forces have murdered over 250,000 Sikhs since 1984, according to figures compiled by the Punjab State Magistracy and human rights organizations. These figures were published in The Politics of Genocide, by Inderjir Jaijee, a highly respected human rights advocate.

4. The Government of India is silent about the Interim Report on Enforced Disappearances, Arbitrary Executions and Secret Cremations in Punjab (August 1999), prepared under the leadership of an eminent human rights champion, Mr. Ram Narayan Kumar.

5. The Government is also silent about the kidnapping and murder of Mr. Jaswant Singh Khalra in police custody. Mr. Khalra was reported to have compiled a list of several thousand Sikhs, who were secretly cremated as "unidentified bodies," by Taran Taran (Punjab) police (US Department of State Report, January 1998). In a recent press release (9/7/00) Amnesty International has reported the arrest of Mr. R.S. Randhawa, a key eyewitness in the case of Mr. Khalra. The Amnesty has called upon the international community to intervene on behalf of Mr. Randhawa and against suppression of "evidence in this case."

6. In a letter to President Bill Clinton (9/12/00), seventeen Congressmen have pointed out that besides the mass murder of the Sikhs, "India has also killed more than 200,000 Christians in Nagaland since 1947, over 70,000 Kashmiri Muslims since 1988, and tens of thousands of Dalits, Assamese, Tamils, and others." In an open letter to Prime Minister Vajpayee (NYT 9/8/00), Asian Indian Christians have expressed their "deep concerns regarding the persecution of Christians in India by extremist groups. Priests, missionaries and church workers have been murdered, nuns and other women assaulted, churches and schools bombed and burned, cemeteries desecrated, Christian institutions harassed and intimidated." The US Commission on International Religious Freedom has recommended that India be closely monitored for "denial of religious freedom to her people."

7. Some high profiled and officially blessed emissaries have been negotiating the nature of "ransom" for the release of Mr. Raj Kumar, a renowned movie actor, who has been kidnapped by a notorious bandit Mr. Veerappan in South India. The "ransom" includes, inter alia, the demand by the bandit to release more than 100 of his associates from Indian jails. The officials agreed to comply with the "ransom" demands until the Supreme Court intervened to delay the official duplicity.

8. In complete contrast with the "ransom" negotiations with a bandit, the Government has spent hundreds and thousands of dollars to provide unreliable and tainted evidence against young Sikhs, like Sardars Sukhminder Singh (Sukhi) and Ranjit Singh (Kuki)—who have been advocating the creation of an environment in Punjab where the aspirations of the Sikh nation can find full expression. India's intelligence agencies have hounded Sukhminder and Ranjt around the world and then dragged them to India's torture chambers through a decade-long and expensive extradition proceeding in the U.S.

9. Instead of offering an apology to the people of Punjab (for state terrorism and crime of genocide committed by India's paramilitary forces over the last two decades), and initiating the process of restitution, the Indian Government continues pouring salt on the wounds of the people of Punjab, through a policy of deception and distortion.

10. RSS, the parent organization of the ruling BJP, in a secret memorandum to its local units, has recently outlined a master plan for ethnic cleansing in India by wiping out all the minorities—through water and food poisoning, rape, orchestrated conflicts, riots, mass killing and disposal of bodies, etc.—whether they are Christians, Sikhs, Muslims, Dalits, Budhhists, and others. This "final solution," is reminiscent of Nazi genocide of the Jews and other minorities during WW II. It is no wonder that the Indian Government is silent on this very serious issue of national and international concern.

11. The 1985 agreement regarding the rehabilitation of the Sikh soldiers, who had protested, as a matter of deep faith and conscience, against the Indian Army's brutal attack on the Golden Temple Complex and almost forty other Sikh shrines, has not been honored. Many of these soldiers are living in poverty. The families of those, who have died during the attack are living under appalling conditions.

12. India's nuclear arsenal hovers over Punjab and escalating conflict between India and Pakistan over Kashmir endangers the very survival of Punjab.

13. The water from Punjab's rivers is still being diverted to other states, without the

consent of Punjab and without a fair compensation to Punjab. Since the Punjabi farmers are forced to rely more and more on tubewells (a more expensive alternative), the water level in Punjab is sinking lower and lower, seriously endangering its agricultural economy. Punjab's farmers, who have ushered in the green revolution, are still being robbed of their hard earned income, through the Government's arbitrary procurement policy. Many of them are committing suicide because of increasing bankruptcies—the byproduct of official arrogance and discrimination, and

14. Finally, the Sikh nation is still yearning for ''freedom, justice, and peace,'' as enshrined in the Universal Declaration of Human Rights, and is aspiring for self-determination in accordance with Articles 1 and 55 of the UN Charter. We would like to realize this quest for self-determination within the framework of a regional commonwealth of free nations (like the European Union). This South Asian Commonwealth, consisting of India, Pakistan, Punjab, Kashmir, Nagaland, Bangladesh, Sri Lanka, the Tamil Homeland, Nepal, and others, can usher in a new era of freedom, justice and peace for all in the subcontinent. By the same token, it can liberate the entire region from this lethal armament race and constant fear of mutual annihilation through a nuclear holocaust. The resources, worth billions of dollars, saved through the elimination of the weapons of mass murder, can be utilized for meeting the basic needs of the people of South Asia—like education, housing, health, food, drinking water, social welfare, and employment.

[From the New York Times, Sept. 16, 2000]

YEARNING TO BE GREAT, INDIA LOSES ITS WAY

(By Pankaj Mishra)

NEW DELHI—In the last two years, the Indian government, dominated by the Hindu nationalist party, Bharatiya Janata, has tried to establish an exalted position in the world for India. It has conducted nuclear tests, lobbied hard for a permanent seat on the United Nations Security Council and played up the West's high demand for India's skilled information-technology workers. Atal Behari Vajpayee, the Indian prime minister, who met with President Clinton in Washington and addressed the Congress this week, hopes to achieve, among other things, an American endorsement of India's claim to superpower status.

For all these aspirations to 21st century greatness, however, the Hindu nationalists remain attached to a stern 19th-century idea of nationalism, which dilutes traditional social and cultural diversity and replaces it with one people, one culture and one language.

The intolerant climate can be seen in the growing incidents of violence against minorities, particularly Christian missionaries, the steady takeover of government research institutions by Hindu ideologues and the introduction of Hindu-oriented syllabuses in schools and universities.

In neighboring Pakistan, which was created as a homeland for Muslims in 1947, a similar attempt at building a monolithic national identity, through Islam, has produced disastrous results.

Since Islam has failed to bind the country's many ethnic and linguistic minorities, the job of holding the country together has fallen to the Pakistani army. It has tried to pacify the minorities through brutal, and sometimes counterproductive, methods. For instance, in 1971, the terrorized Bengali Muslim population of East Pakistan seceded to form, with India's assistance, the new nation of Bangladesh.

Despite that loss, the power of the Pakistani army grew and grew. Ruled by a military dictator, Pakistan became the overeager host, in 1979, of the C.I.A's proxy war against the Soviet Union in Afghanistan. The arms received from the United States and Saudi Arabia found their way to the black market. Civil war broke out as competing Islamic outfits fought each other with their deadly new weapons. And a flourishing drug trade led to an estimated five million Pakistanis becoming heroin addicts.

In the last 20 years, drug smugglers, Islamic fundamentalists and army intelligence officers have come to dominate Pakistan's political life. Jihad, now exported to the disputed territory of Kashmir and the Central Asian republics, is the semi-official creed of many in the ruling elite. Pakistan is now even further away from being a multi-ethnic democracy.

India looks more stable, but its political culture has changed drastically in the last two decades. The central government as distrustful of federal autonomy as Pakistan's ruling elite, has used brute force in Punjab, the northeastern states, and now in Kashmir to suppress disaffected minorities.

In the process, India's awkward but worthy experiment with secular democracy has been replaced by a vague, but aggressive ideology of a unitary Hindu nationalism.

The new upper-caste Hindu middle class, created by India's freshly globalized economy, includes this nationalism's most fervent supporters. It greeted India's nuclear tests in 1998 euphorically.

But this middle class is also apolitical and a bit unsure of itself. Its preoccupations are best reflected in the revamped news media, which now focus more on fashion designers and beauty queens than on the dark realities of a poor and violent country.

Popular patriotism brings temporary clarity to the confused self-image of the new middle class and helps veil some of the government's more questionable actions. For instance, in Kashmir, the government's failure to accommodate the aspirations of the mostly Muslim population led to a popular armed uprising against Indian rule.

The Hindu nationalists describe the uprising as an attack on the very idea of India and have diverted an enormous amount of national energy and resources—including some 400,000 soldiers—toward fighting the insurgents and their Pakistani supporters.

Since the invisible majority of India's billion-strong population—its destitute masses—couldn't care less about Kashmir, it is the affluent Hindu middle class that enforces the domestic consensus on the subject. It blames Pakistan for everything, ignoring the harshness of Indian rule and the near-total collapse of civil liberties in Kashmir.

Supporters of Hindu nationalism assume that a country with a strong military can absorb any amount of conflict and anomie within its borders. But the preference for force over dialogue could end up undermining India's fragile democracy and growing economy—just as the excessive reliance on military solutions to political problems has blighted Pakistan.

[From the New York Times, Sept. 8, 2000]

AN OPEN LETTER TO THE HON. ATAL BEHARI VAJPAYEE, PRIME MINISTER OF INDIA

The President, Officers, the Governing Council and the members of the National Association of Asian Indian Christians in the U.S.A. Inc. (NAAIC USA) are extremely pleased that you are here on an official visit to the U.S. and will be meeting with President Clinton and the high dignitaries of this country. We warmly welcome you and extend our best wishes to you for productive deliberations and consultations which we hope would strengthen the relationship between the people of India and the United States.

We are also taking this opportunity to express our deep concerns regarding the persecution of Christians in India by extremist groups. Priests, missionaries and church workers have been murdered, nuns and other women assaulted, churches and schools bombed and burned, cemeteries desecrated, and Christian institutions harassed and intimidated. There have been scores of incidents involving extortions, illegal and preventive detention, tortures, custodial deaths, anti-conversion laws that would make genuine conversions illegal. All these have created an atmosphere for Christians in many parts of India to live in fear; these are increasing unabated. This situation is antithetical to the declared ideals of the Republic of India and the provisions of its Constitution. Anti-Christian crusade and ''hate campaigns'' being waged through pamphlets, posters, and newspapers, lead to more violence. The pattern and intensity of these attacks and provocative comments by leaders close to the Government and the ruling Coalition show that attacks are organized efforts to intimidate a peace-loving minority community in India.

It is appalling to note that your Government is still in the denial mode by labeling these attacks as 'isolated incidents' and even as the work of some ''foreign hands.''

These attacks and the inability to control the growing violence of self-proclaimed Hindu nationalists against Christians have simply tarnished India's image as a secular nation. They have created a feeling of absence of rule of law in India and apprehension as to whether the Indian democracy is teetering towards a theocratic state. The U.S. Commission on International Religious Freedom has recommended that India be closely monitored for ''denial of religious Freedom to her people.'' Even the U.S. Congressional Record cites a number of these attacks on Christians and depicts them as indicative of the depth of religious intolerance in India. These acts are atrocious also because of the well-acknowledged loyalty and commitment of Indian Christian community to the welfare of India demonstrated through participation in the independence struggle, in the established of schools and institutions of health care and patriotic sacrifices of thousands of Christians.

Your visit now provides a fitting opportunity for the Government of India to assure the world and the U.S. that India will continue its constitutional commitment as a secular state to protect the interests of all people, including the religious minorities, and uphold the constitutional freedom to ''profess, practice and propagate'' one's religious faith. We urge you to set forth the steps so far taken by the Government to bring the culprits, both individuals and organizations, to justice. It is imperative that you explain to the international community steps taken by the Government to protect the Christian community of India. We ask that the Government of India make every effort to put an end to the atrocities committed against Christians in the great land

of India. May your leadership be strengthened through such decisive actions. We pray to God to help you in such efforts.

Respectfully,

The National Association of Asian Indian Christians in the USA, Inc., P.O. Box 279, Martinsville, NJ 08836.

PERSONAL EXPLANATION

HON. ROBERT W. NEY

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. NEY. Mr. Speaker, I submit the following statement for the CONGRESSIONAL RECORD. On September 24, 2000, I had personal family business and as a result missed rollcall vote numbers 541, 542, and 543. Please excuse my absence from this vote. If I were present, I would have voted "aye."

COMMODITY FUTURES MODERNIZATION ACT OF 2000

SPEECH OF

HON. THOMAS W. EWING

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 19, 2000

Mr. EWING. Mr. Speaker, I am pleased to submit for the RECORD the following documents in support of H.R. 4541.

LETTERS OF SUPPORT RECEIVED

Ad Hoc Coalitation of Commercial and Investment Banks, The Bond Market Association, Emerging Markets Traders Association, The Foreign Exchange Committee, Futures Industry Association, The Financial Services Roundtable, International Swaps and Derivatives Association, Securities Industry Association.

Morgan Stanley Dean Witter, Goldman, Sachs & Co., Merrill Lynch & Co., Inc., Citigroup Inc., The Chase Manhattan Bank, Credit Suisse First Boston, Inc.

Investment Company Institute, Enron Corp., Chicago Mercantile Exchange, Chicago Board of Trade, Securities Industry Association.

Energy Group: BP Amoco, Enron North America, Inc., Goldman, Sachs & Co., Koch Industries, Inc., Morgan Stanley Dean Witter, Phibro Inc., Sempra Energy Trading Corp.

EXECUTIVE OFFICE OF THE PRESIDENT, OFFICE OF MANAGEMENT AND BUDGET; STATEMENT OF ADMINISTRATION POLICY, OCTOBER 19, 2000

(This statement has been coordinated by OMB with the concerned agencies.)

H.R. 4541—COMMODITY FUTURES MODERNIZATION ACT OF 2000 (REP. EWING (R) ILLINOIS AND 3 COSPONSORS)

The Administration strongly supports the version of H.R. 4541, the Commodity Futures Modernization act of 2000, that the Administration understands will be considered on the House floor. This legislation would reauthorize the Commodity futures Trading Commission (CFIC) and modernize the Nation's legal and regulatory framework regarding over-the-counter (OTC) derivatives transactions and markets. In so doing, H.R. 4541 also would implement many of the unanimous recommendations regarding the treatment of OTC derivatives made by the President's Working Group on Financial Markets, which includes the Secretary of the treasury and the Chairmen of the Federal Reserve Board of Governors, the Securities and Exchange Commission, and the Commodity Futures Trading Commission.

It is important that this legislation be enacted this year because of the meaningful steps it would take in helping to: promote innovation; enhance the transparency and efficiency of derivative markets; maintain the competitiveness of U.S. businesses and markets; and, potentially, reduce systemic risk. H.R. 4541 would accomplish these goals while assuring adequate customer protection for small investors and protecting the integrity of the underlying securities and futures markets. A failure to modernize the Nation's framework for OTC derivatives during this legislative session would deprive American markets and businesses of these important benefits and could result in the movement of these markets to overseas locations with more updated regulatory regimes. The Administration looks forward to working with Members of Congress to improve certain aspects of the bill as it continues through the legislative process.

OCTOBER 18, 2000.

Hon. DENNIS HASTERT,
The Speaker, House of Representatives, Washington, DC

Hon. RICHARD GEPHARDT, *Minority Leader, House of Representatives, Washington, DC*

DEAR SPEAKER HASTERT AND LEADER GEPHARDT: The undersigned organizations, representing the full range of the interested U.S. financial sector, strongly urge you and each of your colleagues to support "The Commodity Futures Modernization Act of 2000" (H.R. 4541) when it is considered by the House of Representatives this week.

This legislation would provide "legal certainty" that over-the-counter derivatives transactions will continue to be enforceable in accordance with their terms. Enhanced legal certainty for OTC derivatives will reduce systemic risk and the core legal certainty provisions of H.R. 4541 are based upon the unanimous recommendations of the Secretary of the Treasury, the Chairman of the Board of Governors of the Federal Reserve System and the Chairmen of both the Securities and Exchange Commission and the Commodity Futures Trading Commission.

These core legal certainty provisions were approved by overwhelming and bipartisan majorities of the House Agriculture, Banking and Commerce Committees and they have the virtually unanimous support of the private sector.

Final Congressional approval of H.R. 4541 this year is urgently needed. In addition to providing legal certainty for OTC derivatives, H.R. 4541 will modernize the extremely outmoded Commodity Exchange Act. This will reduce systemic risk, promote financial innovation and enable the United States to retain its leadership role in the global financial markets.

Sincerely,

Ad Hoc Coalition of Commercial and Investment Banks, The Bond Market Association, Emerging Markets Traders Association, The Foreign Exchange Committee, Futures Industry Association, International Swaps and Derivatives Association, Securities Industry Association.

OCTOBER 18, 2000.

Hon. LARRY COMBEST,
Chairman, House Agriculture Committee, Longworth House Office Building, Washington, DC

Hon. TOM EWING,
Chairman, Agriculture Subcommittee on Risk Mgt., Rayburn House Office Building, Washington, DC.

DEAR CHAIRMEN COMBEST AND EWING: As members of the Ad Hoc Coalition of Commercial and Investment Banks, the undersigned firms strongly urge the House to pass "The Commodity Futures Modernization Act of 2000" (HR 4541) when it is considered on the floor. This legislation is critical to securing legal certainty for our financial markets and to fostering continued American innovation in the increasingly important realm of derivative financial products. The President's Working Group on Financial Markets has testified that securing legal certainty for financial derivatives is imperative to reduce system risk and we strongly agree.

Clearly, the legislation represents compromises in terms of the objectives of all interested parties. However, HR 4541 successfully achieves the most important core objectives needed for the markets to prevent the flight of our domestic financial derivatives business abroad. In addition, the legislation makes historic changes in the operation of our domestic futures exchanges that will enable them to offer new products and to effectively compete with foreign exchanges.

We view enactment of HR 4541 to be extremely important and believe that the failure of Congress to enact the bill will have very significant, adverse consequences for the markets and market participants in this country. We applaud your leadership throughout the development of HR 4541 and urge your colleagues to take favorable action before the end of this session.

Sincerely,

MORGAN STANLEY DEAN WITTER
GOLDMAN, SACHS & CO.
MERRILL LYNCH & CO., INC.
CITIGROUP INC.
THE CHASE MANHATTAN BANK
CREDIT SUISSE FIRST BOSTON INC.

CHICAGO MERCANTILE EXCHANGE,
CHICAGO BOARD OF TRADE,
Chicago, IL, October 19, 2000.

DEAR REPRESENTATIVE: We urge you to pass H.R. 4541, the Commodity Futures Modernization Act of 2000, scheduled to come to the House floor today. Simply put, vote for this bill is a vote for U.S. markets. A vote against the bill is a vote for London and other foreign markets.

Foreign exchanges are offering products that U.S. futures exchanges can't. That is a recipe for competitive disaster for the U.S. futures industry in today's global economy. London's futures exchange will take the unprecedented step of trading single stock futures on U.S. companies in January 2001. London joins nine other jurisdictions that know the marketplace wants this product that was "temporarily" banned in the U.S. 18 years ago.

H.R. 4541 is a comprehensive package that addresses this prohibition on single stock futures and provides a streamlined regulatory structure endorsed by financial regulators, one that meets the demands of today's dynamic and changing markets. It also provides the legal certainly that will allow U.S.

financial service firms to keep their swaps business in the U.S. rather than moving it off-shore.

Like any comprehensive legislation, this bill is not perfect from our perspective. However, it is critically important that H.R. 4541 be enacted into law this year to prevent our international competitors from having exclusive access to these new products.

Vote for U.S. investors and markets by supporting this historic legislation.

Sincerely,

CHICAGO BOARD OF TRADE.
CHICAGO MERCANTILE EXCHANGE.

SULLIVAN & CROMWELL,
New York, NY, October 19, 2000

Hon. LARRY COMBEST,
Chairman, House Agriculture Committee, Longworth House Office Building, Washington, DC

Hon. TOM EWING,
Chairman, Agriculture Subcommittee, on Risk Mgt, Rayburn House Office Building, Washington, DC.

DEAR CHAIRMEN COMBEST AND EWING: On behalf of the entities listed below (collectively, the ''Energy Group''), I write this letter to strongly urge enactment of H.R. 4541, the Commodity Futures Modernization Act of 2000. This legislation provides critical legal certainty for energy companies and allows them to provide risk management services to their clients and for themselves without risk that their transactions could later be found to violate the Commodity Exchange Act.

We applaud your leadership and the excellent work of your Committees and the other Committees of Congress in developing this legislation. Passage of the legislation will promote business and innovation in this important sector of the economy.

We appreciate your support of this initiative. We would be pleased to respond to any questions that any member might have.

Sincerely,

KENNETH M. RAISLER.

BP Amoco
Enron North America, Inc.
Goldman, Sachs & Co.
Koch Industries, Inc.
Morgan Stanley Dean Witter
Phibro Inc.
Sempra Energy Trading Corp.

ENRON CORP.,
Houston, TX, October 19, 2000.

Hon. LARRY COMBEST,
Chairman, House Agriculture Committee, Longworth House Office Building, Washington, DC.

DEAR MR. CHAIRMAN: I am writing to urge enactment of H.R. 4541, the Commodity Futures Modernization Act of 2000, by this Congress. This important legislation provides critical legal certainty for a range of transactions that are a central part of Enron's risk management and commodity trading businesses. Enron is the largest trader of natural gas and electricity in the U.S. and we actively trade other commodities. To facilitate our commodity trading business we have developed EnronOnline which is the world's largest business-to-business marketplace with over $130 billion in trades since November 1999.

We appreciate the fine work of the House Agriculture, Commerce, and Banking Committees and applaud the leadership of their Chairmen and Ranking Members. The Bill is the product of hard work and compromise and it would be unfortunate if this effort would have to wait until the next Congress to be rewarded.

Prompt adoption of H.R. 4541 will assure that Enron and others active in the commodity trading and risk management industry can continue to grow our businesses and provide innovative service to our customers without the risk and cost of legal uncertainty that now exists.

I appreciate your attention to this important matter and would be pleased to respond to any questions that you might have.

Sincerely,

KENNETH L. LAY,
Chairman.

SECURITIES INDUSTRY ASSOCIATION,
Washington, DC, October 18, 2000.

DEAR REPRESENTATIVE: I am writing on behalf of the Securities Industry Association (''SIA'') to urge you to vote for H.R. 4541, the Commodity Futures Modernization Act of 2000. SIA believes that this legislation can ensure that American financial markets remain in the vanguard of innovation and investor protection. H.R. 4541 may be considered on the suspension calendar as early as today.

The legislation provides legal certainty for OTC derivatives. These provisions of the bill, which largely track the unanimous recommendations of the Report of the President's Working Group on Financial Markets, would finally remove the shadow of legal uncertainty that has threatened this vital sector of the U.S. capital markets for more than a decade. We can not stress too strongly the importance that we place on Congress enacting these provisions this year. We have consistently urged Congress, among other steps, to: Clarify the enforceability of derivatives transactions between eligible participants; exclude certain hybrid instruments from the CEA; remove restrictions on the clearance and settlement of OTC derivatives; clarify the instruments and transactions to which the Treasury Amendment applies; and exclude financial and certain non-agricultural commodities from the CEA.

While this legislation does not address every aspect of these issues, H.R. 4541 takes great strides in providing a legislative solution to those issues.

We also note that we have some lingering concerns with the bill's provisions that would eliminate legal prohibitions on single stock futures. SIA does not object to the bill on this basis and hopes that these issues can be resolved. With these concerns in mind, SIA strongly supports the overall goals of the legislation and urges Congress to move the process forward.

In our view the most important issue for Congress to resolve is the legal uncertainty affecting OTC derivatives and hybrid instruments involving non-exempt securities. Resolution of that issue should not be postponed. The problems engendered by the CEA are real and are exacerbated by the increasing globalization of financial markets. Markets can migrate quickly, and once established in a new, more hospitable legal environment, may not return. Congress has the power to maintain this country's preeminent leadership position in the global financial markets by moving promptly to correct this long-standing problem.

Rarely is Congress presented with the opportunity to make a material contribution to the mitigation of systemic risk, but H.R. 4541 presents just such an opportunity. SIA is greatly encouraged by the House Committees' action on H.R. 4541, and their efforts to ensure passage of this key legislation this year. We ask that you build on this solid record of progress to ensure that United States capital markets remain competitive and on the cusp of innovation and urge you to vote for H.R. 4541. SIA stands ready to assist you in any way we can to facilitate enactment of legislation this year. We appreciate your consideration of our views.

Sincerely,

MARC E. LACKRITZ,
President.
STEVE JUDGE,
Senior Vice President, Government Affairs.

INVESTMENT COMPANY INSTITUTE,
Washington, DC, September 19, 2000.

Hon. THOMAS W. EWING,
House of Representatives, Rayburn House Office Building, Washington, DC.

DEAR CONGRESSMAN EWING: The Investment Company Institute is writing to express our support for the version of H.R. 4541, the ''Commodity Futures Modernization Act of 2000'' scheduled for floor consideration today. This consensus bill reconciles the legislation reported by the Commerce, Banking and Agriculture Committees.

The Institute supports H.R. 4541 because of the Section 208 provisions in the legislation that apply important consumer and investor protections found in the Investment Company Act of 1940 to pools of single stock futures. Such language ensures that investors in pools of single stock futures will enjoy the same safeguards that have made mutual funds the investment choice for over 83 million Americans.

For this reason, we ask you to support this consensus legislation.

Sincerely,

MATTHEW P. FINK,
President.

HONORING JIM BARBIERI OF INDIANA

HON. MARK E. SOUDER

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. SOUDER. Mr. Speaker, Bluffton, Indiana is not a large city. It is a small city nestled in the bluffs above the Wabash River in Indiana. It has grown to serve the surrounding prime agricultural land of Wells County.

Bluffton is renowned throughout Indiana and the country for its extraordinary newspaper. It doesn't have lots of color pictures and fancy charts. But it is stuffed with real news, in great detail, and topped by the world's most comprehensive headlines.

This is largely the product of Jim Barbieri, a throwback to earlier days of local journalism. An aggressive advocate, and when needed, critic of the local community, Jim is also active in State and National issues. But even in small-town Indiana, he also brings a world perspective.

His writing is thorough and fair. But it is also much more. Jim captures the room, the people in it, and the context of the debate. When one reads the Bluffton News-Banner it is though you had been at each event. Except that often, you learn a lot more from the article about the meeting then you learn at the meeting.

Recently Jim Barbieri celebrated 50 years at the Bluffton News-Banner. That itself is a tremendous and increasingly rare, commitment. Think of the historical perspective provided by such a paper compared to the transient nature of much news today.

I hope that journalism schools in America will use the example of Jim Barbieri to show that even in modern America you still can practice the type of community-based newspapers that anchored our Republic. I submit for the RECORD the following articles.

DEAR JIM: Congratulations on 50 years of journalism in Bluffton.

You are a living example of historic tradition of influential small-town newspaper editors. William Allen White in Emporia, Kansas, was an early Jim. Even the famous Niles Register, chronicle and journal of record of the early American Republic, was not as thorough as you.

I know of no one in the public arena who is not astonished that you can take such complete notes with so few errors. I expect to read something like this:

''Congressman Souder, riding in a black Lexus, was in Bluffton today for the third time this year. He was accompanied by Mary Honegger of Ossian, who has been a senior advisor to Souder since he first experienced his candidacy in 1994. The Honeggers have an animal clinic in Ossian that is well spoken of in the area. Souder was here to discuss trade with China. . .''

In other words, Jim, your stories in the Bluffton News-Banner not only include what I say, when and where, but a context and lots of local color. Your writing makes one ''feel'' the meeting, not just get the general facts.

And the headlines. Your headlines have more news than a half-hour TV news broadcast.

You are also a tireless advocate for Bluffton and Wells County. While being a local promoter, you also have a world vision. You understand that in education and commerce, the competition is not just Decatur and Huntington.

Hopefully, your tribute will help all of us to ask: Where will the next Jim Barbieri come from? Are we producing the young people with the curiosity and the commitment to debating truth?

Thanks, Jim, for your fundamental belief: By publicizing the words of the debate, people will choose the truth.

Sincerely,

MARK SOUDER,
U.S. Congressman, 4th District, Indiana.

To my Dad. Everyone in town knows you. Or they think they know you. They think you are the man with the pipe in your mouth, hurrying, on his way to cover five meetings on a Tuesday night. Or the man with his byline all over the paper and the editorial opinions supporting most everything good in this community. Or they think you are the man with possibly the most trashed out car in town (unless they've seen mine) or the man with the ever-present camera at every accident scene or stage production or community awards ceremony. Or they think you are the man they see at all hours of the night, drinking coffee and reading the paper at Pak a Sak or Hardees. Or they see you after you've been up all night writing or hassling with the computers or out covering a fire, sacked out in your chair, seemingly dead to the world. And they think they know you and who you are. And most of them feel lucky to know who you are.

But I know who you really are.

You are the man who was home every night for supper at precisely 6:30 and acted delighted every time and even after the billionth time, Chuck and I would jump out from behind the door and ''surprise'' you. You are the man who let me hide behind him when I was afraid I'd fall into the press pit at the old brown Banner building.

You are the man who must have pulled Chuck and I ''up'' the hill at the State Park on a sled a hundred times over the years. And Chuck really should have been walking!

You are the man who made sure that for the ''trouble'' of stopping to see you at your messy little office on Market St. that I received at least 50 cents to go buy French fries or a Coke at the Snug or at Rexall's. And on a good Saturday, you didn't even mind when I'd stop by about eight or nine times. And if I had anyone hanging out with me, they'd strike it rich too. I wonder if the Snug and the Rexall's knew you were a major source of income for them for years.

You are the fastest two-fingered typist in town. And the only man I know, who knew how to type at all, before the advent of the computer age.

You are the man I never ever heard utter a single swear word until I was 15 and you had an ear operation and they wouldn't let you out of the hospital so you could go back to work. And then after that, even though you don't exactly swear like a trooper or anything, you must have decided I was old enough to hear them. Either that, or this is about when the country commissioners started to aggravate you. :) I'm not sure.

You are the man that wouldn't let me have a paper route, because ''girls don't have paper routes,'' until I lost interest in it and then suddenly it seemed there were girls passing paper routes. And even though I find your former attitude ''sexist'' in this day and age, I'm still kind of amused by it. You thought I was pretty special. I guess. Too special for a paper route.

You are the man who carried me up the stairs to bed every night until I was nine (or possibly your back gave out) and then went back out to cover who knows what breaking story.

You are the man who cooked us a gourmet supper of hotdogs every Sunday evening so that Mom could have a break. Because Chuck really was a terrible child and Mom would just get sick of him—and she needed that break.

You are the man who was so delighted with the birth of his first grandchild, that even I, her mother got sick of reading about her in the paper. You are the man who is loathe to leave a basketball game or a football game or a baseball game in which his grandson is playing. And ever quick to point out exactly when and where he made the slightest contribution to the game. You are the man who passes up Colts tickets to watch his grandson sit on a bench for most of a Varsity game that he was lucky enough to dress for.

You are the man who has been right there supporting his granddaughter when things have been tough for her. And ready to argue with me tooth and nail, if you didn't think I had the right idea on parenting her or Stephen. Not everyone will stand up to me, but you will.

You are a man who finds joy in singing bird clocks and dancing Santas and setting up and running your own railroad every Christmas and doesn't really understand people who don't share your passion for these things. (For instance, Mom.)

You are the man who took a ''break'', every day from your job (when most people would have already retired anyway) to stop and pack up about 48 newspapers and deliver half of Stephen's route, just so you could hang out with him and Jenni and Barkley and get to know them. And on the days when Stephen had a sports practice or a game you would pass the whole route, whether there was snow, sleet, rain or high winds or water on Elm Dr. up to your waist! And you let him keep all the Christmas tips to boot!

You are the man who Barkley, the paper Beagle, howls like crazy for even when just your car drives up in the driveway—she loves you so!

And you are a lot more.

So, even though I think this community should thank its lucky stars they have been fortunate enough to have you in their midst—and I think they should be honored that you have been working with them and for them for all these 50 years and they should be grateful that they've had the opportunity to ''know'' you—I count myself and my children far luckier than them even, because I know you as my Dad and the Grandpa to my kids. And I love you!!!

CINDIE.

DEAR JIM: Fourteen years ago, as a 27-year-old young man, you brought me under your wing and showed me what being a real newspaperman was all about. I thought I knew, having a bit of newspapering in my background. But I learned that I had a lot to learn.

You showed me what real dedication is. Time and time again in our first year, we worked long days together, making big changes and setting new directions. Our day typically began at 8 a.m. and finished at 10 p.m. Then after I, droopy-eyed, waved good night to you and walked out the door, I shook my head in amazement. Because I knew that you, once again, was just getting started. Why, you had a newspaper yet to write!

Indeed, you have written the News-Banner for 50 years. No act of journalism is more astonishing or worthy.

You have been courageous. Only a few people know the tough calls you have made with such high integrity. You always have done the best to treat every Wells County citizen the same. I learned that my first month when, coming back from a weekend trip, I slowed down a little late on S.R. 124. An observant officer noticed the infraction. I stopped by the office to tell you about the incident. You nodded, and I thought nothing more of it until you printed a major story the next day about all the speeding tickets issued over the weekend with mine being the lead example!

Your ability to walk down to the Post Office and back and pick up two front page stories is legendary. I used to wonder how you could do this, until I realized that you simply remember everything. My favorite example is when we were interviewing a thirty-something applicant for a computer job. I began the interview process. After deciding she would do the job well, I brought her to you for your approval. You seemed lost in thought as I described her background. Then you suddenly looked up. ''What's your name again?'' you asked. She repeated her name. ''Did you go to Norwell High School?'' you asked. ''Yes,'' she said. ''Did you graduate in 1976?'' you asked. ''Yes,'' she said. ''You did well in school, didn't you?'' you asked. ''Yes,'' she said. ''That's right,'' you said. ''I remember reading your name on the honor roll.'' True story, Jim, But only one of many.

Your career at the News-Banner is testimony to the amazing things a single person

can accomplish in a life. From meeting with a half a dozen U.S. Presidents, to personally witnessing the transfer of power from the former Soviet Union to the new Russian Government to writing an editorial every weekday the News-Banner has published for five decades, to having the profound respect of every newspaperman who knows you, yours has been a reporter's career in full.

I doubt you could have hoped for anything more when you walked in the News-Banner for the first time 50 years ago.

Jim, I salute you.

GEORGE WITWER.

DEAR JIM: This has turned out to be one of the most difficult notes I've ever written.

I have come to the conclusion that this is because when one tries to address such a remarkable career, there are so many avenues to pursue, so many things that could be said, so many adjectives that fit, that one simply struggles with where to begin, let alone where it might take you.

At last, however, the occasion is made to address just one aspect: your deep love of and commitment to your profession and the company you came to adopt. This commitment is so deep and so complete that you can welcome someone into the fold who you know will make some changes to an operation and a newspaper that you've spent a lifetime building.

While most of things we've done have received your enthusiastic support, I am aware we've made changes you've not agreed with, as you've voiced those concerns. There are perhaps other changes that you've had concerns about of which you haven't spoken, but I'd be surprised.

At any rate, the point being of course, whether you've agreed or disagreed, you've been supportive of everything we've done and tried, and as everyone knows, your support is never just a token word, but always 100 percent of your considerable resources.

For your friendship and support, I will be forever grateful.

Sincerely,

MARK MILLER.

WRITTEN BY JIM BARBIERI FOR 50TH FAMILY BANQUET

50 years, they've gone too soon,
Looking back before man walked on the moon,
Addition, subtraction, multiplication, division,
We did them all without computer precision.
Radio or movies our entertainment decision
Or watch the snow on the early television.
The then-modern News-Banner, I must confess
Was cranking 'em out daily on a 1913 press.
From years of sway, both fore and aft,
Alas, it had developed a crooked shaft.
But day by day, we met the test,
Gathering news and ads and doing our best;
We set metal type and remelted lead,
Locked up the big chases and put it to bed.
The old press grunted at its daily chore,
And daily that shaft bent a little bit more,
Until one day we had a Chicago official
Look at the press and he gave a long whistle.
In nationwide travels where he'd been sent,
He had never met a press with its shaft so bent.
He said this calls for a repair first class;
He tried to bend it back but he fell on his knees.
But being a master of the press printing craft,
He wouldn't be defeated by a crooked shaft.
He said they had invented a wonderful machine
That would straighten any shaft that he'd ever seen
It cost us a bundle to do it up right;
To unbend our shaft took most of a night.
But we had to admit that it really felt great
To turn on a press with a shaft that was straight.
Alas, no one figured that day by day
The rest of the press had bent too in a gradual way.
The other parts had learned where to place their trust;
To a straightened out shaft they could not adjust.
As the press started up, straight for the first time in years,
There was a loud eruption as it broke all the gears.
The moral of this story is that we get shaped by our days;
Thus a 50-year reporter also gets set in his ways.
So that the way I work may be out of date,
But don't try to bend me to make me go straight.
Let me go on in my very old fashion,
Covering the news with an old time passion.
The style in which my career has been blest,
To you may be faulty, but I give it my best.
When God takes me home at the end of my years,
He'll not straighten me out and pop all my gears
He'll say ''you, reporter, for the sins that you bring,
We'll take you like you are with a bent angelic wing;
For if we rejected all bent with no more care,
You'd never find in Heaven a crooked mayor.
And we all know that Heaven could not run well
Without a journalist to give them all hell.
So in the celestial press room we bid you to trod,
But don't ever misquote Peter or mispell God.''

IN HIS OWN WORDS . . .

It seems like forever, and yet it seems like yesterday since that June day, a half-century ago, in 1950 when I began at the News-Banner.

Maybe that is appropriate because while the 50-year period has brought breathtaking changes, the task at hand daily remains remarkably unchanged.

Unlike a number of smarter people, I never formulated a life or career plan. My idea of planning ahead is getting out today's paper. Long range planning is tomorrow's paper.

Working in a small city appealed to me at the start here, partially because of the prior experience I had on the Chicago American. I had enjoyed that Chicago experience immensely and learned a lot, especially from an editor named Bill Becker, who didn't write for the paper but was a terrific critic and restyler of other reporting and writing. I remember that when he summoned me to his desk, it was bad news. He was going to rip apart what I had written and call me ''Jimmy,'' neither of which I relished.

But one great thing about working in Chicago was that between about 10 p.m. and 4 a.m. daily in Chicago, about everything that ever happened in the history of the world happened three or four times. I had a good introduction on a great variety of stories.

But what appealed to me more about going to a small city upon graduation from DePauw University was the opportunity to do more things around the newspaper instead of one specialty.

Particularly I wanted to learn and do advertising and circulation too. While at DePauw, I had been editor of the school newspaper, and we had it printed at the Greencastle Banner, a daily newspaper in that small city of about 5,000 people. Realized then was that small dailies cover the day's news around the world like big urban newspapers do, even if not as intensively. The smaller daily papers also have a hometown touch unmatched in the big cities but are not left out of the big daily events. I also had helped with the production side of our school paper and learned to set headlines into metal type with a Ludlow machine.

Here in Bluffton I had excellent teachers in Roger Swaim and Orin Craven, both of whom were sticklers for doing things right. Although there are many improvements in newspapers today over 50 years ago, and a substantially greater quantity of both news/editorial and advertising copy now being handled—essential to handle—it is also true that copy flows into the paper today from a lot of sources without nearly the stringency that was given to copy Eugene McCord and I would write back in the period around and after 1950.

In those days, we didn't have the blessing of computers and the ability to tab in corrections, new information or second thoughts.

We did so with pencil on double-space-typed copy, and sometimes this could make for messy looking sheets of copy—hen tracks, we called them.

Believe me, when my copy had too many of these, I would rush to retype so that Roger wouldn't see sloppy looking stuff heading to the Linotypes, and so that Orin wouldn't find any errors. They sure would let you know.

We had four Linotypes setting news copy and a Ludlow for ads and headlines display type. Most people at the News-Banner today have no idea of the long era in which we cast the lines of news type out of lead in a factory-type situation, assembling the type into page forms called chases and then the husky guys lifting the chases full of type onto the 1913 flatbed press. We had great craftsmen, led by Charlie Anderson when I started. Charlie's brother, Earl, made up our pages artfully. When President Kennedy was assassinated, Earl changed the front page and reversed the column rules or lines between columns that we used in those days. The effect was to print thick black lines between columns to carry the mourning effect. For the headline atop that story, we used wood type, putting it together letter by letter.

Anyhow, although Earl passed on long ago, just the other day, Earl Anderson's grandson, Brian Anderson, stopped to see me at the News-Banner, and I met Earl's great-granddaughter, Bethany.

Lee Mattax in time became our superintendent, and we had other great people in our production shop.

One such person is still alive and well. You know him as Joe Smekens, who came on board in the early 1960s as a Linotype operator.

Of the four Linotypes we had, three were usually on straight news and one on ads. That one was the most complex and Joe became very good on it.

But to give you an idea of the vast change, when we went to our new building and to photo composition in 1975, one of the two photo-setters we had would produce four times as much type as all four of our Linotypes put together. And today's laser-printing is much faster than the photosetters.

In the old days, when one of our Linotypes went on the blink, it was a real struggle to

get the paper out. You just couldn't make up for lost time like you can today.

Also, our 1913 flatbed press was much slower than the new offset rotary press we acquired in 1975 with the new building.

It used to take us the good part of two hours to run eight pages. Now we can run 14,000 per hour on 16 pages at a time or turn out 16 pages in a half-hour or less. We also can do color with the current press, which we have added to and plan to do so again very soon.

It's hard to start mentioning names without leaving out people, but Mary Coffield was a star for a lot of years and so was the late Marlene Holloway in our office. Kaye Ivins did a lot to get us into photography in a modern way. Of course, Joe Smekens has been a special hero for years, and Glen Werling is a real professional in this opinion and a high quality newspaperman.

After Roger Swaim was stricken with a heart attack in 1964, I had increasing duties in the management of the company and this led subsequently to becoming general manager and guiding the building project with the change of printing methods and more.

It is impossible to review all the countless stories worked on over the years, everything from heart-tugging human interest events to grizzly murders.

I've been able to cover and question or interview six U.S. Presidents, and I was in the Kremlin when the Soviet Union came to an end—seeing Gorbachev go out and Yeltsin take over. I was among the earliest Americans to meet with Boris Yeltsin. Thus, the small city field has not lacked for big coverage opportunities.

In the course of things, I worked alongside many fine persons in police and fire and EMS roles. We had our ups and downs in staff situations. I was reminded just the other day about an episode in the 1960s when police pursued a man they were seeking eastward on Ind. 124 into the heart of Bluffton and the northward on Ind. 1 at speeds up to 100 miles per hour and more. When the fleeing man raced into Ossian, the town was very busy with a golf dinner going on at Eve's Place in the Ossian downtown. This guy hit five cars parked along the street, and the impacts forced him to a stop.

One of those whose parked car had been hit was very upset at the wild driving and ran up to the suspect's auto, pulling open the driver seat door.

Up in his face came a gun, which he managed to push aside. Fortunately, Trooper Boomershine had been close behind and jumped into the back seat of the auto, reaching forward then in subduing the suspect.

The car had been stolen and was readily traced to a Huntington County location. Police going there found the owner shot to death.

Thus, we had a murder case along with the wild episode here. We had a questionable reporter at the time, and I sent him to Huntington County to get the story—in fact I sent a kid in our mailing department to drive him there so he would find it.

Soon the reporter came back to tell me he had no story because the sheriff was too busy to talk with him. I decided that when you send a reporter to a murder scene and he practically trips over the body on the way back to tell you there's no story, you have a problem. I sent him home and finished the murder coverage myself.

In my 50 years, I have missed only one day for health. That was in 1971 when I had an ear operation for which they sent me to Lutheran Hospital in Fort Wayne. The day after the operation I was recuperating there, and I saw out the window some police and ambulance vehicles heading into the emergency area. Soon I saw a couple of Wells County cars.

I went out into the hall and buzzed down in the elevator to the emergency area, where I found out about an accident in Allen County injuring severely a Wells County resident. Someone down there saw me in my hospital robe and asked who I was. I said ''I'm a patient on the fourth floor.''

''You don't belong down here,'' I was told.

''I'll never do it again,'' I promised and I zoomed back to my room and called the story in to Roger Swaim. Thus, I counted that as a work day. The next day I was out of the hospital and back to the office.

In the modern era, I've been very thankful that young George Witwer, with the help of his Dad, George O. Witwer, and I were able to buy the New-Banner in 1986, keeping it under home ownership.

Since we had kept going, publishing despite the Palm Sunday Tornado of 1965 and the Great Blizzard of 1978, the News-Banner and predecessors have published every publishing day without failure since the Evening News was launched in 1892.

When we went into the new building with the new press and the switch to offset printing, we closed up in the old shop on West Market Street after getting out the Saturday paper on Sept. 5, 1975, and opened on Monday, Sept. 7, 1975 in the new operation and building.

No one on our staff had ever worked a single day in an operation like the new one. I likened it to jumping out of an airplane with a do-it-yourself parachute kit, but we made it.

We did have and do have a lot of good friends in the newspaper field—in our neighboring cities and elsewhere. Fred Isch, now the mayor of Decatur and doing a tremendous job, was and is a tremendous friend.

In the period since we bought the News-Banner, soon afterwards adding the Ossian Journal, we have made a lot more progress.

Greatly involved in a lot of this was Michelle Moore, who did a terrific job for us and is a wonderful friend. Tom Hullinger was a big factor in progress we made. Jim Kroemer has been a special friend in our progress.

We managed by 1997 to pay off about a million dollars in debt for the purchase of the News-Banner, the Ossian journal and the modern equipment we added—the switch into laser-printing and into pagination. Howard ''Bub'' Jones is another exceptional production artist.

Just three years ago, we took a huge step forward by gaining the services of Mark Miller, who started at Decatur in 1975 and is the kind of younger era, dynamic leader most needed for the present and future.

He is also an excellent person, and I feel a very fine journalist along with his super business ability.

I consider the steadfast determination by which we have kept our own press, rather than succumbing to the central printing trend so many other small dailies went to, plus the gaining of Mark Miller to head our company into the future as the biggest pluses for the company's future.

There are so many names unnamed in this review—great names also in our progress and in my life over the past half-century. There isn't space to give them all, and some here now might ask for raises.

Best to say, therefore, that a lot of thanks for a great half-century ride are owed to many, named and unnamed, and since I'm too young to retire, it's best to look ahead, not back.

The News-Banner and life in Wells County have been and are the best. I like to hope that when the time comes, I'll end up working on the Celestial New-Banner, which I imagine is a lot like the one here on earth.

JIM BARBIERI.